

District of: Ontario
Division No.: 09 – Toronto
Court No.: BK-31-3050418
Estate No.: BK-24-03050418-0031

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
IN BANKRUPTCY AND INSOLVENCY**

**IN THE MATTER OF THE NOTICE OF INTENTION
TO MAKE A PROPOSAL OF THE BODY SHOP
CANADA LIMITED, IN THE CITY OF TORONTO, IN
THE PROVINCE OF ONTARIO**

**FIFTH REPORT OF THE PROPOSAL TRUSTEE
ALVAREZ & MARSAL CANADA INC.**

- AND –

**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
THE BODY SHOP CANADA LIMITED**

**PRE-FILING REPORT OF ALVAREZ & MARSAL CANADA INC.
AS PROPOSED MONITOR OF THE BODY SHOP CANADA LIMITED**

JUNE 28, 2024

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1.0 INTRODUCTION

- 1.1 On March 1, 2024 (the “**Filing Date**”), The Body Shop Canada Limited (“**TBS Canada**” or the “**Company**”) filed a Notice of Intention to Make a Proposal (“**NOI**”) pursuant to Section 50.4(1) of the *Bankruptcy and Insolvency Act (Canada)*, R.S.C. 1985, c. B-3 (the “**BIA**”) and Alvarez & Marsal Canada Inc. (“**A&M**”) was appointed as Proposal Trustee of the Company (the “**Proposal Trustee**”).
- 1.2 TBS Canada is a subsidiary of The Body Shop International Limited (the “**UK Parent**”). Prior to the Company filing the NOI, on February 13, 2024, the UK Parent commenced administration proceedings in the United Kingdom (the “**UK Administration Proceeding**”) and individuals of the firm FRP Advisory Trading Limited were appointed as joint administrators of the UK Parent (collectively, the “**UK Administrator**”).
- 1.3 Facing a liquidity crisis and other challenges caused by the commencement of the UK Administration Proceeding, TBS Canada filed the NOI, commencing a proceeding (the “**NOI Proceeding**”) to provide the stability and flexibility necessary to evaluate its strategic alternatives and explore various going concern alternatives, while also commencing a closure of a subset of store locations and terminating approximately 220 employees (the “**Former Employees**”).
- 1.4 On March 4, 2024, the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) granted an Order (the “**March 4 Order**”) which, among other things:

- (i) extended the time to file a proposal, and expanded and extended the stay of proceedings triggered under the BIA by the NOI filing, until and including April 16, 2024; and
 - (ii) approved the Administration Charge and the D&O Charge over the Property (each as defined below).
- 1.5 On March 8, 2024, Buth-Na-Bodhaige Inc. (“**TBS US**”), a United States-based affiliate of TBS Canada, commenced a proceeding under chapter 7 of title 11 of the United States Code (the “**Chapter 7 Proceeding**”) and Rimón, P.C. was appointed as trustee (the “**Chapter 7 Trustee**”).
- 1.6 As discussed in greater detail in the Third Report of the Proposal Trustee dated May 15, 2024 (the “**Third Report**”), on April 12, 2024, Stephanie Hood, as the proposed representative of the Former Employees, brought a motion (the “**Representation Motion**”) seeking an order, among other things: (i) appointing Stephanie Hood as the representative of the Former Employees (in such capacity, the “**Representative Plaintiff**”); and (ii) appointing Koskie Minsky LLP as counsel to the Former Employees (the “**Representative Counsel**”).
- 1.7 On April 15, 2024, the Court granted an Order which, among other things approved the KERP and the KERP Charge (each as defined below) over the Property.
- 1.8 On May 30, 2024, the Court granted an Order (the “**May 30 Order**”) which, among other things, further extended the time for TBS Canada to file a proposal under the BIA to July 12, 2024.

1.9 The Company now intends to make an application under the *Companies' Creditors Arrangement Act*, RSC 1985, c. C-36 (the “**CCAA**”) for:

- (i) an order (the “**Initial Order**”), among other things:
 - (a) converting the NOI Proceeding and continuing the Company’s restructuring proceeding under the CCAA (the “**CCAA Proceeding**”);
 - (b) appointing A&M as the Monitor of the Company under the proposed CCAA Proceeding (in such capacity, the “**Monitor**”);
 - (c) providing for a stay of proceeding in the CCAA Proceeding in respect of TBS Canada, up to and including October 8, 2024; and
 - (d) continuing each of the Administration Charge, D&O Charge and KERP Charge (collectively, the “**Charges**”) in the CCAA Proceeding;
- (ii) an order (the “**Sale Process Order**”), among other things, approving a proposed sale process for the Company, its business or its assets (the “**Sale Process**”), and authorizing TBS Canada, with the assistance of the Proposal Trustee, to continue the Sale Process; and
- (iii) an order (the “**Discharge Order**”), among other things:
 - (a) discharging and releasing the Proposal Trustee;
 - (b) approving the activities and conduct of the Proposal Trustee as set out in this Fifth Report of the Proposal Trustee and Pre-Filing Report of the

proposed Monitor (the “**Report**”) and in each of the prior reports of the Proposal Trustee (the “**Prior Reports**”);

- (c) approving the fees of the Proposal Trustee and its counsel, Cassels Brock & Blackwell LLP (“**Cassels**”), as set out in the Fee Affidavits (as defined below) and the Estimated Costs to Complete (as defined below); and
- (d) terminating the NOI Proceeding.

1.10 Copies of the Prior Reports and other documents filed with the Court in the NOI Proceeding are available on the Proposal Trustee’s case website at: www.alvarezandmarsal.com/TheBodyShop (the “**Case Website**”).

2.0 PURPOSE OF THIS REPORT

2.1 The purpose of this Report is to provide the Court with information on:

- (i) the activities of the Company since the Fourth Report of the Proposal Trustee dated May 27, 2024, including updates in respect of:
 - (a) the Company’s inventory replenishment transactions;
 - (b) the Company’s discussions with HSBC Bank PLC (“**HSBC UK**”); and
 - (c) the Representation Motion;
- (ii) the reasons for converting and continuing the NOI Proceeding under the CCAA in accordance with Section 11.6 thereof;
- (iii) A&M’s qualification to act as Monitor;

- (iv) the proposed continuation of the Charges in the CCAA Proceeding;
- (v) the Company's request for an extension of the stay of proceedings in the CCAA Proceeding up to and including October 8, 2024;
- (vi) the marketing efforts of the Proposal Trustee and the Company to date and the proposed Sale Process;
- (vii) TBS Canada's cash flow results for the 5-week period ended June 21, 2024;
- (viii) TBS Canada's updated cash flow forecast for the 16-week period ending October 11, 2024;
- (ix) the relief sought by the Company in the Discharge Order; and
- (x) the Proposal Trustee's activities and the recommendations of A&M as Proposal Trustee and proposed Monitor 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 Proposal Trustee and proposed Monitor, has been provided with, and has relied upon, unaudited financial information, books and records and financial information prepared by the Company and has held discussions with management of the Company and its legal counsel (collectively, the "**Information**"). Except as otherwise described in this Report:

- (i) the Proposal Trustee and proposed Monitor has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Proposal Trustee and 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 Proposal Trustee and 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 Company’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 Affidavit of Jordan Searle, General Manager, North America of the Company, sworn June 24, 2024 (the “**Fifth Searle Affidavit**”). Capitalized terms used and not defined in this Report have the meanings given to them in the Fifth Searle Affidavit.

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

4.0 UPDATES ON THE NOI PROCEEDING

Inventory Replenishment

- 4.1 As discussed in the Prior Reports, since the commencement of the NOI Proceeding, TBS Canada and the Proposal Trustee have worked on a number of initiatives to bring merchandise into Canada to replenish its retail inventory. To date, those efforts have resulted in the delivery of approximately \$20 million (retail value) of inventory.
- 4.2 In addition to the inventory replenishment discussed in the Fourth Report, accounting for approximately \$12.0 million (retail value) delivered to date, the Company has arranged for an additional purchase of approximately \$8.0 million (retail value) of inventory owned by the UK Parent and located at the US Distribution Centre (the “**Second Replenishment Order**”). This inventory is currently being arranged for delivery and is anticipated to be received by TBS Canada in mid to late July.
- 4.3 In addition to inventory being fulfilled from the US Distribution Centre, the Company was recently made aware of inventory located at certain shuttered TBS US stores that is available for purchase. As discussed in the Prior Reports, upon commencing the Chapter 7 Proceeding, all TBS US stores were closed and employees were terminated, leaving certain stores well stocked with saleable inventory. TBS Canada has entered into an agreement with the liquidation firm retained by a group of the US landlords to purchase approximately \$5 million (retail value) of US based inventory (the “**US Stores Inventory**”).
- 4.4 The Second Replenishment Order and the US Stores Inventory, together with inventory currently on hand, is projected to provide TBS Canada with sufficient merchandise levels

through October 2024, at which point additional inventory replenishment would be required. The Proposal Trustee and the Company continue to discuss additional inventory replenishment orders with the UK Administrator which could be sourced from available stock currently located at the US Distribution Centre, to ensure TBS Canada has sufficient inventory to continue to operate while pursuing a going concern transaction.

- 4.5 Additionally, as noted in the Fourth Report, to facilitate the replenishment efforts of the Company, including the Second Replenishment Order and the US Stores Inventory, TBS Canada and the Chapter 7 Trustee entered into a real estate license arrangement that allows TBS Canada and its DC Contractors to access the inventory stored in the US Distribution Centre (the “**License Arrangement**”). Pursuant to the License Arrangement, among other things, TBS Canada is granted a license to use and occupy the US Distribution Centre for the purpose of picking, packing and arranging for the delivery of inventory, for a monthly license fee of US\$100,000 (the “**License Fee**”).

Discussions with HSBC UK

- 4.6 As set out in the Prior Reports, since the commencement of the NOI Proceeding, the Proposal Trustee has engaged in discussions with the UK Administrator, the UK Parent, Royal Bank of Canada (formerly HSBC Bank Canada) (“**RBC**”) and HSBC UK with respect to, among other things, the pre-filing intercompany arrangements between TBS Canada and the UK Parent and the bank accounts held by TBS Canada and managed by the UK Parent (the “**Bank Accounts**”). The UK Parent controls disbursements from the Bank Accounts such that the Company is not able to independently make disbursements.

- 4.7 Certain of the Bank Accounts are held with HSBC UK and located in the United Kingdom. These particular accounts currently hold the equivalent of approximately \$325,000. The Proposal Trustee understands that no party disputes that these funds are the property of TBS Canada.
- 4.8 The Proposal Trustee and TBS Canada are currently engaged with HSBC UK and the UK Administrator to arrange for the release of the held funds. The Proposal Trustee (or the proposed Monitor) will continue to provide updates to this Court on the progress of these efforts.
- 4.9 The funds held in the HSBC UK account are not included in the Company's Updated Cash Flow Forecast set out and described below.

Update on the Representation Motion

- 4.10 As set out in the Prior Reports, on April 12, 2024, the proposed Representative Plaintiff brought the Representation Motion seeking an order, among other things: (i) appointing the proposed Representative Plaintiff; (ii) appointing the proposed Representative Counsel; and (iii) granting related relief, including ordering the Company to pay the fees of the proposed Representative Counsel and related costs. The Representation Motion, and the position of the Company and the Proposal Trustee thereon, is discussed in greater detail in the Third Report and the Supplement to the Third Report dated June 5, 2024 (the **"Supplemental Third Report"** and together, the **"Representation Motion Reports"**).
- 4.11 Since the issuance of the Representation Motion Reports, the Proposal Trustee understands that each of the Company and the proposed Representative Counsel have: (i) served and

filed additional motion materials and facts in accordance with the litigation schedule established for the Representation Motion; and (ii) engaged in a series of correspondence with respect to certain issues relating to the Representation Motion (the “**Representation Motion Correspondence**”).

- 4.12 As set out in further detail in the Affidavit of Sandy Prosa sworn June 24, 2024 (the “**Prosa Affidavit**”) and certain of the Representation Motion Correspondence attached as exhibits thereto, among other things: (i) the proposed Representative Plaintiff has agreed to proceed with the Representation Motion without the inclusion of a provision seeking an order requiring the Company to pay the fees and costs of the proposed Representative Counsel; and (ii) the Company has expressed concerns with respect to the proposed Representative Counsel’s proposed opt-out procedure for the Former Employees’ and a provision in the proposed form of appointment order granting the proposed Representative Counsel immunity from liability. The additional Representation Motion Correspondence not attached to the Prosa Affidavit, being a letter from the proposed Representative Counsel to the Company dated June 13, 2024 and a letter from the proposed Representative Counsel to the Company dated June 24, 2024, are attached hereto as **Appendices “A” and “B”**.

5.0 CONTINUATION OF THE NOI PROCEEDING UNDER THE CCAA

- 5.1 The Applicants are seeking an order to continue the NOI Proceeding under the CCAA. As set out in further detail in the Prior Reports, the NOI Proceeding was commenced on an urgent basis as a result of the UK Parent’s sudden commencement of the UK Administration Proceeding. As a direct result thereof, the Company faced a liquidity crisis, among other challenges, and commenced the NOI Proceeding to obtain a stay of

proceedings to provide the stability necessary to evaluate its strategic alternatives and explore various going concern solutions.

5.2 TBS Canada's restructuring efforts since commencement of the NOI Proceeding have focused on improving and maintaining its liquidity position and pursuing a going-concern solution for the business in Canada.

5.3 As set out in further detail in the Fifth Searle Affidavit, the Company now seeks to continue the NOI Proceeding under the CCAA, in order to, among other things, provide the Company with additional flexibility and time to explore a value maximizing going concern transaction through the proposed Sale Process (as described below).

5.4 As set out in the Prior Reports, the Company markets products using "The Body Shop" branding pursuant to a licensing agreement with the UK Parent and sources all of its inventory from the UK Parent. As such, the Company's ability to emerge from the NOI Proceeding and continue as a going concern is contingent on the outcome of the UK Administration Proceeding.

5.5 As set out in greater detail in this Report, in accordance with discussions held between the Company, the Proposal Trustee and the UK Administrator, since the commencement of the NOI Proceeding and until recently, the Company had been proceeding on the basis that the UK Administrator was pursuing a company voluntary arrangement (a "CVA") of the UK Parent, which would allow for a restructuring of the business of the UK Parent. On May 17, 2024, the Company and the Proposal Trustee learned that, due to stakeholder negotiations breaking down, a CVA was no longer viable and, as an alternative, the UK Administrator was instead pursuing a sale of the business and assets of the UK Parent.

5.6 It is not clear at this time how any sale of the UK Parent may ultimately be structured and the related impact it may have on the Company. However, given TBS Canada's position as a subsidiary of the UK Parent and its reliance on the UK Parent for the supply of its inventory and use of the "The Body Shop" trademark to operate, any restructuring transaction for the Company is contingent upon the outcome of the UK Administration Proceeding.

5.7 In light of the above, the proposed Monitor supports the Company's application to continue the NOI Proceeding under the CCAA since, among other reasons:

- (i) pursuant to the BIA, a debtor must make a proposal to its creditors no later than six months after filing an NOI, being September 1, 2024 in the NOI Proceeding. TBS Canada's restructuring remains contingent on the outcome of the UK Administration Proceeding and, given the recent developments in the UK Administration Proceeding, TBS Canada is no longer confident it will identify a going concern solution for the Company by September 1, 2024. Accordingly, the CCAA Proceeding will provide the Company with the appropriate flexibility to continue to operate as a going concern and protect the value of TBS Canada while it awaits the outcome of the UK Sale Process and continues to explore options for a going concern transaction through the Sale Process;
- (ii) a debtor in a CCAA Proceeding is only required to return to Court when necessary, thus providing additional flexibility and efficiency as compared to a proposal proceeding under the BIA which obligates the debtor to return at statutory intervals for extensions of time to file a proposal. By continuing this matter as a CCAA

Proceeding, the Company will save on professional costs associated with otherwise unnecessary court appearances that are required in the NOI Proceeding; and

- (iii) the proposed CCAA Proceeding will provide additional flexibility and time to TBS Canada to fully canvass the market for potential purchasers of the business as a going concern through the court-supervised Sale Process and to return to the Court to seek approval of a transaction identified therein.

5.8 In the proposed Monitor's view, the Company's proposed continuation of the NOI Proceeding under the CCAA is consistent with the purpose of CCAA, including because:

- (i) the continuation as a CCAA Proceeding will permit the Company to carry on business and help to avoid the economic costs associated with a potential liquidation in the event that no proposal can be filed under the BIA within the prescribed timeframes;
- (ii) there remains a realistic prospect that a court-supervised attempt to reorganize the financial affairs of the Company can succeed under the CCAA, provided that the Company is given enough breathing room to await the results of the UK Sale Process; and
- (iii) the continuation as a CCAA Proceeding will preserve the going concern value of the business while attempts are made to reorganize in a manner that is fair to all stakeholders.

- 5.9 Finally, based on the assessment of the proposed Monitor of the Company's financial information, the Company has liabilities in excess of \$5 million and if the relief requested is not granted, is generally unable to meet its obligations as they become due.

6.0 QUALIFICATIONS TO ACT AS MONITOR

- 6.1 A&M is a licensed trustee within the meaning of section 2 of the BIA. In addition, A&M is not subject to any of the restrictions on who may be appointed as monitor set out in section 11.7(2) of the CCAA.
- 6.2 A&M has consented to act as Monitor in the proposed CCAA Proceeding should the Court grant the Initial Order. A copy of A&M's consent to act as Monitor is attached hereto as **Appendix "C"**.
- 6.3 As A&M is presently the Proposal Trustee, it is familiar with the Company's business and operations and accordingly, it is logical and efficient for A&M to be appointed as Monitor.

7.0 PROPOSED CONTINUATION OF COURT-ORDERED CHARGES

Administration Charge & D&O Charge

- 7.1 On March 4, 2024, the Court granted the March 4 Order, among other things, approving:
- (i) a charge in the amount of \$700,000 over the property and assets of the Company (collectively, the "**Property**") to secure the fees and disbursements of the Company's legal counsel, and the Proposal Trustee and its counsel (the "**Administration Charge**"); and

- (ii) a charge in the amount of \$2,100,000 over the Property in favour of the director and officers of the Company (the “**D&O Charge**”).

7.2 The Initial Order contemplates an order:

- (i) continuing the Administration Charge to secure the fees and disbursements of the Company’s legal counsel; and
- (ii) continuing the D&O Charge to indemnify the director and officers of the Company in respect of liabilities they may incur during the CCAA Proceeding, save for any liabilities they may incur as a result of their gross negligence or wilful misconduct.

7.3 As set out in the First Report of the Proposal Trustee dated March 2, 2024 (the “**First Report**”), the Proposal Trustee assisted the Company in the calculation of the quantum of the Administration Charge and the D&O Charge, taking into account a series of factors. The proposed Monitor remains of the view that the amounts of the Administration Charge and the D&O Charge are reasonable and appropriate in the circumstances, having regard to the nature of the proposed CCAA Proceeding. A copy of the First Report (without appendices) is attached hereto as **Appendix “D”**.

7.4 Each of the Administration Charge and the D&O Charge, if continued, would have the same priority as initially granted in the NOI Proceeding, being the Administration Charge as a first-ranking charge and the D&O Charge as a second-ranking charge on the Property, in each case ranking behind the Enterprise Security (as defined in the Fifth Searle Affidavit).

- 7.5 The proposed Monitor believes that the Administration Charge and the D&O Charge continue to be appropriate and continuation thereof in the CCAA Proceeding ought to be approved.

KERP Amendment & KERP Charge

- 7.6 On April 15, 2024, the Court granted an Order, among other things: (i) approving a key employee retention plan (“**KERP**”) for five key individuals related to the Company’s continuing operation during the NOI Proceeding (the “**KERP Participants**”); and (ii) approving a related charge in the amount of \$470,000 over the Property to secure the amounts under the KERP (the “**KERP Charge**”).
- 7.7 The KERP contemplated payment thereof being made in three equal installments of approximately \$156,000, payable: (i) upon Court approval of the KERP; (ii) on or about June 7, 2024; and (iii) upon closing of a going-concern transaction in respect of the Company.
- 7.8 The Company is seeking an amendment to the KERP to add an interim installment to the KERP in the amount of approximately \$156,000, payable to the KERP Participants on July 19, 2024 (the “**KERP Amendment**”). The KERP Amendment is designed to continue to incentivize the KERP Participants to remain at the Company in light of the extension of the proceedings and the recent developments in the UK Administration Proceeding.
- 7.9 The Initial Order contemplates an order:
- (i) continuing the KERP Charge to secure the amounts payable under the KERP and the KERP Amendment, if approved; and

(ii) approving the KERP Amendment.

- 7.10 As the first two installment amounts have already been paid under the KERP, the KERP Charge, if approved, will be reduced from \$470,000 to \$315,000 to secure the remaining amounts that may become payable under the KERP, inclusive of the KERP Amendment, if approved.
- 7.11 The KERP Charge, if continued in the CCAA Proceeding, would have the same priority as initially granted in the NOI Proceeding, being a third-ranking charge on the Property, behind only the Enterprise Security, Administration Charge and the D&O Charge, respectively.
- 7.12 As set out in the Second Report of the Proposal Trustee dated April 9, 2024 (the “**Second Report**”), the Proposal Trustee supported the granting of the KERP and the related KERP Charge as, among other things, the quantum of the amounts secured by the KERP Charge were reasonable in the circumstances and when compared to other key employee retention and incentive plans previously approved by the Court. The proposed Monitor is supportive of the continuation of the KERP Charge, with the proposed KERP Charge reduction set out above, in the CCAA Proceeding for the same reasons. A copy of the Second Report (without appendices) is attached hereto as **Appendix “E”**.
- 7.13 The proposed Monitor is also supportive of the KERP Amendment and is of the belief that the KERP Amendment is necessary and appropriate to ensure the continued engagement of the KERP Participants, which participation remains vital to the Company’s operations.

8.0 EXTENSION OF THE STAY PERIOD

8.1 Pursuant to the May 30 Order, the stay of proceedings is set to expire on July 12, 2024.

8.2 As part of the relief sought in the Initial Order, the Company is seeking an order granting a stay of proceedings in the CCAA Proceeding to October 8, 2024 (the “**Stay Period**”).

8.3 In the circumstances, the proposed Monitor supports the granting of the relief requested and is of the view that it is reasonable and consistent with other cases where an NOI proceeding has been converted to a CCAA proceeding, as:

- (i) (a) the breadth of the proposed stay of proceedings is consistent with the scope of the stay of proceedings granted in the March 4 Order made in the NOI Proceeding;
(b) the service list received 10-days notice of the relief sought in the Company’s application; (c) the requested extension would obviate the need for the Company to return to the Court for the 10-day comeback hearing; and (d) the proposed relief removing the need to return for a 10-day comeback has been granted by this Court in similar instances;
- (ii) the proposed stay of proceedings will provide the stability and certainty required to enable TBS Canada to advance its ongoing review of strategic alternatives to implement a going-concern outcome;
- (iii) the Company is projected to have sufficient liquidity to fund its operations, as reflected in the Updated Cash Flow Forecast, through the end of the proposed Stay Period;

- (iv) the Company has acted, and continues to act, in good faith and with due diligence since commencing the NOI Proceeding, and is expected to continue to do so during the CCAA Proceeding;
- (v) as set out above, given the recent developments in the UK Administration Proceeding, TBS Canada requires additional time to identify a going concern transaction in order to maximize value for its stakeholders;
- (vi) the requested stay will allow TBS Canada to continue the proposed Sale Process without the expense of frequently returning to Court for further stay extension motions; and
- (vii) the proposed Monitor does not believe any creditor will be prejudiced if the extension is granted.

8.4 As an alternative, if the relief sought by the Company in the Initial Order to continue the NOI Proceeding under the CCAA pursuant to section 11.6 thereof is not granted, the Company seeks relief in the Discharge Order extending the Stay Period and the time to file a proposal under the BIA to August 26, 2024.

8.5 For the reasons set out immediately above, and in light of the underlying factors that support the Proposal Trustee's recommendation to permit the NOI Proceeding to be continued under the CCAA, the Proposal Trustee is supportive of this alternative relief. The Proposal Trustee further notes that this proposed extension of the time to file a proposal under the BIA, if applicable, is within the maximum permitted 45-day period stay extension pursuant to the BIA.

9.0 PROPOSED SALE PROCESS¹

Marketing Efforts

- 9.1 Commencing in early June 2024, the Proposal Trustee began exploring options for a going concern transaction and engaging with a select group of potentially interested parties.
- 9.2 To date, the Proposal Trustee had engaged with approximately 20 domestic and international private equity and retail focused investors, 10 of which executed a confidentiality agreement and were provided access to a data room containing information pertaining to the opportunity to acquire the Company, its business or its assets (the “**Data Room**”).

The Proposed Sale Process

- 9.3 Consistent with the marketing efforts of the Proposal Trustee during the NOI Proceeding, TBS Canada now seeks the Sale Process Order, among other things, approving the continuation of the Proposal Trustee’s efforts in the CCAA Proceeding, establishing formal procedures for the Sale Process (the “**Procedures**”) and authorizing TBS Canada, with the assistance of the proposed Monitor, to implement the Sale Process.
- 9.4 The Sale Process was designed having regard to the interrelated nature of TBS Canada and the UK Parent. As noted above, TBS Canada markets and sells its products under the “The Body Shop” brand in Canada pursuant to a license arrangement with the UK Parent and does not own the intellectual property. As a result, the bid deadline for the Sale Process

¹ Capitalized terms used in this section and not otherwise defined herein have the meaning given to them in the Sale Process Order.

(the “**Bid Deadline**”) is contingent on the outcome of the sale process in the UK Administration Proceeding (the “**UK Sale Process**”) and will not be established until: (i) a purchaser is identified in the UK Sale Process; and (ii) it is clear whether the Company will remain a subsidiary of the UK Parent or the purchaser of the UK Parent will provide a license for the continued use of the “The Body Shop” intellectual property in Canada.

9.5 The proposed Sale Process has been designed by TBS Canada, in consultation with the Proposal Trustee, to ensure that the marketing process is fair and reasonable, and that each Interested Party has the ability to submit a Bid in the Sale Process for the Company or its business or assets.

9.6 An overview of the proposed Sale Process, set out in further detail in the Fifth Searle Affidavit, is as follows:

- (i) following issuance of the Sale Process Order, the proposed Monitor will continue its efforts to solicit interest in the Company by engaging with the parties that it had previously engaged with, along with any other party that expresses interest in a transaction for the Company, its business or its assets (each, an “**Interested Party**”). Each Interested Party shall be provided a copy of a confidentiality agreement, upon execution of which they will be granted access to the Data Room;
- (ii) within five business days of the UK Parent’s selection of a purchaser in the UK Sale Process, the proposed Monitor shall send a process letter (the “**Process Letter**”) to the service list for the CCAA Proceeding and each Interested Party, and post a copy of the Process Letter to the Case Website. The Process Letter shall

establish the key dates in the Sale Process, including the Bid Deadline, each of which are contingent on the UK Sale Process;

- (iii) Interested Parties that wish to submit an offer in the Sale Process (each, a “**Bid**”) will be required to submit a binding offer meeting the requirements for a “Qualified Bid”, as set out in further detail in the Sale Process, by the Bid Deadline, as set out in the Process Letter;
- (iv) any Bid must satisfy the criteria for a Qualified Bid, including, but not limited to:
 - (a) it must be accompanied by a cash deposit equal to 10% of the consideration or imputed value of the proposed transaction;
 - (b) it must include a copy of an executed purchase agreement;
 - (c) it must include a description of any arrangements in place with the party that acquired the intellectual property rights for the “The Body Shop” branding in the UK Sale Process;
 - (d) written evidence that the Interested Party has the ability to close the transaction contemplated in the Bid, on or before the Outside Date;
 - (e) the Bid is an “as is, where is” offer and is not conditional on additional due diligence and/or financing; and
 - (f) it identifies the liabilities to be assumed and employees to be retained;
- (v) following the Bid Deadline, TBS Canada, in consultation with the Monitor, will review and evaluate each Qualified Bid and, by no later than five business days

following the Bid Deadline, subject to extension by the Company and the proposed Monitor, identify the highest or otherwise best Qualified Bid (the “**Successful Bid**”); and

- (vi) after selection of the Successful Bid, TBS Canada will, as soon as practicably possible, make a motion to the Court for an order approving the transaction contemplated in the Successful Bid.

9.7 The proposed Sale Process provides the proposed Monitor and the Company with the ability to waive compliance with any of the requirements in the proposed Sale Process and engage with the purchaser(s) of the “The Body Shop” brand in the UK Sale Process, including by sharing terms of Bids submitted in the Sale Process, for the purpose of facilitating a licence or other arrangement for the use of the “The Body Shop” brand.

9.8 The proposed Monitor is of the view that the proposed Sale Process is a continuation of the efforts of TBS Canada and the Proposal Trustee during the NOI Proceeding and, in the circumstances, ought to be approved. The proposed Monitor is further of the view that the proposed Sale Process is typical in terms of duration and process of sales process typically granted in an NOI or CCAA proceeding and represents the best opportunity to identify a potential going concern transaction for TBS Canada and maximize value for the benefit of its stakeholders.

10.0 CASH FLOW RESULTS RELATIVE TO FORECAST

10.1 Actual receipts and disbursements for the period from May 18, 2024 to June 21, 2024 (the “**Reporting Period**”), as compared to the cash flow forecast attached as Appendix “B” to the Fourth Report, are summarized in the following table:

Cash Flow Variance Report			\$000's
	Actual	Budget	Variance
Total Receipts	4,576	4,255	321
Disbursements			
Inventory Purchases	(420)	(988)	568
Vendor Payments	(493)	(831)	338
Rent	(1,367)	(1,342)	(25)
License Fee	(83)	(135)	52
Payroll & Benefits	(2,036)	(2,285)	249
KERP	(157)	(157)	--
Restructuring Professional Fees	(271)	(836)	565
Sales Tax Remittances	(332)	(175)	(157)
Other Expenditures	(58)	(64)	6
Total Disbursements	(5,217)	(6,813)	1,596
Net Cash Flow	(641)	(2,558)	1,917
Opening Cash Balance	6,910	6,910	--
Net Cash Flow	(641)	(2,558)	1,917
Ending Cash Balance	6,269	4,352	1,917

10.2 During the Reporting Period:

- (i) the positive variance in total receipts of approximately \$321,000 is due to greater than forecast sales;
- (ii) the positive variance in inventory purchases of approximately \$568,000 is primarily due to timing associated with the inventory replenishment transactions and payment of same, and is expected to reverse in future weeks;

- (iii) as described above, TBS Canada entered into the License Arrangement such that it could “pick and pack” and facilitate the pick-up of the Inventory Replenishment orders. The above positive variance reflects a credit of US\$40,000 received by the Company in connection with various services performed by TBS Canada’s employees and contractors on behalf of and for the benefit of TBS US since the commencement of the NOI Proceeding;
- (iv) the positive variance in vendor payments of approximately \$338,000 is primarily due to timing and is expected to reverse in future weeks; and
- (v) the remaining positive variance in total disbursements of approximately \$638,000 is expected to reverse and is due primarily to timing in the remittance of restructuring professional fees.

10.3 Overall, during the Reporting Period, the Company experienced a positive net cash flow variance of approximately \$1.9 million, primarily attributable to the higher than forecast sales and timing variances in operating disbursements.

10.4 The closing cash balance as at June 21, 2024 was approximately \$6.3 million, as compared to the projected cash balance of \$4.4 million.

11.0 UPDATED CASH FLOW FORECAST

11.1 TBS Canada, with the assistance of the proposed Monitor, prepared an updated cash flow forecast (the “**Updated Cash Flow Forecast**”) for the period from June 22, 2024 to October 11, 2024 (the “**Cash Flow Period**”). A copy of the Updated Cash Flow Forecast,

together with Notes and Summary of Assumptions, is attached to this Report as **Appendix “F”**.

11.2 A summary of the Updated Cash Flow Forecast is set out in the following table:

Cash Flow Forecast		\$000's
Total Receipts		14,244
Disbursements		
Inventory Purchases		(2,280)
Vendor Payments		(1,867)
License Fee		(135)
Rent		(4,630)
Payroll & Benefits		(5,060)
KERP and Store Bonus		(437)
Restructuring Professional Fees		(3,236)
Sales Tax Remittances		(1,127)
Other Expenditures		(205)
Total Disbursements		(18,977)
Net Cash Flow		(4,733)
Opening Cash Balance		6,269
Net Cash Flow		(4,733)
Closing Cash Balance		1,536

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

- (i) sales are forecast based on projected sales at the Company's remaining 71 retail store locations (one of the Company's stores will be closing on June 30, 2024 due to a scheduled lease expiry);
- (ii) inventory purchases include the Second Replenishment Order and the US Stores Merchandise Order;

- (iii) vendor payments consist of shipping and 3PL costs, credit and debit card processing fees, information technology services, and other store-level and general operating costs;
- (iv) as described above, the license fee is based on the License Arrangement and represents the License Fee for July;
- (v) payroll & benefits and rent consist of payments for the retail stores and the Company's head-office, including the costs associated with the US Contractors and DC Contractors; and
- (vi) restructuring professional fees include costs for the Company's legal counsel, and the Proposal Trustee and its legal counsel.

11.4 The Updated Cash Flow Forecast has been prepared solely for the purpose and subject to the Cash Flow Assumptions, and readers are cautioned that it may not be appropriate for other purposes.

12.0 APPROVAL OF THE FEES AND ACTIVITIES OF THE PROPOSAL TRUSTEE AND COUNSEL

12.1 The proposed Discharge Order seeks approval of the actions, conduct and activities of the Proposal Trustee as set out in this Report and the Prior Reports (together, the "**NOI Reports**"). The proposed Discharge Order also seeks approval of the fees and disbursements of the Proposal Trustee and its counsel, Cassels that have been incurred to date, as well as the Estimated Costs to Complete in connection with additional fees and disbursements anticipated to be incurred by the Proposal Trustee and its counsel.

- 12.2 As outlined in the NOI Reports, the Proposal Trustee and its counsel have played, and continue to play, a significant role in the NOI Proceeding. The Proposal Trustee respectfully submits that its actions, conduct, and activities in the NOI Proceeding have been carried out in good faith and in accordance with the provisions of the Orders issued therein and should therefore be approved.
- 12.3 Pursuant to paragraph 11 of the March 4 Order, the Proposal Trustee and its counsel shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, whether incurred prior to, on, or subsequent to the Filing Date, by the Company as part of the costs of the NOI Proceeding.
- 12.4 The total fees and disbursements of the Proposal Trustee since the commencement of the NOI Proceeding to June 22, 2024, total \$606,017.40, including fees in the amount of \$534,934.00, disbursements in the amount of \$1,364.58, and Harmonized Sales Tax (“**HST**”) in the amount of \$69,718.82, as more particularly described in the Affidavit of Josh Nevsky sworn June 28, 2024 (the “**A&M Affidavit**”), a copy of which is attached hereto as **Appendix “G”**.
- 12.5 The total fees and disbursements of Cassels, including HST, since the commencement of the NOI Proceeding to June 23, 2024 total \$148,873.62, including fees in the amount of \$131,667.00, disbursements in the amount of \$79.56, and HST in the amount of \$17,127.06, as more particularly described in the Affidavit of Alec Hoy sworn June 26, 2024 (the “**Cassels Affidavit**” and together with the A&M Affidavit, the “**Fee Affidavits**”), a copy of which is attached hereto as **Appendix “H”**.

12.6 It is anticipated that the Proposal Trustee and its counsel will incur additional costs in connection with additional steps required in the NOI Proceeding, including, among other things, taking the necessary steps required to terminate the NOI Proceeding, addressing the issues raised in the Representation Motion and attending at the hearing currently scheduled in connection therewith for July 4, 2024. Accordingly, the Discharge Order seeks approval of the future fees and disbursements of each of the Proposal Trustee and its counsel in the aggregate amount of \$75,000 plus HST (the “**Estimated Costs to Complete**”).

12.7 The Proposal Trustee respectfully submits that the fees and disbursements incurred by the Proposal Trustee and its counsel, as described in the Fee Affidavits, are reasonable in the circumstances and have been validly incurred in accordance with the provisions of the March 4 Order. The Proposal Trustee further submits that the Estimated Costs to Complete are reasonable in light of the NOI Proceeding and the costs expected to be incurred by the Proposal Trustee and its counsel. Accordingly, the Proposal Trustee respectfully requests the approval of the fees and disbursements of the Proposal Trustee and its counsel as set out in the Fee Affidavits and the Estimated Costs to Complete.

13.0 ACTIVITIES OF THE PROPOSAL TRUSTEE

13.1 Since the date of the Fourth Report, the Proposal Trustee has engaged in the following activities:

- (i) assisting the Company in its communications to employees, suppliers, landlords and other stakeholders;

- (ii) engaging with interested parties and soliciting interest for a potential going concern transaction for TBS Canada;
- (iii) assisting the Company in the preparation and design of the Procedures and the Sale Process;
- (iv) attending calls and engaging in various correspondence with HSBC UK with respect to the release the funds held in the HSBC UK bank accounts;
- (v) attending meetings and engaging in various correspondence with the UK Administrator, the UK Parent and the Chapter 7 Trustee regarding their respective restructuring proceedings and matters in connection with the NOI Proceeding, including discussions to advance TBS Canada's efforts to emerge as a going concern business;
- (vi) assisting the Company with discussions regarding its inventory replenishment efforts;
- (vii) monitoring the Company's cash receipts and disbursements, and assisting in preparing weekly cash flow variance reporting;
- (viii) assisting the Company in the preparation of the Updated Cash Flow Forecast;
- (ix) posting non-confidential materials filed with the Court to the Case Website;
- (x) attending calls and email correspondence with the Company, the Company's legal counsel and the Proposal Trustee's counsel, Cassels, regarding all matters in connection with the NOI Proceeding; and


(xi) with the assistance of Cassels, preparing this Report.

14.0 CONCLUSIONS AND RECOMMENDATIONS

14.1 For the reasons set out in this Report, the Proposal Trustee is of the view that the relief sought in the Initial Order, the Sale Process Order and the Discharge Order, in each case, is reasonable, appropriate and necessary having regard to the Company's current circumstances and respectfully recommends that the Court grant the relief requested.

All of which is respectfully submitted to the Court this 28th day of June, 2024.

**Alvarez & Marsal Canada Inc.,
solely in its capacity as Proposal Trustee of The Body Shop Canada Limited,
and not in its personal or corporate capacity**

Per: 
Josh Nevsky
Senior Vice-President

APPENDIX A
PROPOSED REPRESENTATIVE COUNSEL LETTER DATED JUNE 13,
2024

June 13, 2024

Andrew J. Hatnay
Direct Dial: 416-595-2083
Direct Fax: 416-204-2872
ahatnay@kmlaw.ca

Via E-mail

With Prejudice

Natasha MacParland
Davies Ward Phillips & Vineberg LLP
155 Wellington Street West
Toronto, ON M5V 3J7

Dear Ms. MacParland:

Re: *In the Matter of the Notice of Intention to Make a Proposal of The Body Shop Canada Limited*, Court File No. BK-31-3050418

We are writing further to the terminated employees' motion for an employee representation order returnable before the Court on July 4, 2024.

We understand that the major objection to the employee representation order, in particular from certain landlords with whom we have spoken, is the request that the costs of the employees in respect of the representation be paid by the company.

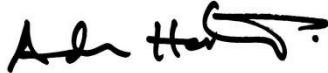
We have discussed the costs request with our clients and have instructions to offer to settle the representation order motion on the basis that the employees' costs will not be sought from the company. They would make other arrangements for their legal costs.

The terminated TBS employees who retained us maintain that all of the terminated employees should have representation in the TBS Canada insolvency proceeding as it continues to unfold and its outcome is uncertain. The representation order would still allow any employee to opt out of the representation if they wish, as that is a standard provision for employee representation orders. They are willing to make this concession in an effort to cease the protracted opposition to the employees' motion by the company and the proposal trustee, with continuing increasing costs, and be able to proceed with the representation order on an unopposed basis.

We propose setting up a call with you this week to discuss. Please let us know if you are available.

Yours truly,

KOSKIE MINSKY LLP



Andrew J. Hatnay

AJH/vdl

cc. Client Committee
Jane Dietrich, *Cassels Brock & Blackwell LLP* (counsel to the Proposal Trustee)
Josh Nevsky, *Alvarez & Marsal Canada Inc.*
Natalie Renner & Chenyang Li, *Davies Ward Phillips & Vineberg LLP*
James Harnum & Abir Shamim, *Koskie Minsky LLP*

APPENDIX B
PROPOSED REPRESENTATIVE COUNSEL LETTER DATED JUNE 24,
2024

June 24, 2024

Andrew J. Hatnay
Direct Dial: 416-595-2083
Direct Fax: 416-204-2872
ahatnay@kmlaw.ca

Via E-mail

Chenyang Li
Davies Ward Phillips & Vineberg LLP
155 Wellington Street West
Toronto, ON M5V 3J7

Dear Mr. Li:

Re: *In the Matter of the Notice of Intention to Make a Proposal of The Body Shop Canada Limited*
Court File No. BK-31-3050418
Terminated Employees' Claims

We are writing further to your letter dated June 19, 2024.

Your letter contains many statements that are contrary to the purpose and operation of an Employee Representation Order as set out in the caselaw and Rules.

An Employee Representation Order is not a "de facto class action"

Your characterization of the motion to appoint representative counsel for all the terminated TBS employees as an inappropriate attempt to "convert an insolvency proceeding into a *de facto* class action" is incorrect.

An Employee Representation Order is a procedural order to facilitate that all the terminated employees, not just those who retained our firm, have representation in the proceeding for a number of issues, including in respect of their claims, the formulation of a proposal by the company, possible future distributions, and in this case obtaining WEPPA payments. It is based in part on Rule 10 whose purpose is to enable representation of certain classes of persons who cannot be readily ascertained, found or served. The issues impacting the employees in this proceeding and thus the role of representative counsel is not confined to "quantifying and preparing claims".

.

Employee Severance Claim Methodology

With respect to TBS's "provisional" claims figures for the 38 terminated employees who retained us, which you say "remains subject to currently unknown variables such as each employee's mitigation efforts which must be assessed on an individual basis", we point out that the better approach would be, as has been done in many other insolvency cases, is to reach an agreement on a fair severance methodology to apply to the entire terminated employee population and then, applying that methodology to calculate all the employees' claim amounts. That approach would save time and costs, minimize objections from employees, and make more funds ultimately available for all creditors.

We also would like to know how TBS/Proposal Trustee plans to conduct "individual" mitigation analyses for each of the terminated employees as you indicate in your letter. Performing individual mitigation analyses for 220 terminated employees will be subject to individual debates and disputes, will take considerable time, many employees will not be reached or will be unable to respond. The fallback of a "reverse claims process" is unfair, will also result in many employees not being able to respond nor object, and will result in many employees being involuntarily assigned lower claims, and thus be paid lower WEPPA amounts and lower possible future distributions.

We remind you that the calculations we had previously provided were intended to provide an estimate of the magnitude of the terminated employees' claims in this proceeding given that the terminated TBS employees and their claims were not included in the NOI documentation. Our calculations were based on the limited employee data that was provided to us from our clients without other employee data in the company's possession, nor do we have the company's employment handbooks or termination policies. Comparing the company's "provisional assessment" of employee claims to our preliminary calculations is not helpful and in fact misleading. The focus should be on confirming the appropriate methodology.

As requested in our letter dated June 13, 2024 with respect to the claim of Stephanie Hood, please provide your client's methodology that it used to determine the employees' claims listed in Appendix A of your letter dated June 19, 2024, otherwise we cannot assess the accuracy or completeness of your calculation of our clients' claims.

Protection from Liability

Representative and Representative Counsel are court-appointed persons and thus subject to court supervision. It is a standard term to include the typical Commercial List protection from liability term in representation orders, (as well as other orders issued by court in the course of insolvency proceedings). The protection from liability sought in this case is similar to the protections requested by the Proposal Trustee, their counsel, company counsel (your firm), and the TBS directors and officers.¹

¹ The following is a small sample of cases where this term has been included:

We disagree with your statement that the protection from liability provision in a representation order "may encourage the relevant stakeholder group to engage in unreasonable conduct in this proceeding." An insolvency proceeding is a court-supervised process. If a party believes another party is engaged in unreasonable conduct, it can be brought before the supervising judge.

An "opt-in" approach is antithetical to a representation order

In accordance with the purpose of a representation order explained above, a standard term of the order is to permit an individual to opt out of the representation mandate if they wish; typically, if they already have their own personal lawyer and do not require representation under a representation order. The alternative "opt-in" approach you propose would operate as a collection of voluntary individual retainers that would certainly not capture all the terminated employees and would be contrary to the purpose and operation of a representation order.

Lastly, we and the terminated employees remain perplexed at the level of effort being exerted by the company and the Proposal Trustee to oppose the issuance of an Employee Representation Order so that all the terminated employees have representation throughout this proceeding with respect to a possible restructuring of TBS, the accurate determination of their severance claims, obtaining WEPPA and a possible distribution, as well as other issues that impact them.

An Employee Representation Order does not impair the company's restructuring process or add unnecessary costs to the proceedings. On the contrary, it adds efficiencies and streamlines the restructuring process, as the courts have recognized in many cases.

It is the company and Proposal Trustee's continued opposition to the Employee Representation Order that continues to add unnecessary costs and delays, which will ultimately be borne by all the creditors.

The terminated employees who have retained us have made clear that they need and want representation in this proceeding. In our letter dated June 13, 2024, we have already indicated that

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- **Canwest Publishing (Court File No. CV-10-8533-00CL):** On March 5, 2010, Justice Pepall ordered that representative counsel appointed for current and former employees of the debtor company shall have no liability as a result of their appointment.
 - **Foodora Inc. (Court File No. 31-2641224):** On July 8, 2020, Justice McEwen ordered that representative counsel appointed for both, CUPW Couriers and Non-CUPW Couriers shall have no liability as a result of their appointment.
 - **Metroland Media Group Ltd. (Court File No. BK-23-02986886-0031):** On October 13, 2023, Justice Osborne ordered that representative counsel appointed for the non-unionized former employees of the debtor company shall have no liability as a result of their appointment.

due to the company's strenuous opposition to paying the terminated employees' costs in respect of an Employee Representation Order, we would not seek that relief in an effort to move forward on a consensual basis.

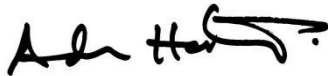
In our June 13, 2024 letter, we proposed a call that week to discuss next steps. We did not receive a response to our call request.

We remain available this week to discuss next steps should the company be willing to do so.

We would also appreciate an update on the status of this proceeding in accordance with the Endorsement of Justice Osborne of April 24, 2024.

Yours truly,

KOSKIE MINSKY LLP



Andrew J. Hatnay
AJH/vdl

cc. Client Committee
Jane Dietrich, *Cassels Brock & Blackwell LLP* (counsel to the Proposal Trustee)
Josh Nevsky, *Alvarez & Marsal Canada Inc.*
Natalie Renner & Chanakya Sethi, *Davies Ward Phillips & Vineberg LLP*
James Harnum & Abir Shamim, *Koskie Minsky LLP*

APPENDIX C
CONSENT TO ACT AS MONITOR

CONSENT

TO: THE BODY SHOP CANADA LIMITED

WHEREAS the undersigned has been informed that The Body Shop Canada Limited ("TBS Canada") will be making an application to the Ontario Superior Court of Justice (Commercial List) (the "Court") on or about July 5, 2024 for protection from its creditors pursuant to the *Companies' Creditors Arrangement Act* (the "CCAA");

The undersigned hereby consents to act as "the monitor" of TBS Canada pursuant to the CCAA if so appointed by the Court.

Dated this 24th day of June, 2024.

ALVAREZ & MARSAL CANADA INC.

by



Name: Josh Nevsky

Title: Senior Vice President

APPENDIX D
FIRST REPORT OF THE PROPOSAL TRUSTEE (WITHOUT
APPENDICES)

District of: Ontario
Division No.: 09 – Toronto
Court No.: 31-3050418
Estate No.: 31-3050418

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
IN BANKRUPTCY AND INSOLVENCY**

**IN THE MATTER OF THE NOTICE OF INTENTION
TO MAKE A PROPOSAL OF THE BODY SHOP
CANADA LIMITED, IN THE CITY OF TORONTO, IN
THE PROVINCE OF ONTARIO**

**FIRST REPORT OF THE PROPOSAL TRUSTEE
ALVAREZ & MARSAL CANADA INC.**

MARCH 2, 2024

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APPENDICES

Appendix A – Notice of Appointment in respect of the UK Administration Proceeding

Appendix B – Cash Flow Forecast

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

Appendix D – Proposal Trustee’s Report on the Cash Flow Forecast

1.0 INTRODUCTION

- 1.1 On March 1, 2024 (the “**Filing Date**”), The Body Shop Canada Limited (“**TBS Canada**” or the “**Company**”) filed a Notice of Intention to Make a Proposal (“**NOI**”) pursuant to Section 50.4(1) of the *Bankruptcy and Insolvency Act (Canada)*, R.S.C. 1985, c. B-3 (the “**BIA**”) and Alvarez & Marsal Canada Inc. (“**A&M**”) was appointed as Proposal Trustee of the Company (the “**Proposal Trustee**”).
- 1.2 TBS Canada is a subsidiary company of The Body Shop International Limited (the “**UK Parent**”). On February 13, 2024, the UK Parent commenced administration proceedings in the United Kingdom (the “**UK Administration Proceeding**”). A copy of the Notice of Appointment in respect of the UK Administration Proceeding is attached as **Appendix “A”**.
- 1.3 TBS Canada relied on the UK Parent for the supply of all inventory, treasury and other critical corporate services. Following the commencement of the UK Administration Proceeding, which was commenced without any coordination or notice to the Company, TBS Canada commenced this NOI proceedings (the “**NOI Proceeding**”) to obtain a stay of proceedings and stabilize its operations while it evaluates its strategic alternatives. As explained in further detail below, TBS Canada has taken immediate steps to protect its liquidity position by commencing liquidation sales at certain store locations, issuing disclaimers at those locations to reduce lease obligations and implementing headcount reductions and other costs curtailment initiatives.
- 1.4 The purpose of this first report (the “**First Report**”) is to provide the Court with information on:

- (i) the Company's business and financial circumstances;
- (ii) the Company's Cash Flow Forecast (as defined below) for the 13-week period ending May 24, 2024;
- (iii) the relief sought by the Company in its motion returnable March 4, 2024 (the "**Draft Order**"), including with respect to:
 - (a) extending the time to file a proposal, and the corresponding stay of proceedings, until and including April 16, 2024 (the "**Stay Period**");
 - (b) approval of the Charges (as defined below) over the property and assets of the Company (collectively, the "**Property**") and the proposed priority of same, including:
 - (1) a charge in the amount of \$700,000 over the Property to secure the fees and disbursements of the Company's legal counsel, and the Proposal Trustee and its counsel (the "**Administration Charge**"); and
 - (2) a charge in the amount of \$2,100,000 over the Property in favour of the director and officers of the Company (the "**D&O Charge**");
 - (c) expansion of the stay of proceedings;
 - (d) compelling delivery of the Company's Property; and
- (iv) the Proposal Trustee's activities and its recommendations in connection with the foregoing.

- 1.5 Further information about the Company and copies of materials filed in the NOI Proceeding are available on the Proposal Trustee's case website at: www.alvarezandmarsal.com/TheBodyShop (the "**Case Website**").

2.0 TERMS OF REFERENCE AND DISCLAIMER

- 2.1 In preparing this First Report, A&M, in its capacity as the Proposal Trustee, has been provided with, and has relied upon, unaudited financial information, books and records and financial information prepared by the Company and has held discussions with management of the Company and its legal counsel (collectively, the "**Information**"). Except as otherwise described in this Report in respect of the Cash Flow Forecast:

- (i) the Proposal Trustee has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Proposal Trustee 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 Proposal Trustee 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 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.

- 2.2 Future oriented financial information referred to in this First Report was prepared based on the Company'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.
- 2.3 This First Report should be read in conjunction with the Affidavit of Jordan Searle, General Manager, North America of the Company, sworn March 1, 2024 (the "**Searle Affidavit**"). The Searle Affidavit contains further background in respect of the Company, including events leading to this NOI Proceeding and additional detail in respect of the relief sought by the Company. Capitalized terms used and not defined in this First Report have the meanings given to them in the Searle Affidavit.
- 2.4 Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars.

3.0 BACKGROUND INFORMATION

- 3.1 More extensive background information on the Company is set out in the Searle Affidavit. Certain key points are summarized below.
- 3.2 TBS Canada is a cosmetics, perfume and skin care retailer with 105 store locations across Canada, an e-commerce platform and a wholesale business. The Company sells merchandise under the "The Body Shop" brand, a global brand recognized for its natural and ethically sourced beauty products.

3.3 For the 12-month period ended December 31, 2023, the Company generated revenue of \$88.4 million and earnings before interest, taxes, depreciation, and amortization (“**EBITDA**”) of positive \$11.6 million¹.

3.4 The Company leases a head office in Toronto, Ontario and also has 105 leased store locations throughout Canada, as follows:

Stores by Province	
Ontario	49
British Columbia	18
Alberta	17
Nova Scotia	5
Manitoba	5
Saskatchewan	5
New Brunswick	3
Newfoundland	2
Prince Edward Island	1
TOTAL	105

3.5 As of February 29, 2024, TBS Canada’s employee count, by province, was as follows:

Employees	Full Time	Part Time	Total
Ontario	155	229	384
British Columbia	47	84	131
Alberta	44	82	126
Manitoba	14	23	37
Nova Scotia	12	21	33
Saskatchewan	11	20	31
New Brunswick	7	13	20
Newfoundland	5	9	14
Prince Edward Island	2	6	8
TOTAL	297	487	784

¹ TBS Canada’s financial statements are prepared based on International Accounting Standards taking into account IFRS16 treatment of store leases.

- 3.6 TBS Canada's full-time employees are enrolled in a health benefits program providing medical, dental, life insurance and disability programs. None of the Company's employees are unionized.

Store Closures and Employee Reductions

- 3.7 As described in the Searle Affidavit, upon commencing the NOI Proceeding, the Company immediately commenced liquidation sales at 33 of its store locations and delivered notices to disclaim each of those 33 leases such that it could ultimately exit these locations on an accelerated basis.
- 3.8 This proactive measure was taken to preserve the Company's liquidity position by maximizing the recovery of its inventory, while limiting the future exposure to rent and labour costs associated with these store locations.
- 3.9 The Company's remaining 72 stores remain open in the ordinary course of business while TBS Canada considers its strategic alternatives and business prospects.
- 3.10 Also on March 1, 2024, TBS Canada terminated approximately 20 of its 40 head office employees.

Financial Position

- 3.11 A summary of TBS Canada's unaudited financial position, based on the Company's books and records, as at January 31, 2024 was as follows:

Balance Sheet (as at January 31, 2024)		(\$000s)
<u>Assets</u>		
Cash		489
Accounts Receivable		396
Inventory		5,758
Intercompany Receivables		55,184
Furniture, Fixtures and Equipment		9,039
Intangible Assets		9,615
Other Assets		2,332
Total Assets		82,813
<u>Liabilities & Shareholders' Equity</u>		
Accounts Payable and Accrued Liabilities		5,835
Intercompany Payables		8,610
Taxes Payable		1,909
Other Current Liabilities		4,190
Non-current Liabilities		2,804
Total Liabilities		23,347
Shareholders' Equity		59,466
Total Liabilities & Shareholders' Equity		82,813

3.12 The Proposal Trustee notes the following:

- (i) all of TBS Canada's inventory is supplied by the UK Parent via a U.S. based distribution centre. There is no central warehouse or distribution centre located in Canada;
- (ii) Intercompany Receivables and Intercompany Payables relate to the Cash Pooling Arrangements (as defined and described in the Searle Affidavit) and other intercompany transactions relating to the purchase of inventory and provision of shared services; and
- (iii) Accounts Payable and Accrued Liabilities are primarily owed to: (a) suppliers of logistics, technology, marketing and other service providers; (b) landlords who are owed approximately \$900,000 for unpaid pre-filing rents; and (c) other general accruals for payroll, taxes and utilities.

4.0 SECURED CREDITORS

Parent Company

4.1 Aurelius IV UK Acquico Seven Limited (“**Aurelius Seven**”), has registered financing statements against the Company under the personal property regimes in each of the Canadian provinces and territories.

4.2 The Proposal Trustee understands that:

- (i) on or around December 2023, Aurelius IV UK Acquico Eight Ltd. (the “**Aurelius Purchaser**”) acquired all of the shares of Naruta (Brasil) International B.V., and indirectly the UK Parent (the “**Acquisition**”);
- (ii) in connection with the Acquisition, Aurelius Seven, the immediate parent company of the Aurelius Purchaser, entered into a Loan Agreement with the UK Parent, pursuant to which approximately GBP £2.7 million was made available to the UK Parent (the “**Loan Agreement**”); and
- (iii) TBS Canada provided a Guarantee and Indemnity Agreement, guaranteeing the obligations of the UK Parent under the Loan Agreement (the “**Guarantee**”). TBS Canada’s obligations under the Guarantee are apparently secured pursuant to a General Security Agreement and a Hypothec granting Aurelius Seven a security interest over all of TBS Canada’s present and after-acquired property.

Other Secured Creditors

- 4.3 In addition to the registrations by Aurelius Seven, registrations have also been made against TBS Canada by Enterprise Fleet Management Canada Inc. (“**Enterprise**”) and HSBC Bank of Canada and Hong Kong Bank of Canada (collectively, “**HSBC**”). The Proposal Trustee understands that Enterprise has made registrations in Ontario, British Columbia, Alberta and Nova Scotia, in connection with corporate vehicles leased by TBS Canada for certain of its employees. The registration held by HSBC only appears in the personal property security search results in Saskatchewan. The Proposal Trustee understands from the Company that they are not aware of what HSBC’s registration relates to and are not aware of any amounts owing to HSBC that would be secured by such registration.

5.0 CASH FLOW FORECAST

- 5.1 The Company has prepared a weekly cash flow forecast (the “**Cash Flow Forecast**”) for the 13-week period from February 24, 2024 to May 24, 2024 (the “**Cash Flow Period**”). A copy of the Cash Flow Forecast, together with a summary of assumptions (the “**Cash Flow Assumptions**”), Management’s report on the Cash Flow Forecast, and the Proposal Trustee’s report on the Cash Flow Forecast, are attached hereto as **Appendices “B”, “C” and “D”**, respectively.
- 5.2 The following table provides a summary of the Cash Flow Forecast:

Cash Flow Forecast		\$000's
Receipts		
Sales		12,738
Sales tax collections		1,009
Total Receipts		13,748
Disbursements		
Vendor Payments		(925)
Payroll & Benefits		(6,818)
Rent		(4,444)
Sales Tax Remittances		(1,801)
Restructuring Professional Fees		(1,531)
Other Expenditures		(239)
Total Disbursements		(15,758)
Net Cash Flow		(2,010)
Opening Cash Balance		2,572
Net Cash Flow		(2,010)
Ending Cash Balance		562

5.3 The Proposal Trustee notes the following with respect to the Cash Flow Forecast:

- (i) Sales are based on planned sales and promotions at the Company's 33 liquidating stores and 72 stores that remain open in the ordinary course;
- (ii) Vendor Payments primarily consist of post-filing logistics, credit and debit card processing services, information technology services, and certain other store-level and general operating costs, all of which are forecast to be paid in the ordinary course; and
- (iii) Restructuring Professional Fees include costs for the Company's legal counsel, and the Proposal Trustee and its legal counsel.

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

Rent Payments

- 5.5 As described in the Searle Affidavit, prior to the commencement of the UK Administration Proceeding, the UK Parent swept all of the Company's available cash, leaving it with limited to no liquidity. Since this time, the Company stopped paying most vendor obligations, other than payroll and certain other limited amounts, and accordingly the Company did not pay February rent at the majority of its store locations.
- 5.6 Since the UK Administration Proceeding, the Company has regenerated a positive liquidity position. As of the date of this report the Company's cash balance is approximately \$2.4 million.
- 5.7 In order to responsibly preserve its liquidity and to ensure that priority payable amounts for payroll and sales taxes are accounted for, the Draft Order provides that the Company may pay rent on a weekly basis. Accordingly, in the Cash Flow Forecast, rent is contemplated to be paid: (a) on a weekly basis through March; and (b) bi-weekly thereafter.
- 5.8 In light of the Company's liquidity crisis and the uniquely challenging circumstances arising from being cut-off from its UK Parent, the Company requires this flexibility so that it can proceed with its ability to explore a going concern solution for the business. If required to pay an entire month of rent in advance, the Company would exhaust its available liquidity, compromising the ability of TBS Canada to reorganize its affairs.

6.0 REQUEST FOR EXTENSION

6.1 The Company is seeking, as part of the Draft Order, an extension of the time required to file a proposal to April 16, 2024.

6.2 The Proposal Trustee supports the extension request for the following reasons:

- (i) the proposed stay of proceedings will provide the breathing room required by the Company to stabilize its business and explore its strategic alternatives;
- (ii) it will provide the Company with the ability to advance certain restructuring initiatives, including the planned liquidation sales at 33 store locations;
- (iii) the Company is projected to have sufficient liquidity to fund its operations, as reflected in the Cash Flow Forecast, through the end of the proposed Stay Period;
- (iv) the Proposal Trustee does not believe any creditor will be prejudiced if the extension is granted; and
- (v) the Company has acted, and continues to act, in good faith and with due diligence since commencing the NOI Proceeding.

7.0 COURT-ORDERED CHARGES

7.1 The Draft Order seeks the granting of the Administration Charge and the D&O Charge (collectively, the “**Charges**”) over the Property of the Company.

Administration Charge

7.2 The proposed Initial Order provides for an Administration Charge in an amount not to exceed \$700,000 in favour of the Proposal Trustee, counsel to the Proposal Trustee and counsel to the Company.

7.3 The Proposal Trustee assisted the Company with the calculation of the Administration Charge and is of the view that the amount of the charge is reasonable and appropriate in the circumstances, having regard to the nature of the NOI Proceeding, the anticipated professional costs to be incurred, the size of charges approved in similar NOI proceedings, and the fact that the proposed beneficiaries of the Administration Charge do not have retainers.

D&O Charge

7.4 The proposed Initial Order grants a charge over the Property in the amount of \$2.1 million in favour of the Company's director and officers as security for any such obligations or liabilities arising after the commencement of the NOI Proceeding, 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.

7.5 The Proposal Trustee understands that the Company may hold directors' and officers' insurance policies that provide coverage for certain director and officer obligations. However, as described in the Searle Affidavit, TBS Canada does not have direct access to the policy documents, nor is it able to confirm that the premiums have been paid and the policies are in good standing. As a result, it is currently uncertain if the policies provide adequate coverage to the Company's director and officers during the NOI Proceeding. The Draft Order also provides that the Company's directors and officers will only be entitled

to the benefit of the D&O 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.

- 7.6 The Proposal Trustee assisted the Company in the calculation of the initial quantum of the D&O Charge, taking into consideration the amount of the Company's payroll, vacation pay and federal and provincial sales tax liabilities. The components that comprise the proposed D&O Charge are as follows:

Proposed D&O Charge	\$000's
Provision for sales taxes (HST, GST, PST)	\$500
Provision for employee wages and source deductions	\$1,200
Provision for accrued vacation pay	\$225
Provision for employee benefits, EHT and other similar amounts	\$175
Total	\$2,100

- 7.7 The Proposal Trustee understands that the director and officers of the Company have advised that they are not willing to continue in their current roles absent the protection afforded to them under the D&O Charge. In the circumstances, the Proposal Trustee is of the view that the D&O Charge is required and reasonable.

Priority of Charges Created by the Proposed Initial Order

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

- (i) First – Administration Charge (to the maximum amount of \$700,000); and
- (ii) Second – D&O Charge (to the maximum amount of \$2.1 million).

The Charges would rank ahead of the Aurelius Security and HSBC Registration, but would rank behind the Enterprise Security.

- 7.9 As set out above, the Proposal Trustee believes that the Charges are reasonable in the circumstances.

8.0 ADDITIONAL RELIEF SOUGHT

Expansion of the Stay of Proceedings and Related Relief

- 8.1 To provide the Company with the opportunity to operate while it considers its restructuring alternatives, TBS Canada needs to operate without disruption during the NOI Proceeding. Accordingly, TBS Canada is seeking the Court's approval to provide enhanced stay provisions to require suppliers and service providers to continue to provide goods and services to the Company during the NOI Proceeding.
- 8.2 The proposed Draft Order also contains language that rent shall be paid by the Company on a weekly basis (in advance) for the leased locations. The Proposal Trustee notes that the typical language in an order made in a proceeding under the *Companies' Creditors Arrangement Act* provides for bi-weekly payments of rent. The Proposal Trustee understands that the Company is requesting weekly payments to appropriately preserve its liquidity position.
- 8.3 The Draft Order also contains language prohibiting HSBC Bank Canada, or any other person, from paying, transferring or disbursing any of the funds in the HSBC Accounts without the prior consent of the Company or the Proposal Trustee. As described in the Searle Affidavit, prior to the filing of the NOI Proceeding the UK Parent had control over

the HSBC Accounts. The Proposal Trustee understands this relief over the HSBC Accounts is necessary because, among other things: (i) in the period leading up to the UK Administration Proceeding, approximately \$20 million was withdrawn from the HSBC Accounts and remains held by the UK Parent, leaving the Company with substantially reduced liquidity; and (ii) the UK Parent controls disbursements from the HSBC Accounts such that the Company is not able to independently make disbursements. While the Proposal Trustee understands that the Company has received oral assurances from the UK Parent that it would provide the Company with administrator control over the HSBC Accounts, the Company has not received any written confirmation to this effect and are apprehensive in light of the UK Parent's past conduct with respect to the HSBC Accounts. Accordingly, the Proposal Trustee supports the requested relief which is intended to ensure that the Company has control over its cash.

Return of Property

- 8.4 TBS Canada is seeking an order compelling any person who has any property, book, document or paper of any kind, of the Company in its possession to deliver such property to the Company promptly upon the request of the Company or the Proposal Trustee.
- 8.5 This relief is necessary because, among other things, the UK Parent and other parties are in possession of certain of the Company's books and records and TBS Canada requires this information. Without this information, the Company will face substantial difficulties in disentangling its accounting services from the UK Parent and will be unable to perform many of the treasury and human resource functions that were previously performed by the UK Parent.

8.6 Expanding the scope of the stay of proceedings in these circumstances will assist in stabilizing the Company's operations and allowing it the greatest opportunity to preserve normal course operations during the NOI Proceeding while it considers its restructuring and other options. Any disruptions will impair the Company's ability to continue to operate in the normal course and the prospect of identifying a potential going-concern solution.

8.7 The Proposal Trustee believes that expanding the scope of the stay of proceedings, as described above, is appropriate as the continued operation of the Company will assist it to achieve its objectives in this NOI Proceeding.

9.0 INTENDED NEXT STEPS IN THE NOI PROCEEDING

9.1 As set out in the Searle Affidavit, the Company intends to engage with, among others, the UK Parent and the UK Administrators, as appropriate to explore available strategic and restructuring alternatives. In parallel, the Company continues to evaluate liquidity preservation initiatives, including closing the 33 stores described above and reducing headcount as appropriate.

9.2 If no viable going-concern alternatives are identified by the Company, the Proposal Trustee understands that the Company may return before this Court to seek such alternative relief as is necessary, including with respect to commencing a liquidation sale of the inventory at its remaining store locations, as well as other assets, for the benefits of its creditors.

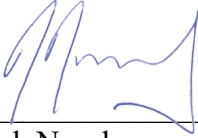
10.0 CONCLUSIONS AND RECOMMENDATIONS

10.1 For the reasons set out in this First Report, the Proposal Trustee is of the view that the relief requested by the Company in the Draft Order is reasonable, appropriate and necessary

having regard to the Company's current circumstances and respectfully recommends that the Court grant the relief requested in the Draft Order.

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

**Alvarez & Marsal Canada Inc.,
solely in its capacity as Proposal Trustee of The Body Shop Canada Limited,
and not in its personal or corporate capacity**

Per:  _____
Josh Nevsky
Senior Vice-President

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF THE
BODY SHOP CANADA LIMITED**

Court No.: 31-3050418

Estate No.: 31-3050418

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

Proceeding commenced at Toronto

**FIRST REPORT OF THE
PROPOSAL TRUSTEE**

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in its capacity as Proposal Trustee and not in its
personal or corporate capacity.

APPENDIX E
SECOND REPORT OF THE PROPOSAL TRUSTEE (WITHOUT
APPENDICES)

District of: Ontario
Division No.: 09 – Toronto
Court No.: BK-31-3050418
Estate No.: BK-24-03050418-0031

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
IN BANKRUPTCY AND INSOLVENCY**

**IN THE MATTER OF THE NOTICE OF INTENTION
TO MAKE A PROPOSAL OF THE BODY SHOP
CANADA LIMITED, IN THE CITY OF TORONTO, IN
THE PROVINCE OF ONTARIO**

**SECOND REPORT OF THE PROPOSAL TRUSTEE
ALVAREZ & MARSAL CANADA INC.**

APRIL 9, 2024

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APPENDICES

Appendix A – First Report of the Proposal Trustee (without appendices)

Appendix B – Updated Cash Flow Forecast

Confidential Appendix C – Key Employee Retention Plan

1.0 INTRODUCTION

- 1.1 On March 1, 2024 (the “**Filing Date**”), The Body Shop Canada Limited (“**TBS Canada**” or the “**Company**”) filed a Notice of Intention to Make a Proposal (“**NOI**”) pursuant to Section 50.4(1) of the *Bankruptcy and Insolvency Act (Canada)*, R.S.C. 1985, c. B-3 (the “**BIA**”) and Alvarez & Marsal Canada Inc. (“**A&M**”) was appointed as Proposal Trustee of the Company (the “**Proposal Trustee**”).
- 1.2 TBS Canada is a subsidiary of The Body Shop International Limited (the “**UK Parent**”). Prior to the Company filing the NOI, on February 13, 2024, the UK Parent commenced administration proceedings in the United Kingdom (the “**UK Administration Proceeding**”).
- 1.3 Facing a liquidity crisis and other challenges caused by commencement of the UK Administration Proceeding, TBS Canada filed the NOI, commencing a proceeding (the “**NOI Proceeding**”) to provide the stability and flexibility necessary to evaluate its strategic alternatives and explore various going concern alternatives, while also commencing a liquidation and closure of a subset of store locations.
- 1.4 On March 4, 2024, the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) granted an order (the “**March 4 Order**”) which, among other things:
- (i) extended the time to file a proposal, and expanded and extended the stay of proceedings triggered under the BIA by the NOI filing, until and including April 16, 2024 (the “**Stay Period**”);

- (ii) approved an Administration Charge, D&O Charge and Landlord Charge over the Property (each as defined in the March 4 Order); and
- (iii) permitted the Company to pay rent: (A) for the month of March, in four equal payments on the first business day of each week, in advance; and (B) for the period commencing April 1, 2024, twice monthly in equal payments on the first and fifteenth day of each month, in advance.

1.5 In connection with the NOI Proceeding and the relief to be sought in the March 4 Order, the Proposal Trustee filed and served the First Report of the Proposal Trustee dated March 2, 2024 (the “**First Report**”). The First Report and other documents filed with the Court in the NOI Proceeding are available on the Proposal Trustee’s case website at: www.alvarezandmarsal.com/TheBodyShop (the “**Case Website**”). The First Report is also attached hereto (without appendices) as **Appendix “A”**.

2.0 PURPOSE OF THIS REPORT

2.1 The purpose of this second report (the “**Second Report**”) is to provide the Court with information on:

- (i) updates in respect of the ongoing restructuring proceedings of the UK Parent and TBS US (as defined below);
- (ii) updates in respect of TBS Canada’s store network, employees and inventory position;
- (iii) TBS Canada’s cash flow results for the 5-week period ended March 29, 2024;

- (iv) TBS Canada's updated cash flow forecast for the 13-week period ending June 28, 2024;
- (v) TBS Canada's proposed draft Order (the "**Draft Order**"), which, among other things:
 - (a) approves a key employee retention plan (the "**KERP**") and grants a super-priority charge over the Property (the "**KERP Charge**") as security for payments to be made in accordance with the KERP;
 - (b) seals the KERP and related payment information subject to further order of the Court; and
 - (c) extends the Stay Period for a 45-day period from its expiry on April 16, 2024, to and including May 31, 2024.
- (vi) the intercompany arrangements and the intercompany account between TBS Canada and the UK Parent that existed prior to the commencement of the NOI Proceeding; and
- (vii) the Proposal Trustee's activities and its recommendations in connection with the foregoing.

3.0 TERMS OF REFERENCE AND DISCLAIMER

- 3.1 In preparing this Second Report, A&M, in its capacity as the Proposal Trustee, has been provided with, and has relied upon, unaudited financial information, books and records and financial information prepared by the Company and has held discussions with management

of the Company and its legal counsel (collectively, the “**Information**”). Except as otherwise described in this Second Report in respect of the Cash Flow Forecast:

- (i) the Proposal Trustee has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Proposal Trustee 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 Proposal Trustee 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 Second 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 Second Report was prepared based on the Company’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 Second Report should be read in conjunction with the Affidavit of Jordan Searle, General Manager, North America of the Company, sworn April 8, 2024 (the “**Second Searle Affidavit**”). Capitalized terms used and not defined in this Second Report have the meanings given to them in the Second Searle Affidavit.

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

4.0 UPDATE ON UK PARENT AND TBS US

UK Parent

- 4.1 As noted above, on February 13, 2024, the UK Parent commenced the UK Administration Proceeding and individuals of the firm FRP Advisory Trading Limited were appointed as the joint administrators (the “**Joint Administrators**”) to oversee the business and the restructuring of the UK Parent.
- 4.2 TBS Canada and the Proposal Trustee have been in regular contact with the Joint Administrators to receive status updates regarding the UK Administration Proceeding and the overall restructuring process of the UK Parent.
- 4.3 The Proposal Trustee understands that the UK Parent has shuttered approximately 75 of its local retail stores since the commencement of the UK Administration Proceeding, and approximately 125 locations in the United Kingdom remain open for business in the ordinary course. Further, the Joint Administrators continue to explore and advance various restructuring alternatives for the UK Parent which, if successful, would see the UK Parent emerge from the UK Administration Proceeding and continue to operate its local retail business and certain of its international operating subsidiaries.
- 4.4 The Proposal Trustee understands that TBS Canada is in the process of retaining UK counsel to assist it with assessing and participating in any plan of compromise or arrangement that is put forward to creditors in the UK Administration Proceeding.

- 4.5 The Proposal Trustee and the Joint Administrators have also held a number of meetings and are in ongoing discussions to explore ways TBS Canada could emerge from its NOI Proceeding in a coordinated manner that would provide for the Going Concern Stores (as defined below) to continue to operate as a going concern business.
- 4.6 The Proposal Trustee notes that these conversations remain preliminary and would be wholly dependent on the UK Parent successfully restructuring and emerging from the UK Administration Proceeding.

TBS US

- 4.7 As described in the First Searle Affidavit, Buth-Na-Bodhaige Inc. (“**TBS US**”) is a wholly owned subsidiary of the UK Parent and previously operated the retail and wholesale business of “The Body Shop” in the United States.
- 4.8 On March 1, 2024, TBS US made the decision to cease all operations by closing its retail locations, terminating all of its employees and stopping all shipments that originate from the U.S. based distribution centre (the “**US Distribution Centre**”).
- 4.9 On March 8, 2024, TBS US commenced a proceeding under chapter 7 of title 11 of the United States Code (the “**Chapter 7 Proceeding**”) and Rimon, P.C. was appointed as trustee (the “**Chapter 7 Trustee**”).
- 4.10 The Proposal Trustee has been in regular contact with the Chapter 7 Trustee to understand the intended steps in the Chapter 7 Proceeding, and how these steps may impact TBS Canada and the NOI Proceeding.

- 4.11 The first meeting of creditors and equity security holders in the Chapter 7 Proceeding is scheduled to occur on April 9, 2024. The Proposal Trustee intends to continue to engage with the Chapter 7 Trustee and will keep the Court apprised of the Chapter 7 Proceeding as appropriate.

5.0 UPDATE ON STORE CLOSURES, EMPLOYEES AND INVENTORY

Store Closures and Employee Reductions

- 5.1 As described in the First Report, upon commencing the NOI Proceeding on March 1, 2024, the Company immediately delivered disclaimer notices for lease agreements relating to 33 of its store locations and commenced inventory liquidation sales to exit those stores within 30 days.
- 5.2 Inventory sales at the 33 store locations are now complete. As summarized in the following table, the store closures were conducted in waves, with each store's last day of business selected based its level of inventory and sales trend.

Last Day of Business	Store Count	Employee Terminations
March 8, 2024	4	27
March 11, 2024	6	29
March 14 & 15, 2024	13	78
March 18, 2024	2	14
March 22 & 23, 2024	2	10
March 25, 2024	2	12
March 28 & 29, 2024	4	27
TOTAL	33	197

- 5.3 In the days leading up to the last day of business for each of the closing stores, TBS Canada delivered a termination letter to each employee who worked at the location to be closed.

These termination letters provided that the employment of each applicable TBS Canada employee would be terminated effective on the last day of business for their respective store location, and that they would be paid all of their regular wages, any bonuses owing and an amount for any accrued vacation owing as at their termination date. In total, TBS Canada terminated approximately 197 store level employees across the 33 closed locations.¹

- 5.4 The Company's remaining 72 stores (the "**Going Concern Stores**") remain open while TBS Canada continues to advance various going concern alternatives available to it through the NOI Proceeding. The Company continues to employ approximately 570 employees.

U.S. Based Employees

- 5.5 TBS Canada historically received certain Shared Services (as defined below) from employees of TBS US who assisted with critical functions related to human resources, payroll, financial reporting and information technology.
- 5.6 In order to avoid disruption to these Shared Services, following the commencement of the Chapter 7 Proceeding and termination of all TBS US employees, TBS Canada identified seven US-based employees as being critical to its ongoing operations and who would be required to support its restructuring efforts.

¹ As described in the First Report, on March 1, 2024, TBS Canada also terminated 20 head office employees. Further, on April 3, 2024, TBS Canada terminated a regional manager as part of an operational restructuring that followed the closure of the 33 store locations.

- 5.7 To retain the services of these former TBS US employees and ensure the critical services they provided for TBS Canada continued, TBS Canada entered into independent contractor agreements (the “**Contractor Agreements**”) with each of the seven former US employees (together, the “**Contractors**”), effective March 18, 2024.
- 5.8 The Contractor Agreements provide that TBS Canada will pay the Contractors on an hourly basis, at rates based on their previous salaries with TBS US. Certain of the Contractors will also be participating in the KERF, as described below, and will receive the benefit of the KERF Charge, if approved.

TBS Canada’s Inventory Position

- 5.9 As described in the First Report, all of TBS Canada’s inventory was historically supplied by the UK Parent via the US Distribution Centre. While the inventory was located in the United States, the UK Parent retained ownership of the inventory and would provide all of the necessary arrangements to organize the shipping and logistics to transport and transfer ownership of the merchandise to TBS Canada.
- 5.10 Following the commencement of the UK Administration Proceeding, TBS Canada stopped receiving inventory shipments in the ordinary course.
- 5.11 Since the commencement of the NOI Proceeding, TBS Canada and the Proposal Trustee have been working on a number of initiatives to bring merchandise into Canada to replenish inventory at the Going Concern Stores. These initiatives include, among others:
- (i) purchasing inventory that at the commencement of the NOI Proceeding was in-transit to North America (originally destined for the US Distribution Centre). This

in-transit inventory is currently: (a) being held at ports located in North Carolina, U.S. and Norfolk, UK by a brokerage company due to unpaid freight and storage costs associated with the importing of the product from the United Kingdom and other international locations; and (b) on the water being shipped from various international locations;

- (ii) purchasing inventory from the UK Parent currently located at the UK Parent's primary inventory warehouse in the United Kingdom;
- (iii) purchasing inventory from the UK Parent, in conjunction with the Chapter 7 Trustee, currently located in the US Distribution Centre²; and
- (iv) coordinating the transfer of inventory that at the commencement of the NOI Proceeding was in-transit to Canada from the US Distribution Centre but was returned to the US Distribution Centre due to logistical disruptions caused by the UK Administration Proceeding.

5.12 In order to advance each of the above initiatives to bring inventory into Canada, the Company has been working hard to establish a new supply chain, including engaging with various providers of shipping, brokerage, warehousing and 3PL (third-party logistics) services.

² The Proposal Trustee understands that the US Distribution Centre is currently holding approximately US\$85 million of merchandise (retail value). However, at this time, because of the Chapter 7 Proceeding, the US Distribution Centre is not operational. TBS Canada and the Proposal Trustee are in advanced discussions with the UK Administrator and the Chapter 7 Trustee to re-open the US Distribution Centre so that the Company can purchase the inventory necessary to operate the Going Concern Stores in the ordinary course.

6.0 CASH FLOW RESULTS RELATIVE TO FORECAST

6.1 Actual receipts and disbursements for the period from February 24, 2024 to March 29, 2024 (the “**Reporting Period**”), as compared to the cash flow forecast attached as Appendix “A” to the First Report, are summarized in the following table:

Cash Flow Variance Report			\$000's
	Budget	Actual	Variance
Receipts			
Sales	5,683	11,048	5,365
Sales Tax Collections	445	1,270	825
Total Receipts	6,128	12,318	6,190
Disbursements			
Vendor Payments	(600)	(247)	353
Rent	(1,671)	(2,403)	(732)
Payroll & Benefits	(3,091)	(3,145)	(54)
Restructuring Professional Fees	(893)	(286)	607
Sales Tax Remittances	(320)	(739)	(419)
Other Expenditures	(118)	(70)	48
Total Disbursements	(6,693)	(6,890)	(197)
Net Cash Flow	(565)	5,428	5,993
Opening Cash Balance	2,572	2,572	-
Net Cash Flow	(565)	5,428	5,993
Ending Cash Balance	2,007	8,000	5,993

6.2 During the Reporting Period:

- (i) the positive variance in sales of approximately \$5.4 million is due to greater-than-forecast sales across the Company’s store network. Sales at the 33 closing stores and the Going Concern Stores were approximately \$2.2 million and \$3.2 million greater than forecast, respectively. At this time, the Company believes the majority of this positive variance was caused by an acceleration of sales following the

commencement of the NOI Proceeding, and accordingly, future sales trends will likely return to normalized levels;

- (ii) the positive variance in vendor payments of approximately \$353,000 is due primarily to the timing of certain post-filing disbursements and deposit payments with vendors, and is expected to reverse in future weeks;
- (iii) rent payments for the period March 1, 2024 to March 31, 2024 were paid in full, in four equal installments, including for the 33 stores that were issued lease disclaimers. On April 1, 2024, the Company commenced paying rent in 50% installments on the first and fifteenth of the month. The negative variance of approximately \$732,000 is a result of the Company paying its initial 50% installment of April 2024 rent, and is considered a timing variance that will reverse in future weeks; and
- (iv) the remaining variance in total disbursements of approximately \$183,000 is expected to reverse and is due primarily to timing in the remittance of February sales taxes and restructuring professional fees.

6.3 Overall, during the Reporting Period, the Company experienced a positive net cash flow variance of approximately \$6.0 million, primarily attributed to the higher than forecast sales results. However, it is anticipated that a portion of this net positive variance will decline as the NOI Proceeding continues and sales return to normalized levels.

6.4 The closing cash balance as at March 29, 2024 was approximately \$8.0 million, as compared to the projected cash balance of \$2.0 million.

7.0 UPDATED CASH FLOW FORECAST

7.1 TBS Canada, with the assistance of the Proposal Trustee, prepared a revised and updated cash flow forecast (the “**Updated Cash Flow Forecast**”) for the period from March 30, 2024 to June 28, 2024 (the “**Cash Flow Period**”). A copy of the Updated Cash Flow Forecast, together with Notes and Summary of Assumptions, is attached to this Second Report as **Appendix “B”**.

7.2 A summary of the Updated Cash Flow Forecast is set out in the following table:

Cash Flow Forecast		\$000's
Receipts		
Sales		10,478
Sales Tax Collections		838
Total Receipts		11,316
Disbursements		
Inventory Purchases		(1,200)
Vendor Payments		(1,399)
Rent		(3,431)
Payroll & Benefits		(5,040)
Proposed KERP		(470)
Restructuring Professional Fees		(1,571)
Sales Tax Remittances		(1,861)
Other Expenditures		(185)
Total Disbursements		(15,156)
Net Cash Flow		(3,840)
Opening Cash Balance		8,000
Net Cash Flow		(3,840)
Closing Cash Balance		4,160

7.3 The Proposal Trustee notes the following with respect to the Updated Cash Flow Forecast:

- (i) sales are forecast based on normalized sale trends at the Company's 72 Going Concern Stores;
- (ii) as described above, TBS Canada is actively working on several methods to replenish its inventory levels. Based on the status of current discussions with the UK Administrator, disbursements for certain inventory purchases (from the UK Parent) and related shipping, brokerage, storage and 3PL costs have been included in the Updated Cash Flow Forecast;
- (iii) vendor payments consist of the shipping and 3PL costs described above, credit and debit card processing fees, information technology services, and other store-level and general operating costs;
- (iv) payroll & benefits and rent consist of payments to support the Going Concern Stores and the Company's head-office, including the costs associated with the seven Contractors;
- (v) disbursements to certain key individuals (including the Contractors) are included in accordance with the proposed KERP; and
- (vi) restructuring professional fees include costs for the Company's legal counsel, and the Proposal Trustee and its legal counsel.

7.4 During the Cash Flow Period, net cash flow is approximately negative \$3.8 million. The Proposal Trustee notes that while net cash flow is negative, the Company is replenishing its inventory balances and is maintaining the Going Concern Stores in the ordinary course

as it advances various alternatives to implement a going concern outcome for the Canadian business.

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

8.0 KEY EMPLOYEE RETENTION PLAN

Key Employee Retention Plan

- 8.1 To facilitate and encourage the continued participation of a limited number of non-store employees and Contractors during the NOI Proceeding, the Company is seeking approval of: (i) a KERP for five individuals (consisting of both employees and Contractors) who are considered by TBS Canada to be critical to the success of the NOI Proceeding (collectively, the “**KERP Participants**”); and (ii) the granting of the KERP Charge to secure the payments expected to become due under the KERP.
- 8.2 Under the KERP, the KERP Participants are entitled to retention bonuses of a percentage of the KERP Participants’ annual wages, totaling approximately \$470,000 in the aggregate across the five KERP Participants. Such retention bonuses are proposed to be paid on the following dates:
- (i) one-third following Court approval of the KERP by the Court and on or prior to April 26, 2024;
 - (ii) one-third on or prior to June 7, 2024; and

(iii) one-third on: (a) the closing of any transaction which results in the continued operation of all or substantially all of the stores operated by the Company; or (b) the implementation date of any proposal filed by the Company in the NOI Proceeding (collectively, the “**Transaction Dates**”). The third installment will not be payable if the Company is adjudged bankrupt prior to any Transaction Dates.

8.3 The foregoing entitlements under the KERP are conditional upon the applicable KERP Participant continuing to provide services to the Company until such time as he or she is advised that they are no longer required. Additional information regarding the KERP is included in **Confidential Appendix “C”** attached hereto.

8.4 Pursuant to the proposed Draft Order, the Company is requesting that the KERP and related payment information be sealed, subject to further order of the Court. The proposed KERP contains private and commercially 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 Proposal Trustee 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 TBS Canada’s commercial interests in maintaining the confidentiality of their respective compensation.

8.5 As part of its review and consideration of the reasonableness of the KERP, the Proposal Trustee examined key employee retention plans that have recently been approved by the Court in similar proceedings.

8.6 The Proposal Trustee supports the approval of the proposed KERP as:

- (i) the KERP will provide stability to the business and facilitate the successful completion of the NOI Proceeding by encouraging the KERP Participants to remain with TBS Canada;
- (ii) the KERP Participants are considered by TBS Canada, exercising their business judgement, to be crucial to maximizing realizations in the NOI Proceeding for the benefit of the Company's stakeholders;
- (iii) the KERP Participants are required to assist in the potential going-concern alternatives being contemplated and advanced by the Company, and cannot be easily and expediently replaced; and
- (iv) 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.

KERP Charge

8.7 The Draft Order provides for a KERP Charge over the Property in an amount not to exceed \$470,000 in favour of the KERP Participants. The KERP Charge represents the maximum aggregate amount payable to the KERP Participants and will be reduced after each of the one-third payments described above.

8.8 Should the KERP Charge be granted, the proposed relative priorities of the Charges are:

- (i) First – Administration Charge (to the maximum amount of \$700,000);
- (ii) Second – D&O Charge (to the maximum amount of \$2.1 million); and

(iii) Third – KERP Charge (to the maximum amount of \$470,000).

The Charges would rank ahead of the Aurelius Security and HSBC Registrations but would rank behind the Enterprise Security (each as defined in the First Searle Affidavit).

8.9 Although the March 4 Order also granted the Landlord Charge, by the terms of paragraph 16 of the March 4 Order, the Landlord Charge ceases to be operative as of April 16, 2024, which timing coincides with the KERP Charge becoming effective, if granted.

8.10 The Proposal Trustee supports the granting of the KERP Charge.

9.0 INTERCOMPANY ACCOUNT PRIOR TO THE NOI PROCEEDING

9.1 Since the commencement of the NOI Proceeding, the Proposal Trustee has been engaged in discussions with the UK Administrator, the UK Parent and Royal Bank of Canada (formerly HSBC Bank Canada) (“**RBC**”) with respect to, among other things, the pre-filing intercompany arrangements between TBS Canada and the UK Parent and the bank accounts at RBC held by TBS Canada and managed by the UK Parent.

9.2 In connection with these discussions and the Proposal Trustee’s review of the intercompany arrangements, the Proposal Trustee has submitted requests to each of the UK Administrator and RBC to provide certain documents and information related thereto. While each of the UK Administrator and RBC have been generally cooperative, certain of the Proposal Trustee’s requests remain outstanding and the Proposal Trustee’s review remains ongoing.

- 9.3 Based on the information received to date, the Proposal Trustee's assessment of the intercompany arrangements are as follows.
- 9.4 As described in the First Searle Affidavit and the Second Searle Affidavit, TBS Canada has the right to market and sell "The Body Shop" branded products pursuant to a Selective Master Distribution & Franchise Agreement between TBS Canada and its UK Parent dated October 4, 2023 (the "**Franchise Agreement**"), a copy of which was attached to the First Searle Affidavit as Exhibit C. Further, as described in the Second Searle Affidavit, TBS Canada is party to a number of additional intercompany agreements with the UK Parent, notably the services agreement dated November 16, 2016 (the "**Services Agreement**"), the market supply and royalty agreement dated January 1, 2016 (the "**Market Supply Agreement**") and the financing agreement dated July 19, 2017 and an amendment thereto dated June 26, 2018 (the "**Financing Agreement**", and collectively with the Franchise Agreement, the "**Intercompany Agreements**"). Each of these agreements are described and attached to the Second Searle Affidavit.

Inventory

- 9.5 In accordance with the Intercompany Agreements, the UK Parent (and certain of its international subsidiaries, including TBS US) would historically provide TBS Canada with all of its inventory, as well as a majority of its corporate functions, including legal, accounting/finance, treasury, tax, human resources, payroll, information technology, real estate, marketing, procurement and logistics services (collectively, "**Shared Services**"). The costs and fees associated with inventory purchases and Shared Services would be recorded and charged through the Company's intercompany ledger (the "**Intercompany Account**").

9.6 Prior to the commencement of the UK Administration Proceeding, the UK Parent would supply inventory to TBS Canada via the US Distribution Centre, with legal title transferring when the inventory is shipped and TBS Canada being charged for the inventory through the Intercompany Account. Invoices were issued by the UK Parent to TBS Canada to record the intercompany inventory transactions at a predetermined purchase price. An annual adjustment was then made in accordance with the Transfer Pricing Policy, as described below.

9.7 During Fiscal 2023, TBS Canada purchased approximately \$17.7 million dollars of inventory, at cost, from the UK Parent.

Shared Services

9.8 Under the Services Agreement, Shared Services are calculated monthly and charged through the Intercompany Account. The costs for Shared Services cover, among other things, the wages and benefits of employees engaged in the performance of Shared Services. Actual costs of the Shared Services would be allocated to TBS Canada based on relevant factors, such as the number of Canadian stores and the relative percentage of global sales, among others.

9.9 During Fiscal 2023, TBS Canada incurred a total of approximately \$1.3 million in fees for Shared Services.

Transfer Pricing Policy

9.10 In accordance with the Market Supply Agreement, the UK Parent has historically utilized a transfer pricing policy (the “**Transfer Pricing Policy**”) that, in addition to the above transactions, would result in either a “market support payment” to the benefit of TBS

Canada, or a “franchise fee” to the benefit of the UK Parent, depending on the Company’s operating income relative to a specific regional benchmarking target.

9.11 Initially, inventory and Shared Services provided to TBS Canada by the UK Parent are recorded in the Intercompany Account at the original cost of the inventory and Shared Services. Additional adjusting entries are then recorded in the Intercompany Account as follows:

- (i) if TBS Canada achieved less than the targeted operating income percentage, a market support adjustment was recorded in the Intercompany Account to the benefit of TBS Canada to adjust its operating income up to the target. This adjustment would create and/or increase any receivable amounts owing to TBS Canada from the UK Parent; or
- (ii) if TBS Canada achieved higher than the targeted operating income percentage, a franchise fee adjustment was recorded in the Intercompany Account to the benefit of the UK Parent to adjust TBS Canada’s operating income down to the target. This adjustment would create and/or increase any payable amounts owing by TBS Canada to the UK Parent.

9.12 During Fiscal 2023, the specified operating income percentage under the Transfer Pricing Policy was 0.5%, and because of its profitability, TBS Canada was charged with a franchise fee of \$4.8 million.

9.13 The Proposal Trustee understands that from time-to-time, the UK Parent engages an independent international accounting firm to conduct a review of the Transfer Pricing

Policy and perform a benchmarking analysis. The Proposal Trustee reviewed the latest of such draft benchmarking analysis conducted by Ernst & Young LLP, and notes that Transfer Pricing Policy is being implemented on a basis consistent with industry standards and arm's-length principles.

Intercompany Payments

- 9.14 Prior to the commencement of the UK Administration Proceedings, the UK Parent administered TBS Canada's cash management system, including managing its bank accounts and making payments on behalf of the Company. As described in the Second Searle Affidavit, all cash held in TBS Canada's bank accounts at RBC was automatically swept by the UK Parent and in exchange, the UK Parent would then remit payment for TBS Canada's payables upon direction by the Company (the "**Cash Pooling Arrangement**"). Pursuant to the Cash Pooling Arrangement, the UK Parent had full control over TBS Canada's bank accounts.
- 9.15 In conjunction with the cash management system, the daily cash sweeps were recorded through the Intercompany Account, generating an intercompany receivable for TBS Canada. As described further in the Second Searle Affidavit, these intercompany receivables were recorded through various loan facilities established between TBS Canada and the UK Parent pursuant to the Financing Agreement.
- 9.16 In addition to the above, an intercompany transaction would also be recorded on a monthly basis to settle the amounts owing from TBS Canada to the UK Parent for amounts owing relating to the cost of inventory and Shared Services, as well as taking into account other adjustments for foreign exchange and interest.

9.17 Accordingly, on a monthly basis, if TBS Canada generated excess cash (i.e., the cash sweeps were greater than the cost of inventory and Shared Services), TBS Canada would be in a net receivable position for the given month.

9.18 During Fiscal 2023, a total amount of approximately \$27.3 million was paid by TBS Canada to the UK Parent for the above daily and monthly transactions pursuant to the cash management system.

9.19 The following table sets out a summary of intercompany activity for Fiscal 2023:

Fiscal 2023 Intercompany Account Summary (in \$000s)	
TBS Canada Opening Payable/(Receivable) Balance, as at January 1, 2023	(43,701)
Add: Inventory Purchases	17,677
Add: Costs for Shared Services	1,299
Add: Franchise Fee Adjustment	4,827
Less: Intercompany Payments	(27,293)
Less: Interest, foreign exchange and other adjustments	(1,758)
TBS Canada Closing Payable/(Receivable) Balance, as at December 31, 2023	(48,949)

9.20 As at December 31, 2023, the Intercompany Account was in a receivable position of approximately \$48.9 million, to the benefit of TBS Canada. This net receivable position reflects the general profitability of TBS Canada and the positive net cash flow transferred to the UK Parent over a number of years.

9.21 The Proposal Trustee understands that the UK Parent is currently reconciling the Intercompany Account for the period January 1, 2024 to the commencement date of the UK Administration Proceeding. After the Intercompany Account has been reconciled and

the necessary information received, the Proposal Trustee will provide an update to the intercompany receivable balance owing from the UK Parent.

- 9.22 As mentioned above, TBS Canada has not received any inventory from the UK Parent since the commencement of the UK Administration Proceeding and the UK Parent is no longer sweeping TBS Canada's bank accounts. However, TBS Canada has continued to receive certain Shared Services from the UK Parent.

10.0 EXTENSION OF THE STAY PERIOD

- 10.1 Pursuant to the March 4 Order, the Stay Period is set to expire on April 16, 2024. The Company is seeking an extension of the Stay Period to and including May 31, 2024.

- 10.2 The Proposal Trustee supports the extension request for the following reasons:

- (i) the proposed stay of proceedings will provide the stability and certainty required to enable TBS Canada to advance its ongoing review of strategic alternatives to implement a going-concern outcome for the Canadian business;
- (ii) the Company is projected to have sufficient liquidity to fund its operations, as reflected in the Updated Cash Flow Forecast, through the end of the proposed Stay Period;
- (iii) the proposed extension of the Stay Period is for the maximum permitted 45-day period for any one stay extension and remains under the total permitted stay period of six months under the BIA;

- (iv) the Company has acted, and continues to act, in good faith and with due diligence since commencing the NOI Proceeding;
- (v) the Proposal Trustee is of the view that TBS Canada is making progress toward being able to make a viable proposal and, should the Stay Period be extended as requested, that progress will continue; and
- (vi) the Proposal Trustee does not believe any creditor will be prejudiced if the extension is granted.

11.0 ACTIVITIES OF THE PROPOSAL TRUSTEE

11.1 Since the Filing Date, the Proposal Trustee has engaged in the following activities:

- (i) preparing and mailing a creditors package to all known creditors notifying them of the NOI Proceeding;
- (ii) filing the Cash Flow Forecast and the March 4 Order with the Office of the Superintendent of Bankruptcy Canada;
- (iii) establishing and maintaining the Case Website;
- (iv) assisting the Company in its communications to employees, suppliers and customers;
- (v) answering questions from and communicating with former employees of the Company;

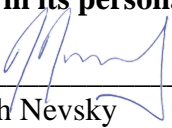
- (vi) monitoring the Company's receipts and disbursements against the Cash Flow Forecast;
- (vii) attending meetings and engaging in various correspondence with the Joint Administrators and the Chapter 7 Trustee regarding their respective restructuring proceedings and matters in connection with the NOI Proceeding;
- (viii) assisting the Company in the preparation of the Updated Cash Flow Forecast;
- (ix) preparing the First Report and this Second Report; and
- (x) attending calls and email correspondence with the Company, the Company's legal counsel and the Proposal Trustee's counsel, Cassels Brock and Blackwell LLP, regarding all matters in connection with the NOI Proceeding.

12.0 CONCLUSIONS AND RECOMMENDATIONS

12.1 For the reasons set out in this Second Report, the Proposal Trustee is of the view that the relief requested by the Company in the Draft Order is reasonable, appropriate and necessary having regard to the Company's current circumstances and respectfully recommends that the Court grant the relief requested in the Draft Order.

All of which is respectfully submitted to the Court this 9th day of April, 2024.

**Alvarez & Marsal Canada Inc.,
solely in its capacity as Proposal Trustee of The Body Shop Canada Limited,
and not in its personal or corporate capacity**

Per: 
Josh Nevsky
Senior Vice-President

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF THE
BODY SHOP CANADA LIMITED**

Court No.: BK-31-3050418

Estate No.: BK-24-03050418-0031

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

Proceeding commenced at Toronto

**SECOND REPORT OF THE
PROPOSAL TRUSTEE**

Cassels Brock & Blackwell LLP

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in its capacity as Proposal Trustee and not in its
personal or corporate capacity.

APPENDIX F
UPDATED CASH FLOW FORECAST

The Body Shop Canada Limited
16-Week Cash Flow Forecast ending October 11, 2024
Unaudited \$CAD 000's

Cash Flow Week: Week Ending:			Week 1 28-Jun-24	Week 2 05-Jul-24	Week 3 12-Jul-24	Week 4 19-Jul-24	Week 5 26-Jul-24	Week 6 02-Aug-24	Week 7 09-Aug-24	Week 8 16-Aug-24	Week 9 23-Aug-24	Week 10 30-Aug-24	Week 11 06-Sep-24	Week 12 13-Sep-24	Week 13 20-Sep-24	Week 14 27-Sep-24	Week 15 04-Oct-24	Week 16 11-Oct-24	16-Week Total
Receipts																			
	2	Sales	935	738	776	731	738	756	744	839	913	897	843	869	862	889	817	843	13,189
		Sales Tax Collections	75	59	62	58	59	60	59	67	73	72	67	70	69	71	65	67	1,055
Total Receipts			1,009	797	838	790	797	816	803	906	987	968	911	939	931	960	882	911	14,244
Disbursements																			
	3	Inventory Purchases	(410)	-	(675)	(520)	-	-	-	(675)	-	-	-	-	-	-	-	-	(2,280)
	4	Vendor Payments	(110)	(50)	(320)	(200)	(50)	(50)	(50)	(487)	(50)	(50)	(50)	(200)	(50)	(50)	(50)	(50)	(1,867)
	5	License Fee	-	(135)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(135)
	6	Payroll & Benefits	(35)	(720)	(35)	(660)	(35)	(720)	(35)	(635)	(35)	(745)	(20)	(20)	(620)	(20)	(705)	(20)	(5,060)
	7	KERP and Store Bonus	-	-	-	(157)	-	-	-	-	-	-	-	-	-	-	-	(280)	(437)
	8	Rent	(650)	-	(670)	-	-	(650)	(20)	(650)	-	(650)	(20)	(650)	-	-	(650)	(20)	(4,630)
		Sales Tax Remittances	-	-	-	-	(297)	-	-	-	-	(239)	-	-	-	(332)	-	(260)	(1,127)
	9	Restructuring Professional Fees	(412)	(350)	-	(288)	-	-	(610)	-	-	(548)	-	-	(492)	-	-	(537)	(3,236)
		Other Expenditures	(13)	(13)	(13)	(13)	(13)	(13)	(13)	(13)	(13)	(13)	(13)	(13)	(13)	(13)	(13)	(13)	(205)
Total Disbursements			(1,629)	(1,268)	(1,713)	(1,837)	(395)	(1,433)	(728)	(2,460)	(98)	(2,244)	(103)	(883)	(1,174)	(415)	(1,418)	(1,179)	(18,977)
Net Cash Flow			(620)	(471)	(874)	(1,048)	402	(617)	75	(1,554)	889	(1,276)	808	56	(243)	545	(536)	(269)	(4,733)
Opening Cash Balance			6,269	5,649	5,178	4,304	3,256	3,658	3,041	3,116	1,562	2,451	1,175	1,983	2,039	1,796	2,341	1,805	6,269
Net Cash Flow			(620)	(471)	(874)	(1,048)	402	(617)	75	(1,554)	889	(1,276)	808	56	(243)	545	(536)	(269)	(4,733)
Ending Cash Balance			5,649	5,178	4,304	3,256	3,658	3,041	3,116	1,562	2,451	1,175	1,983	2,039	1,796	2,341	1,805	1,536	1,536

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL UNDER THE
BANKRUPTCY AND INSOLVENCY ACT, R.S.C. 1985, c. B-3, AS AMENDED, OF THE BODY
SHOP CANADA LIMITED**

**NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOW FOR THE 16-WEEK
PERIOD ENDING OCTOBER 11, 2024**

A. Purpose and General Assumptions of the Updated Cash Flow Statement

1. The Body Shop Canada Limited (the “**Company**”) has prepared this Updated Cash Flow Statement and the accompanying Notes to the Cash Flow Statement (collectively the “**Updated Cash Flow Statement**”) in support of the proposal proceedings that has been filed under the Bankruptcy and Insolvency Act (“**BIA**”) on March 1, 2024.

Alvarez & Marsal Canada Inc. is the Proposal Trustee in this matter (the “**Proposal Trustee**”). The Updated Cash Flow Statement should be read in conjunction with the Report on Cash Flow Statement by the Company (Form 30 under the BIA), the Proposal Trustee’s Report on Cash Flow Statement (Form 29 under the BIA) and the Proposal Trustee’s Fifth Report to Court dated June 28, 2024 (the “**Report**”).

The Company has prepared the Cash Flow Statement based on probable and hypothetical assumptions that reflect the Company’s planned course of action for the period from June 22 to October 11, 2024 (the “**Cash Flow Period**”). Management is of the opinion that, as at the date of filing the Updated Cash Flow Statement, the assumptions used to develop the projection represent the most probable set of economic conditions facing the Company and that the assumptions used proved a reasonable basis for and are consistent with the purpose of the Updated Cash Flow Statement.

The Updated Cash Flow Statement has been developed pursuant to subsection 50 (6) of the BIA and is in support of these BIA proceedings. The information contained in the Updated Cash Flow Statement is subject to changing assumptions and/or receipt of new or additional information; actual results may vary.

This Updated Cash Flow Statement should not be used for any other purpose, and creditors are cautioned that the information provided in the Updated Cash Flow Statement could vary based on changing future circumstances.

The projected cash flow statement is prepared in Canadian dollars.

B. Hypothetical and Probable Assumptions of the Updated Cash Flow Statement

2. **Sales:** Includes receipts from the sale of goods through the Company's Going Concern Locations, net of a provision for inventory shrinkage.
3. **Inventory Purchases:** Includes estimated disbursements to replenish inventory at the Going Concern Locations, as discussed in the Report.
4. **Vendor Payments:** Includes estimated shipping and 3PL costs related to inventory purchases, IT and software costs, store level expenses, overhead costs and other general expenses.
5. **License Fee:** Represents the license fee owing for July, in accordance with the License Agreement, as discussed in the Report.
6. **Payroll & Benefits:** Includes salaries, wages, remittances and employee benefits for salaries and part-time employees across the Company's Going Concern Locations, the Canadian head office and the US-based contractors.
7. **KERP and Store Bonus:** Includes payments to key personnel retained by the Company, in accordance with the Key Employee Retention Plan and a one-time bonus payment to store-level employees and district managers.
8. **Rent:** Includes disbursements for the Going Concern Stores and the Canadian head office.
9. **Restructuring Professional Fees:** Disbursements include fees paid to the Company's legal counsel in Canada and the UK, and the Proposal Trustee and its legal counsel.

District of: Ontario
Division No.: 09 - Toronto
Court No.: BK-31-3050418
Estate No.: BK-24-03050418-0031

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 UNDER THE BANKRUPTCY AND INSOLVENCY ACT, R.S.C.
1985, c. B-3, AS AMENDED, OF THE BODY SHOP CANADA LIMITED

The attached statement of projected cash flow of The Body Shop Canada Limited, as of June 28, 2024, consisting of a 16-week cash flow statement and accompanying notes and assumptions, has been prepared by the management of the insolvent debtor for the purpose described in Note 1, using the probable and hypothetical assumptions set out in Notes 2-9.

Our review consisted of inquiries, analytical procedures and discussions 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 Note 1, and readers are cautioned that it may not be appropriate for any other purpose.

Dated at Toronto, Ontario, this June 28, 2024.



Alvarez & Marsal Canada Inc., solely in its capacity
as Trustee *in re* the Proposal of The Body Shop Canada Limited,
and not in its corporate or personal capacity

Per: Josh Nevsky, Senior Vice-President

District of: Ontario
Division No.: 09 - Toronto
Court No.: BK-31-3050418
Estate No.: BK-24-03050418-0031

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 UNDER THE BANKRUPTCY AND INSOLVENCY ACT,
R.S.C. 1985, c. B-3, AS AMENDED, OF THE BODY SHOP CANADA LIMITED

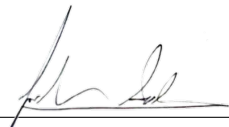
The management of The Body Shop Canada Limited (the "**Company**") has developed the assumptions and prepared the attached statement of projected cash flow of the Company, as of the June 28, 2024, consisting of a 16-week cash flow statement and accompanying notes and assumptions.

The hypothetical assumptions are reasonable and consistent with the purpose of the projection described in Note 1 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 Notes 2-9 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 any other purposes.

Dated at Toronto, Ontario, this June 28, 2024.



Jordan Searle, President, North America

APPENDIX G
FEE AFFIDAVIT OF A&M

District of: Ontario
Division No.: 09 – Toronto
Court No.: BK-31-3050418
Estate No.: BK-24-03050418-0031

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST
IN BANKRUPTCY AND INSOLVENCY**

**AND IN THE MATTER OF THE NOTICE OF INTENTION
TO MAKE A PROPOSAL OF THE BODY SHOP
CANADA LIMITED, IN THE CITY OF TORONTO, IN
THE PROVINCE OF ONTARIO**

**AFFIDAVIT OF JOSH NEVSKY
(Sworn June 28, 2024)**

I, Josh Nevsky, of the City of Toronto, in the Province of Ontario, **MAKE OATH AND SAY:**

1. I am a Senior Vice-President of Alvarez & Marsal Canada Inc. (“**A&M**”), the Proposal Trustee (the “**Proposal Trustee**”) of the Company in the within Notice of Intention to Make a Proposal (“**NOI**”) proceeding under Section 50.4(1) of the *Bankruptcy and Insolvency Act* (Canada), R.S.C. 1985, c. B-3 (the “**BIA**”). As such, I have knowledge of the matters hereinafter deposed to, except where stated to be on information and belief and whereso stated I verily believe it to be true.

2. On March 1, 2024, the Company commenced the NOI proceeding and appointed A&M as Proposal Trustee. On March 4, 2024, the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) granted an Order (the “**March 4 Order**”) which granted certain additional relief to the Company. The Proposal Trustee retained Cassels Brock & Blackwell LLP (“**Cassels**”) as its counsel in these NOI proceedings.

3. Pursuant to paragraph 11 of the March 4 Order, the Proposal Trustee and its legal counsel are to be paid their reasonable fees and disbursements, in each case at their standard rates and charges, whether incurred prior to, on or subsequent to the NOI commencement date, by the Company as part of the costs of these proceedings.

4. Attached hereto as Exhibit “A” are copies of the accounts rendered by A&M in respect of these proceedings (the “**A&M Accounts**”) for the period between February 26, 2024 and June 23, 2024, inclusive (the “**Application Period**”).

5. Attached hereto as Exhibit “B” is a schedule summarizing the A&M Accounts in respect of the Application Period. As shown in the summary, A&M incurred fees and disbursements during the Application Period totalling \$606,017.40, comprised of fees of \$534,934.00, costs of \$1,364.58 and taxes of \$69,718.82.

6. Attached hereto as Exhibit “C” is a summary of the standard hourly rates of the A&M personnel involved in this matter during the Application Period, the hours worked by each such individual, and the average hourly rates for the file. As shown in the summary, A&M expended a total of 963 hours in connection with this matter during the Application Period, at an average hourly rate of \$555.49.

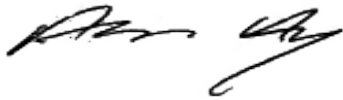
7. The activities undertaken and services provided by A&M in connection with these proceedings are described in the reports filed by A&M in these proceedings.

8. To the best of my knowledge, the rates charged by A&M during the Application Period are comparable to the rates charged by A&M for services rendered in similar proceedings. A&M has

had the rates of various professionals who provided services in these proceedings approved by this Court in respect of similar services provided in a number of insolvency and restructuring files.

9. This Affidavit is sworn in connection with a motion by the Proposal Trustee for the approval of the fees and disbursements of the Proposal Trustee and its legal counsel and for no improper purpose.

SWORN BEFORE ME over videoconference
by Josh Nevsky stated as being located in the
City of Toronto in the Province of Ontario,
before me at the City of Toronto in the
Province of Ontario, on June 28, 2024, in
accordance with O. Reg 431/20,
Administering Oath or Declaration Remotely

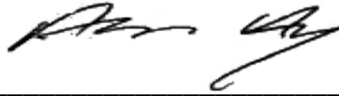


A Commissioner for taking affidavits
Name: Alec Hoy
LSO#: 85489K



JOSH NEVSKY

THIS IS EXHIBIT "A"
TO THE AFFIDAVIT OF JOSH NEVSKY
SWORN BEFORE ME THIS 28th DAY OF JUNE, 2024



Commissioner for Taking Affidavits



March 11, 2024

The Body Shop Canada Limited
1 Yorkdale Road, Suite 510
North York, ON M6A 3A1

Attention: Mr. Jordan Searle, President North America

**RE: THE BODY SHOP CANADA LIMITED
INVOICE #1 (852299)**

For professional services rendered in our capacity as Consultant to The Body Shop Canada Limited as per our engagement letter dated February 26, 2024, for the period to March 9, 2024.

BILLING SUMMARY

	<u>Hours</u>	<u>Rate</u>	<u>Total-in CAD</u>
J. Nevsky, Managing Director	48.6	\$965	\$46,899.00
M. Binder, Associate	58.7	\$480	28,176.00
E. Krieger, Analyst	6.5	\$380	2,470.00
K. Meng, Analyst	46.5	\$380	17,670.00
	160.3		\$95,215.00
Add: HST @ 13%			12,377.95
TOTAL INVOICE – in CAD			\$107,592.95

Mailing Instructions:

Alvarez & Marsal Canada ULC
Attn: Audrey Singels-Ludvik
Royal Bank Plaza, South Tower
200 Bay Street, Suite 2900
P.O. Box 22
Toronto, ON M5J 2J1

Wiring Instructions:

Bank: TD Canada Trust
Account Name: Alvarez & Marsal Canada ULC
Swiftcode: TDOMCATTTOR
Bank Address: 55 King Street West
Toronto, ON
Bank Transit #: 10202
Institution #: 0004
Account #: **5519970**
Reference #: The Body Shop – Inv #1 (852299)
HST#: 83486 3367 RT0001

<u>J. Nevsky</u>	<u>Hrs.</u>	
Feb 26	Call with Company and Davies to plan for Canadian NOI filing; review of information provided on TBS data room; preliminary review of TBS Canada cash flow; prepare workplan, preliminary request list and internal discussion on same.	2.8
Feb 27	Attend at TBS Canada's offices for kick-off and planning meeting; call with Davies and J. Searle regarding NOI filing and related matters; meeting with Davies and Cassels to discuss NOI filing and related matters; internal review and discussion on cash flow forecast, 4-Wall EBITDA summary and related matters.	6.6
Feb 28	Drafting of Proposal Trustees First Report; internal planning for NOI filing; review of NOI cash flow forecast and internal discussion on same; review of lease disclaimer list, and lease details for closing stores; prepare communication materials including employee comms and draft press release; review of D&O Charge template and internal discussion on same.	5.4
Feb 29	Internal review and discussion on D&O Charge estimate; internal update meeting and review of workplan; call with J. Searle regarding employee matters; review and update communications package; correspondence with Cassels on employee and vendor related matters; call with Davies and Cassels on filing strategy and related planning matters.	4.8
Mar 1	Process NOI filing with OSB e-filing system; finalize communications package and correspondence with Company on same; review and update First Report and correspondence with Cassels on same; review and provide comment on draft Searle Affidavit; call with J. Searle and A. Bajwa regarding filing matters; update call with Davies and Cassels; attend on town hall meeting with Company; discussions with A. Bajwa regarding vendor related matters; review of draft court materials and update of First Report.	5.5
Mar 2	Update and finalize First Report; internal review of final Cash Flow Forecast and supporting notes; review of Court materials and correspondence with Cassels on same; review and respond to correspondence from counsel to landlords; internal discussion on workplan.	3.5
Mar 3	Attend on calls with various landlords, Davies and Cassels to settle landlord issues with the Order; correspondence with Davies and Cassels regarding filing strategy, rent payments and related matters.	2.6

Mar 4	Attend TBS Canada team update meeting; calls with Cassels and Davies to prepare for Court; attend Initial Court hearing; meeting with TBS Trade team regarding vendor communications and store planning matters; call with JLL regarding potential lease realization process; call with A. Bajwa and J. Searle regarding vendor payments and NOI planning matters; call with vendor regarding NOI process and ongoing payments; review and update Case Website; prepare communication materials for TBS vendors and employees; finalize Creditor Noticing Packages.	4.8
Mar 5	Call with Cassels to discuss file matters; call with G. Rowley and P. Donnan of FRP regarding UK Administration process and alternatives for the Canadian business; prepare and review vendor letters and payment requests; attend on team update meeting with Davies, Cassels and Company; call with Davies regarding file matters.	2.5
Mar 6	Call with J. Wale and Davies regarding employee termination letters; daily update call with Davies and Company; review of creditor mailing package and related Affidavit and submit same with OSB; internal discussion regarding key vendor arrangements; correspondence with HSBC regarding payment processing; review of correspondence from FRP regarding Canadian NOI process; review of sales report and internal discussion on revised cash flow forecast.	4.3
Mar 7	Meeting with HSBC regarding banking related matters; call with A. Bajwa regarding banking and related matters; update call with Davies and Company; correspondence with landlords and vendors regarding NOI Proceeding and status of payments; review of vendor payments and approve to HSBC; internal discussion regarding workplan.	3.0
Mar 8	Meeting with Company regarding pro forma budget and business plan; correspondence with landlord regarding rent payment; review of sales and inventory analysis; discussion with M. Binder regarding Canadian pro forma model and business plan; correspondence with A. Bajwa on rent payments.	2.8
TOTAL – J. Nevsky		48.6 hrs.

M. Binder

Hrs.

Feb 26	Internal discussions regarding preliminary information request list; preliminary review of TBS Canada cash flow and other materials; prepare template and information request list for D&O Charge calculation.	4.0
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Feb 27	Attend at TBS Canada's offices for kick-off and planning meeting; review and discuss TBS Canada cash flow forecast; review and discuss 4-Wall EBITDA summary for TBS Canada; review and discuss various cash management functions and controls; meeting with the Company's HR manager to discuss payroll information; attend on calls with Davies and J. Searle regarding NOI filing and related matters; review various materials provided.	10.2
Feb 28	Prepare NOI cash flow forecast and internal discussion regarding same; preparation of D&O Charge calculation and internal discussion regarding same; attend on call with J. Searle and J. Wale to discuss employee matters; preparation of NOI filing materials.	8.0
Feb 29	Update D&O Charge estimate and internal discussion regarding same; attend meeting with J. Searle and J. Wale to discuss employee matters and timeline; preparation of creditor listing; internal discussions to review and discuss NOI filing materials; call with A. Bajwa and J. Searle to review NOI cash flow forecast; prepare NOI cash flow forecast notes and summary of assumptions; review and update communications materials.	7.7
Mar 1	Email correspondence with Case Website administrator; attend on update call with Davies to discuss NOI filing; call with J. Searle and A. Bajwa regarding filing matters and NOI cash flow forecast; attend on update call with Davies and Cassels; review of draft First Report.	4.2
Mar 2	Update and finalize First Report; coordinate upload of court materials to the Case Website.	0.6
Mar 4	Call with A. Bajwa and J. Searle regarding vendor payments and NOI planning matters; review and coordinate mailing of Notice to Creditors; email correspondence and phone calls with several vendors to ensure continued service; update NOI checklist; preparation of NOI timeline and internal discussion regarding same.	5.5
Mar 5	Attend on call with G. Rowley and P. Donnan of FRP regarding UK Administration process and alternatives for the Canadian business; attend on update meeting with the Company; calls with several vendors to ensure continued service; call with the Company's finance team to discuss sales and inventory reporting; preparation of letters to several key vendors, correspondence with Cassels regarding same.	6.6
Mar 6	Call with J. Wale and Davies regarding employee termination letters; internal discussion regarding key vendor arrangements; review of sales report and internal discussion on revised cash flow forecast.	4.1

Mar 7	Meeting with HSBC regarding banking related matters; attend on call with A. Bajwa regarding banking and related matters; attend on update call with Davies and the Company; call with terminated employee to discuss WEPP process; respond to emails sent to the Proposal Trustee's mailbox.	4.8
Mar 8	Attend meeting with Company regarding pro forma budget and business plan, and internal discussions regarding same; calls and email correspondence with vendors regarding continued service and the NOI process.	3.0
TOTAL – M. Binder		58.7 hrs.

<u>E. Krieger</u>	<u>Hrs.</u>	
Feb 28	Internal call regarding plan to create NOI filing materials, including the Estate Information Summary and Form 33; internal call regarding creation of same and review of NOI filing process.	1.5
Feb 29	Create NOI filing materials; internal call regarding same; review and update creditor listing.	2.8
Mar 1	Update NOI filing materials; internal call regarding update and submission of same.	0.9
Mar 4	Coordinate mailing of NOI Notice to Creditors.	1.3
TOTAL – E. Krieger		6.5 hrs.

<u>K. Meng</u>		<u>Hrs.</u>
Feb 26	Prepare NOI communications documents and workplan; internal discussion regarding preliminary information request list.	3.8
Feb 27	Attend at TBS Canada offices for meeting with A&M, J. Searle and A. Bajwa for kick-off and initial planning; prepare initial OSB filing forms; analyze Company headcount by store location using employee listing; analyze store breakdown by province and profitability using the four-wall EBITDA analysis.	9.9
Feb 28	Prepare and internal discussion on Directors' & Officers' Charge Analysis, initial OSB filing forms, and employee information analysis; internal discussion on Form 33 and EIS for initial filing.	8.7

The Body Shop – 852299

DETAILED SUMMARY – February 26 to March 9, 2024

Feb 29	Prepare and update Directors' & Officers' Charge Analysis, initial filing material, and creditors' list; internal discussions to review NOI filing material.	9.2
Mar 1	Meet with E. Krieger, E. Mann, J. Nevsky to submit NOI files to OSB; prepare Notice to Creditors' package; start completing Forms 29 & 30; submit and finalize Directors' & Officers' Charge; communicate with case website administrator to activate the website.	4.9
Mar 4	Set-up Proposal Trustee hotline to receive telephone inquiries from interested stakeholders; communicate with case website administrator to upload files; print and send Notice to Creditors letter packages.	5.6
Mar 5	Meet with Company management and case team to understand the importance of certain vendors and determine which must be paid.	1.0
Mar 6	Submit and review Court documents to be uploaded to case website; prepare and commission Affidavit of mailing Notice to Creditors.	1.3
Mar 7	Process voicemails left on Proposal Trustee hotline and return calls with M. Binder to the appropriate stakeholders to explain the current situation.	1.3
Mar 8	Respond to emails sent to the Proposal Trustee hotline; return calls to answer inquiries posed by stakeholders.	0.8
TOTAL – K. Meng		46.5 hrs.





Alvarez & Marsal Canada ULC
Royal Bank Plaza, South Tower
200 Bay Street, Suite 3501, P.O. Box 22
Toronto, ON M5J 2J1
Phone: +1 416 847 5200
Fax: +1 416 847 5201

April 2, 2024

The Body Shop Canada Limited
1 Yorkdale Road, Suite 510
North York, ON M6A 3A1

Attention: Mr. Jordan Searle, President North America

**RE: THE BODY SHOP CANADA LIMITED
INVOICE #2 (852299)**

For professional services rendered in our capacity as Consultant to The Body Shop Canada Limited as per our engagement letter dated February 26, 2024, for the period March 10 to 23, 2024.

BILLING SUMMARY

	<u>Hours</u>	<u>Rate</u>	<u>Total-in CAD</u>
J. Nevsky, Managing Director	38.5	\$965	\$37,152.50
M. Binder, Associate	40.4	\$480	19,392.00
K. Meng, Analyst	22.4	\$380	8,512.00
	101.3		\$65,056.50
Add: HST @ 13%			8,457.35
TOTAL INVOICE – in CAD			\$73,513.85

Mailing Instructions:

Alvarez & Marsal Canada ULC
Attn: Audrey Singels-Ludvik
Royal Bank Plaza, South Tower
200 Bay Street, Suite 3501
P.O. Box 22
Toronto, ON M5J 2J1

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Toronto, ON
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Institution #: 0004
Account #: **5519970**
Reference #: The Body Shop – Inv #2 (852299)
HST#: 83486 3367 RT0001

<u>J. Nevsky</u>	<u>Hrs.</u>
Mar 11 Trade call with TBS working group; update call with FRP regarding Canadian NOI process; update call with A. Searle, Davies and Cassels; call with A. Searle, A. Bajwa regarding cash flow and inventory; review of cash flow and inventory levels with Mitch; prepare draft inventory purchase term sheet to FRP (“Term Sheet”); call with J. Wale and Davies regarding employee transition letter and terminations.	4.1
Mar 12 Update call with Davies and Cassels; review and update inventory listing and Term Sheet; review of cash flow and vendor payments; draft Term Sheet email to FRP to request inventory.	3.6
Mar 13 Internal meeting regarding planning considerations; call with US Trustee regarding Canadian and US businesses; communications with UK regarding NOI process and inventory levels; Team update call with Davies and Cassels.	3.3
Mar 14 Call with J. Searle on employee and file matters; correspondence with FRP regarding UK Administration, Canadian NOI, inventory Term Sheet and related matters; review and comment on letter responding to proposed employee representative counsel; update call with TBS, Davies, CBB; call with J. Wale and Davies on employee letters; correspondence with landlord on rent payments; review of lease agreements regarding open hours and temporary closures.	4.0
Mar 15 Call with DSV regarding pre-filing amounts and continuing service; call with Cassels regarding planning and file related matters; call with TBS group and Davies on file matters and inventory in transit; call to review cash flow report and internal planning matters; correspondence regarding rents with landlords and TBS.	3.4
Mar 18 Internal update call with M. Binder; call with US Trustee; call with FRP on Term Sheet and related matters; call with TBS and M. Binder on payment and information requests to develop pro forma model; call with Company regarding inventory and 3PL alternatives; call with J. Wale on employee matters; update call with Cassels and Davies; call with A. Rose regarding contract questions and DC02 matters.	6.2
Mar 19 Call with US Trustee regarding inventory release and related matters; correspondence with J. Wale regarding employee matters; update call with J. Searle, Davies and Cassels; call with TBS logistics team; review of cash flow and sales results; correspondence with DB Schenker on inventory in-transit; correspondence with Company regarding payments and related matters.	4.0

Mar 20	Call with party interest in Canadian franchise arrangement; call with DB Schenker regarding release of inventory in-transit; review of interco materials and call with FRP and UK treasury on same; update call with TBS logistics team; review of cash flow variance analysis and internal discussion on same.	3.6
Mar 21	Inventory planning call with M. Binder; call with DB Schenker regarding inventory release; review and comments on cash flow report; review of intercompany detail and drafting of internal memo on same.	3.5
Mar 22	Group update call with Cassels and Davies; attend on TBS logistics team call; call with US Trustee on file matters; internal planning call; correspondence with US and UK Trustees regarding Term Sheet and progress updates on same.	2.8
TOTAL – J. Nevsky		38.5 hrs.

M. Binder

Hrs.

Mar 10	Update cash flow forecast for actuals for the week ended March 1; review inventory and sales reporting data; update cash flow forecast to account for recent sales trend; prepare template for pro-forma TBS business plan.	2.7
Mar 11	Review planned disbursements and discussions with TBS finance team regarding same; review sales reporting; attend vendor management meeting with the Company; attend on update call with FRP regarding Canadian NOI process; update call with J. Searle, Davies and Cassels; call with A. Bajwa and the Company's finance team to discuss certain information requests and sales and inventory reporting; update cash flow forecast for the week ended March 8 and discussions with J. Nevsky regarding same.	8.2
Mar 12	Prepare cash flow variance summary; review inventory allocation schedule; review inventory purchase term sheet and internal discussions regarding same; update and review cash flow forecast; call with A. Bajwa and the Company's finance team to discuss vendor payments.	5.3
Mar 13	Call with vendor to ensure continued service; internal meeting to discuss case matters; attend on call with US Trustee regarding Canadian and US businesses.	1.9
Mar 14	Call with vendor to ensure continued service; attend on update call with TBS, Davies and Cassels.	0.9
Mar 15	Call with vendor to ensure continued service.	0.5

Mar 18	Meeting with A. Bajwa to discuss sales and inventory reporting, store closures and other case matters; call with FRP to discuss Term Sheet and related matters; attend on call with TBS regarding inventory and 3PL alternatives; email correspondence with vendors; call with TBS on information requests to develop pro-forma model.	3.9
Mar 19	Update call with J. Searle, Davies and Cassels; review cash flow actuals for the week ended March 15, prepare variance summary and internal discussions regarding same; call with A. Bajwa to discuss pro-forma model development, review of materials regarding same; emails with TBS regarding payments.	5.1
Mar 20	Attend on call with party interested in Canadian franchise arrangement; attend on call with FRP and TBSI treasury team to review and discuss intercompany materials; attend on update call with TBS logistics team; attend on call with DB Schenker to discuss inventory release; review data for terminated employees and correspondence with J. Wale regarding same.	3.7
Mar 21	Call with vendor to ensure continued service; attend on update call with TBS logistics team; email correspondence with vendor that sent requests to the Proposal Trustee's general inbox; update and review cash flow forecast variance summary; internal meeting regarding inventory planning.	4.0
Mar 22	Attend on update call with J. Searle, Davies and Cassels; attend on update call with TBS logistics team; attend on call with US Trustee on case matters; meeting with J. Wale regarding employee matters and information requests; drafting of WEPP Q&A and information package for terminated employees.	4.2
TOTAL – M. Binder		40.4 hrs.

K. Meng

Hrs.

Mar 11	Compile actual bank transactions of the Company for the week ended March 9 into a historical weekly cash flow; prepare budget-to-actual comparison of the 13-week cash flow forecast to understand historical performance and comment on variances; call with FRP Advisory discussing strategic alternatives for continuing relations between the Company's parent company and itself.	3.8
Mar 12	Compile inventory list of the parent company's warehouses to ascertain inventory replenishment abilities; assist in preparing proposal term sheet for the Company to purchase intercompany inventory.	5.0

The Body Shop – 852299

DETAILED SUMMARY – March 10 to 23, 2024

Mar 13	Call with M. Binder to meet with vendor to explain the NOI proceedings situation to negotiate a new payment plan for services going forward.	0.3
Mar 14	Email utilities vendor to explain the NOI proceedings and to set-up post-filing accounts for future service invoices.	0.3
Mar 15	Respond to emails and voicemails from Company vendors, employees, and customers to explain the NOI proceedings.	0.8
Mar 19	Compile actual bank transactions of the Company for the week ended March 16 into a historical weekly cash flow; prepare budget-to-actual comparison of the 13-week cash flow forecast to understand historical performance and comment on variances; respond to email inquiries from Company stakeholders; correspond with Case Website administrator to upload new court files; revising termination and severance model to focus on redundant employees.	7.7
Mar 20	Finalize termination and severance model and internally discuss same with M. Binder; prepare comments on variances for the budget-to-actual report for the three weeks ended March 16; call with FRP Advisory and parent company to discuss potential future working relations.	2.4
Mar 21	Finalize edits for the budget-to-actual report for the three weeks ended March 16; respond to inquiries from stakeholders of the Company.	0.9
Mar 22	Call with J. Wale and M. Binder to discuss WEPP provisions preparation and to prepare necessary employee information.	1.2
TOTAL – K. Meng		22.4 hrs.





Alvarez & Marsal Canada Inc.
Royal Bank Plaza, South Tower
200 Bay Street, Suite 3501, P.O. Box 22
Toronto, ON M5J 2J1
Phone: +1 416 847 5200
Fax: +1 416 847 5201

April 23, 2024

The Body Shop Canada Limited
1 Yorkdale Road, Suite 510
North York, ON M6A 3A1

Attention: Mr. Jordan Searle, President North America

RE: THE BODY SHOP CANADA LIMITED (the "Company")
INVOICE #3 (852299)

For professional services rendered in connection with our capacity as Proposal Trustee for the Company per the Notice of Intention to Make a Proposal under subsection 50.4 (1) of The Bankruptcy and Insolvency Act, for the period March 24 to April 13, 2024.

BILLING SUMMARY

	<u>Hours</u>	<u>Rate</u>	<u>Total-in CAD</u>
J. Nevsky, Managing Director	37.5	\$965	\$36,187.50
M. Binder, Associate	90.4	\$480	43,392.00
K. Meng, Analyst	54.1	\$380	20,558.00
	182.0		\$100,137.50
Add: HST @ 13%			13,017.88
TOTAL INVOICE – in CAD			\$113,155.38

Mailing Instructions:

Alvarez & Marsal Canada ULC
Attn: Audrey Singels-Ludvik
Royal Bank Plaza, South Tower
200 Bay Street, Suite 3501
P.O. Box 22
Toronto, ON M5J 2J1

Wiring Instructions:

Bank: TD Canada Trust
Account Name: Alvarez & Marsal Canada ULC
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Bank Address: 55 King Street West
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Institution #: 0004
Account #: **5519970**
Reference #: The Body Shop – Inv #3 (852299)
HST#: 83158 2127 RT0001

The Body Shop Canada Limited – 852299
DETAILED SUMMARY – March 24 to April 13, 2024

<u>J. Nevsky</u>	<u>Hrs.</u>
Mar 25 Correspondence with Company regarding inventory and logistics planning; draft email to HSBC regarding cash management and related info requests; email correspondence with FRP and Chapter 7 trustee regarding inventory release; call with DB Schenker and correspondence with TBS on inventory matters.	1.8
Mar 27 Call with company regarding inventory and logistics initiatives; update call with TBS UK and FRP; review of draft KERP package; correspondence with Company regarding insurance matters; call with Chapter 7 Trustee on proceedings and employee matters; correspondence with Davies regarding KERP.	2.3
Mar 28 Call with FRP regarding UK Administration; call with Chapter 7 Trustee on employee related matters; correspondence with M. Binder regarding cash flow, sales forecast and draft Second Report.	1.3
Mar 29 Update call with J. Searle and Davies on file matters, KERP, inventory; review and update KERP summary.	1.0
Mar 30 Drafting of Second Report and correspondence with M. Binder on same.	3.0
Mar 31 Correspondence with company regarding employee matters.	0.2
Apr 2 Call with FRP and Chapter 7 Trustee regarding inventory and related matters; update call with Davies, Cassels and Company; correspondence with Official Receiver regarding stay extension and related OSB forms; correspondence with HSBC regarding information requests outstanding; review of employee related information from J. Wale.	1.8
Apr 3 Review of intercompany summary and related agreements; review of TBSI release agreement for inventory transfer and correspondence with Davies on same.	0.7
Apr 4 Call with TBS UK, FRP and Aurelius regarding TBS Canada and NOI proceeding; follow-up correspondence with J. Searle; correspondence with Cassels on Second Report and related matters; call with DB Schenker regarding release of lien; review of draft KERP letter and correspondence with Davis and Cassels on same; review and update Second Report.	1.6
Apr 5 Review of draft Second Report and revised Searle Affidavit; call with Cassels and Davies to review Affidavit and Second Report.	2.0
Apr 6 Call with Cassels and Davies regarding Second Report and Affidavit; review and update draft Second Report, and correspondence with M. Binder on same.	3.3

The Body Shop Canada Limited – 852299
DETAILED SUMMARY – March 24 to April 13, 2024

Apr 8	Review of updated affidavit and draft order, correspondence with Davies on same; review of cash flow and internal discussion on same; review of FRP April 4 Report and prepare follow up questions on same; catch up with M. Binder on inventory and related matters; call with Davies regarding Court materials, KERP and related matters.	3.6
Apr 9	Meeting with DB Schenker and FRP regarding delivery of inventory; DC project update call with TBS team; attend Chapter 7 Initial Hearing; review and finalize Second Report and Updated Cash Flow statement; prepare correspondence to FRP regarding inventory delivery and purchase.	3.4
Apr 10	Logistics update call with TBS team; internal discussion on file matters; email correspondence with FRP regarding UK and Canadian restructuring matters; review of landlord invoice and correspondence with landlord on same; review of Koskie Minsky letter regarding employee matters.	2.0
Apr 11	Call with potential franchisor and J. Searle regarding potential transaction; DC project update meeting; update call with Davies and Cassels on file matters.	3.3
Apr 12	Review and finalize DB Schenker lien release letter; call with FRP on file matters and inventory shipments; review of cash flow forecast and summary of unsecured claims, and internal review of same; review Case Website; call with Chapter 7 Trustee regarding inventory and DC02 matters; call with landlord regarding payment agreement; call with J. Searle regarding KERP matters; review of employee claim calculations; review of Case Website.	6.2
TOTAL – J. Nevsky		37.5 hrs.

M. Binder

Hrs.

Mar 25	Review latest sales and inventory reporting; call with the Company's finance team regarding inventory reporting; review intercompany documents provided by TBSI and FRP; correspondence with vendors and review of new vendor agreements; review and update corporate model inputs provided by the Company.	5.2
Mar 26	Attend on update call with TBS logistics team; review sales and inventory reporting; attend meeting with TBS retail team on inventory; respond to emails sent to the Proposal Trustee's general inbox; prepare corporate model.	6.5



The Body Shop Canada Limited – 852299
DETAILED SUMMARY – March 24 to April 13, 2024

Mar 27	Attend on update call with TBS logistics team; attend on call with Aurelius regarding ongoing Administration Proceeding and TBS Canada; email correspondence with the US Trustee; attend on employee call with J. Wale and Davies; call with vendor to discuss NOI Proceeding; email correspondence with TBS and Davies.	6.2
Mar 28	Call with vendor to discuss NOI Proceeding; attend on update call with TBS logistics team; review of new vendor agreement and discussions regarding same; call with potential logistics provider; review cash flow actuals for the week ended March 22, prepare summary of results.	6.4
Mar 31	Respond to emails sent to the Proposal Trustee's mailbox; review updated inventory and logistics plan.	1.4
Apr 1	Call with TBS logistics team; email correspondence with vendors; review sales and inventory reporting; attend on call with staffing agency regarding potential future projects; call with TBS finance team to discuss inventory reporting and rent roll-forward for closed stores; review of rent information provided by TBS Canada for the purposes of sizing landlord claims for closed stores; drafting of the Second Report.	7.2
Apr 2	Attend on update call with FRP and the US Trustee; attend on update call with J. Searle, Davies and Cassels; attend on update call with TBS logistics team, review and discuss US Warehouse staffing plan for potential replenishment order; call with vendor to discuss NOI Proceeding; internal update with J. Nevsky; review and approve payment run for the week ended April 5; drafting of the Second Report; review updated intercompany account information shared by FRP and TBSI and discussions with K. Meng regarding same.	9.6
Apr 3	Drafting of the Second Report; review draft lien release letter between DB Schenker, TBSI and TBS Canada, and discussion with Davies regarding same; review and update cash flow forecast for the week ended March 29, discussions with K. Meng regarding same; update call with J. Nevsky; prepare Updated Cash Flow Forecast for the 13-week period ended June 28.	8.7
Apr 4	Attend on update call with TBS logistics team in Canada and the UK; review Cassels comments on the Second Report; drafting of the Second Report; email correspondence with TBS and potential logistics provider; call with Davies to discuss new vendor agreement; correspondence with vendors to discuss new vendor arrangements and outstanding payments; review and revise Updated Cash Flow Forecast.	8.8

The Body Shop Canada Limited – 852299
DETAILED SUMMARY – March 24 to April 13, 2024

Apr 5	Attend on call with DB Schenker to discuss lien release; call with TBSI treasury team; attend on update call with TBS logistics team; review draft of the Second Searle Affidavit; review updated KERP letters and correspondence with Davies regarding same; review comments on Second Report; review real estate information provided and prepare landlord claim calculation workbook; review employee information provided and internal discussion regarding termination and severance model.	5.2
Apr 6	Review revised Second Searle Affidavit, attend on call with Davies and Cassels to discuss same; review comments and drafting of the Second Report.	3.9
Apr 8	Update call with J. Nevsky; attend on update call with TBS logistics team; email correspondence with vendors; review of the Draft Order; review of updated termination and severance calculations, discussions with K. Meng regarding same; review Updated Cash Flow Forecast and preliminary landlord claim calculations with J. Nevsky; drafting of supporting documents for the Updated Cash Flow Forecast.	6.9
Apr 9	Attend on update call with DB Schenker; attend on update call with TBS logistics team; review information related to inventory shipments and correspondence with UK administrator and US trustee on same; review employee termination and severance calculations; review and revise the Updated Cash Flow Forecast; review and update the Second Report; attend on call with J. Wale regarding employee matters.	7.5
Apr 10	Update cash flow forecast for the week ended April 5, discussions with K. Meng regarding same; correspondence with vendors; update landlord claim calculation workbook; internal update call on case matters; review updated accounts payable listing and reconciliation of same; internal discussion on employee matters.	5.7
Apr 11	Email correspondence with TBS team and vendors.	1.2
TOTAL – M. Binder		90.4 hrs.

<u>K. Meng</u>	<u>Hrs.</u>	
Mar 25	Call with Company management to discuss inventory plan; review of sales and inventory and update internal tracker for same.	1.2
Mar 26	Update the internal tracker for daily store sales and margins; respond to email inquiries sent to the Case email address; return voicemail calls left by stakeholders of the Company.	4.8



The Body Shop Canada Limited – 852299
DETAILED SUMMARY – March 24 to April 13, 2024

Mar 27	Reconcile the differences between all DB Schenker invoices sent to the Company; update the internal tracker for daily store sales and margins; call Lucas & Voigt and TForce to explain the NOI proceedings and to discuss post-filing service provisions.	2.3
Mar 28	Compile actual bank transactions of the Company for the week ended March 23 into a historical weekly cash flow; prepare budget-to-actual comparison of the 13-week cash flow forecast to understand historical performance and comment on variances; update the internal tracker for daily store sales and margins.	2.5
Mar 31	Respond to email inquiries sent to the Case email address.	0.6
Apr 1	Respond to email inquiries sent to the Case email address; update the internal tracker for daily store sales and margins; prepare a breakdown of intercompany accounts receivable and accounts payable for the Company in relation to its parent entity.	4.4
Apr 2	Update the internal tracker for daily store sales and margins; update the internal tracker for weekly invoices charged by the Company's independent contractors; Compile actual bank transactions of the Company for the week ended March 30 into a historical weekly cash flow; prepare budget-to-actual comparison of the 13-week cash flow forecast to understand historical performance and comment on variances.	1.6
Apr 3	Review the budget-to-actual comparison for the week ended March 30 with M. Binder; update the internal tracker for daily store sales and margins.	2.6
Apr 4	Review the updated intercompany accounts receivable and accounts payable categorizations prepared by FRP Advisory to optimize the breakdown of the intercompany items; modify the breakdown of intercompany amounts for the Second Report of the Proposal Trustee.	3.3
Apr 5	Discuss the workplan for the Case with M. Binder; start the weekly average hours calculation for terminated employees to estimate the employee termination and severance claim amounts.	1.4
Apr 6	Calculate the weekly average hours of terminated employees and prepare the employee termination and severance model to ascertain the potential employee claim quantum.	3.0
Apr 8	Correspond with Case Website administrator to upload new court files; respond to email inquiries sent to the Case email address; update the internal tracker for daily store sales and margins; update the employee termination and severance model to ascertain the potential employee claim quantum.	2.5

The Body Shop Canada Limited – 852299
DETAILED SUMMARY – March 24 to April 13, 2024

Apr 9	Update the employee termination and severance model to ascertain the potential employee claim quantum; update the internal tracker for daily store sales and margins; discuss weekly invoiced amounts for the Company's independent contractors with M. Binder; call with M. Binder and J. Wale to confirm Company employee information.	4.9
Apr 10	Update the budget-to-actual report; review post-filing services agreement letter from Lucas & Voigt to compare changes made by the vendor; return voicemails and emails from the Case hotline and email address; reconcile the updated accounts payable ledger of the Company to break down the pre-filing quantum; discuss landlord claim quantum with J. Nevsky and M. Binder.	6.0
Apr 11	Prepare an illustrative proceeds diagram to show the potential quantum of overall recoveries compared to unsecured creditor claim outflows; prepare the inventory replenishment costing model to estimate the expense for supply the remaining stores with new inventory; circulate the inventory replenishment costing model to the Company management and update the model based on their comments.	5.1
Apr 12	Prepare the employee termination and severance model for the Company's legal counsel for discussion to confirm the estimated employee claims; break down key items comprising the Company's intercompany accounts receivable and accounts payable; call with Davies and Cassels to review employee claims model; update and recirculate inventory replenishment costing model with Company management comments.	6.4
Apr 13	Correspond with Case Website administrator to upload new court files; break down key items comprising the Company's intercompany accounts receivable and accounts payable.	1.5
TOTAL – K. Meng		54.1 hrs.



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Toronto, ON M5J 2J1
Phone: +1 416 847 5200
Fax: +1 416 847 5201

May 15, 2024

The Body Shop Canada Limited
1 Yorkdale Road, Suite 510
North York, ON M6A 3A1

Attention: Mr. Jordan Searle, President North America

RE: THE BODY SHOP CANADA LIMITED (the "Company")
INVOICE #4 (852299)

For professional services rendered in connection with our capacity as Proposal Trustee for the Company per the Notice of Intention to Make a Proposal under subsection 50.4 (1) of The Bankruptcy and Insolvency Act, for the period April 14 to May 11, 2024.

BILLING SUMMARY

	<u>Hours</u>	<u>Rate</u>	<u>Total-in CAD</u>
J. Nevsky, Managing Director	31.7	\$965	\$30,590.50
M. Binder, Associate	88.3	\$480	42,384.00
K. Meng, Analyst	87.8	\$380	33,364.00
	<u>207.8</u>		\$106,338.50
Add: HST @ 13%			13,824.01
TOTAL INVOICE – in CAD			<u>\$120,162.51</u>

Mailing Instructions:

Alvarez & Marsal Canada ULC
Attn: Audrey Singels-Ludvik
Royal Bank Plaza, South Tower
200 Bay Street, Suite 3501
P.O. Box 22
Toronto, ON M5J 2J1

Wiring Instructions:

Bank: TD Canada Trust
Account Name: Alvarez & Marsal Canada ULC
Swiftcode: TDOMCATTTOR
Bank Address: 55 King Street West
Toronto, ON
Bank Transit #: 10202
Institution #: 0004
Account #: **5519970**
Reference #: The Body Shop – Inv #4 (852299)
HST#: 83158 2127 RT0001

The Body Shop Canada Limited – 852299
DETAILED SUMMARY – April 14 to May 11, 2024

<u>J. Nevsky</u>	<u>Hrs.</u>
Apr 14 Review of Employee Motion Materials; call with Davies and CBB on employee motion and related matters; review landlord release agreement and correspondence with landlord on same.	1.0
Apr 15 Internal update meeting; attend Court hearing; review of inventory costing summary and draft email to FRP and Chapter 7 Trustee on same; attend on call with Company regarding inventory and DC process; correspondence with Company and Davies regarding contracts and leases; call with legal counsel to potential purchaser and franchise partner; submit Court Order and cash flow with OSB.	4.2
Apr 16 Correspondence with Chapter 7 Trustee on inventory arrangements; call with EY regarding tax matters; lien release correspondence with DB Schenker; draft email inventory replenishment plan with FRP.	2.2
Apr 17 Review of TBS Canada transaction term sheet; call with Davies and CBB regarding employee motion; internal update meeting regarding file matters; correspondence with Chapter 7 Trustee on inventory pickup; correspondence with DB Schenker on lien release.	1.6
Apr 18 Call with J. Searle and potential purchase to provide process update; call with FRP and Chapter 7 Trustee on inventory and DC matters; review of cash flow and internal discussion on same; correspondence with Chapter 7 Trustee on inventory and employee matters.	1.8
Apr 19 Review of insurance policy and related communications; call with Cassels and Davies on term sheet, transaction structure and related matters; internal update call.	2.0
Apr 20 Call with Chapter 7 Trustee and related correspondence on inventory purchase.	0.5
Apr 22 Correspondence with Chapter 7 Trustee on inventory plan and license agreement.	0.3
Apr 23 Meeting with TBSI, FRP and potential purchaser to provide update on Canada and ongoing restructuring; review of correspondence in connection with employee motion.	1.0
Apr 24 Call with J. Searle on file matters; internal review of inventory purchasing plan; call with Cassels and Davies on file matters; review of cash flow and results compared to budget.	1.8

The Body Shop Canada Limited – 852299
DETAILED SUMMARY – April 14 to May 11, 2024

Apr 26	Call with Davies on term sheet, proposed transaction and related matters; update call with Company and Davies; internal meeting regarding inventory plan, proposed transaction and related matters; correspondence with FRP regarding file matters.	2.0
Apr 29	Email correspondence with Chapter 7 regarding warehouse license agreement; review of Cassels comments on license agreement.	0.6
Apr 30	Update call with Chapter 7 Trustee; call with potential purchaser legal counsel regarding transaction structure.	1.0
May 1	Correspondence with OSB regarding creditor inquiry; review of proposed payments; review of updated employee claim schedules.	0.8
May 2	Correspondence with Davies regarding warehouse license; correspondence with Company regarding warehouse cost estimates; internal update meeting.	1.1
May 3	Review of draft WEPP correspondence and provide comments for Davies; review and update draft license agreement for US warehouse; review updated assets and claims summary; call with Davies regarding inventory plan and license agreement.	1.3
May 6	Review mark-up to license agreement and internal discussion on same.	0.4
May 7	Correspondence with CBB regarding license agreement and related matters.	0.5
May 8	Review of revised license agreement and comment on same; review of draft transaction term sheet; call with CBB and Davies regarding license and term sheet; review of cash flow report for the week ended May 3; internal correspondence on file matters.	2.8
May 9	Update call with A&M, FRP, Chapter 7 Trustee regarding license arrangement and related matters; update call with Davies and CBB.	2.0
May 10	Review of Searle Affidavit; correspondence with CBB on employee matters.	0.8
May 11	Finalize license agreement; internal meeting regarding ongoing inventory replenishment, proposed transaction structure and related matters.	2.0
TOTAL – J. Nevsky		31.7 hrs.



The Body Shop Canada Limited – 852299
DETAILED SUMMARY – April 14 to May 11, 2024

<u>M. Binder</u>	<u>Hrs.</u>
Apr 16 Attend on update call with TBS logistics team; review sales and inventory reporting; attend meeting with Ernst & Young regarding tax matters; drafting of preliminary term sheet for potential going concern transaction; review intercompany transaction data for the period January 1 to February 13, 2024, internal discussions regarding same; review updated employee claim calculations.	7.7
Apr 17 Review sales and inventory reporting; review cash flow actual results for the week ended April 12, internal discussions regarding same; attend on update call with TBS logistics team; attend on call with J. Wale and temporary employee agency; attend meeting with TBS buying and logistics team to discuss potential replenishment order, update cash flow accordingly.	7.5
Apr 18 Attend on call with HSBC UK regarding bank accounts; attend on update call with TBS logistics team; attend on call with FRP and US Trustee to discuss inventory replenishment efforts; review inventory reporting; attend on call with TBS and Davies regarding store leases.	4.7
Apr 19 Attend on update call with TBS logistics team; review sales and inventory reporting; email correspondence with FRP regarding inventory replenishment; correspondence with insurance broker.	3.1
Apr 20 Email correspondence with the US Trustee regarding insurance and temporary employees.	0.5
Apr 21 Coordinate upload of materials to the case website; review draft letter prepared by Davies for HSBC UK.	0.5
Apr 22 Attend on update call with TBS logistics team; review sales and inventory reporting; prepare inventory roll-forward summary, internal discussions regarding same; review proposed payments for the week ended April 26; review and update letter to HSBC UK, correspondence with Davies regarding same; review contractor invoices.	4.7
Apr 23 Attend on update call with TBS logistics team; meeting with TBS finance team to discuss proposed payments for the week ended April 26; review and update inventory roll-forward summary based on revised delivery timeline; correspondence with TBS warehouse manager regarding inventory.	3.8
Apr 24 Email correspondence with Cassels; attend on TBS logistics team update call; attend on update call with Davies, Cassels and Macfarlanes; review cash flow budget to actual summary for the week ended April 19; meeting with Davies to discuss employee matters and estimated claim calculations, internal discussion with K. Meng regarding same; attend on update call with Davies and Cassels.	5.3

The Body Shop Canada Limited – 852299
DETAILED SUMMARY – April 14 to May 11, 2024

Apr 25	Internal meeting on case matters; attend meeting with Davies on employee matters, review and update employee calculations; attend on call with vendor to ensure continued service; correspondence with TBS finance team regarding rent payments; correspondence with TBS warehouse manager to discuss rental equipment.	3.6
Apr 26	Call with vendor to discuss vendor agreement and payment; attend on TBS logistics team update call; review sales and inventory reporting; attend on update call with Davies and Cassels; meeting with US Trustee and its respective financial advisor regarding the DC02 warehouse; call with J. Wale on employee matters and information requests, review and update employee claim calculation workbook; email correspondence with vendors.	5.3
Apr 29	Review sales and inventory reporting; update inventory roll-forward summary; attend on TBS logistics team update call; internal meeting on case matters; correspondence with Davies and Service Canada regarding WEPP; review and provide comments on draft license agreement prepared by the US Trustee.	5.3
Apr 30	Review historical financial data and prepare summary costs at DC02; attend meeting with Ernst & Young regarding tax matters; review information related to the UK Administration process of the UK Parent; call with vendor to discuss payment arrangements; attend meeting with Davies to review and discuss updates to employee claim calculation workbook.	4.7
May 01	Correspondence with vendor and UK Trustee regarding services at DC02; attend on TBS logistics team update call; review banking transactions for the week ended April 26; review cash flow variance reporting and summary for the week ended April 26, internal discussions regarding same; prepare data room for prospective buyers of TBS Canada.	3.2
May 02	Call with A. Bajwa regarding financial information requests; attend on call with insurance broker regarding existing policies and renewal options; email correspondence with TBS finance team regarding payment approvals for the week ended May 5; attend on update call with US Trustee and FRP.	4.9
May 03	Attend on TBS logistics team update call; meeting with TBS finance team to discuss payments for the week ended May 5.	1.3
May 06	Attend on TBS logistics team update call; review sales and inventory reporting; review active employee listing; correspondence with J. Wale and Davies regarding employee matters.	2.5

The Body Shop Canada Limited – 852299
DETAILED SUMMARY – April 14 to May 11, 2024

May 07	Attend on TBS logistics team update call; call with J. Wale regarding employee matters; email correspondence regarding payment approvals for the week ended May 10.	1.6
May 08	Update summary of DC02 costs; review cash flow budget to actual summary for the week ended May 3, internal discussions regarding same; review draft term sheet for potential going-concern transaction; attend on update call with Davies and Cassels on case matters.	4.2
May 09	Attend on call with FRP and US Trustee to discuss inventory replenishment and other case matters, attend on TBS logistics team update call; review proposed second replenishment order request prepared by TBS Canada team, discussions with the Company regarding same; review updates to employee claim calculation workbook; attend on update call with Davies and Cassels; call with J. Wale on employee matters.	5.8
May 10	Review and provide comments on draft Responding Motion Record, attend on call with Davies and Cassels regarding same; attend on TBS logistics team update call; attend on call with the Company's real estate broker; review of revised second replenishment order proposal and attend meeting with J. Searle and TBS team regarding same; coordinate upload of court materials to the case website.	6.4
May 11	Internal update meeting with J. Nevsky; email correspondence with the US Trustee, FRP and the UK Parent regarding inventory replenishment and DC02 matters.	1.7

TOTAL – M. Binder **88.3 hrs.**

<u>K. Meng</u>		<u>Hrs.</u>
Apr 14	Prepare updates for the employee severance and termination claims model.	0.8
Apr 15	Update the internal tracker for daily store sales and margins; update inventory costing model for warehouse replenishment; reconcile the Company's intercompany accounts receivable and accounts payable; revise employee termination and severance claims model.	4.6
Apr 16	Update the internal tracker for daily store sales and margins; confirm the validity of the Company's intercompany accounts receivable and accounts payable quantum and the employee termination and severance claims model with M. Binder; discuss the employee termination and severance claims model with Davies.	3.1



The Body Shop Canada Limited – 852299
DETAILED SUMMARY – April 14 to May 11, 2024

Apr 17	Update the internal tracker for daily store sales and margins; prepare and upload necessary files for the virtual data room for prospective buyer; compile actual bank transactions of the Company for the week ended April 12 into a historical weekly cash flow; prepare budget-to-actual comparison of the 13-week cash flow forecast to understand historical performance and comment on variances; update the internal tracker for weekly invoices charged by the Company's independent contractors.	6.0
Apr 18	Update the internal tracker for daily store sales and margins; revise the budget-to-actual comparison of the 13-week cash flow forecast and send to the Company's management team; call with UK Administrator and US Chapter 7 Trustee to discuss future intercompany relations; call with M. Binder and A. Bajwa to discuss intercompany accounts receivable and accounts payable; prepare inventory quantum tracker by store.	7.2
Apr 19	Update the internal tracker for daily store sales and margins; respond to email inquiries sent to the case email address; call with M. Binder and A. Rose to discuss current inventory management procedures; prepare inventory quantum tracker by store to forecast inventory usage; update pre-filing AP ledger with unaccounted invoices from vendors.	6.6
Apr 22	Update the internal tracker for daily store sales and margins; update the internal tracker for weekly invoices charged by the Company's independent contractors; revise inventory quantum tracker by store to forecast inventory usage; update employee termination and severance claims model to match the necessary requirements as outlined by Davies.	5.1
Apr 23	Update the internal tracker for daily store sales and margins; revise inventory quantum tracker by store to forecast inventory usage; compile actual bank transactions of the Company for the week ended April 19 into a historical weekly cash flow; prepare budget-to-actual comparison of the 13-week cash flow forecast to understand historical performance and comment on variances; prepare the employee termination and severance claims model for Davies' review.	6.0
Apr 24	Update the internal tracker for daily store sales and margins; correspond with case website administrator to upload new court files; finalize the budget-to-actual comparison of the 13-week cash flow forecast and send to the Company's management team; call with M. Binder and A. Lemajic to review the employee termination and severance claims model.	3.1
Apr 25	Update the internal tracker for daily store sales and margins; update employee termination and severance claims model to match the necessary requirements as outlined by Davies.	5.4

The Body Shop Canada Limited – 852299
DETAILED SUMMARY – April 14 to May 11, 2024

Apr 26	Update the internal tracker for daily store sales and margins; update employee termination and severance claims model to match the necessary requirements as outlined by Davies.	2.0
Apr 29	Update the internal tracker for daily store sales and margins; update employee termination and severance claims model to match the necessary requirements as outlined by Davies; send employee termination and severance claims model to Cassels to confirm their agreeance with the model's methodology.	3.0
Apr 30	Update the internal tracker for daily store sales and margins; forecast the monthly warehouse operating expenses and review projections with M. Binder; update the employee termination and severance model to ascertain the potential employee claim quantum; update the internal tracker for daily store sales and margins.	6.1
May 1	Update the internal tracker for daily store sales and margins; compile actual bank transactions of the Company for the week ended April 26 into a historical weekly cash flow; prepare budget-to-actual comparison of the 13-week cash flow forecast to understand historical performance and comment on variances; update the internal tracker for weekly invoices charged by the Company's independent contractors; update illustrative proceeds chart with most recent cash proceeds and disbursements figures.	7.0
May 2	Update the internal tracker for daily store sales and margins; update illustrative proceeds chart with most recent cash proceeds and disbursements figures; forecast the monthly warehouse operating expenses and review projections with M. Binder.	6.1
May 6	Update the internal tracker for daily store sales and margins; reconcile difference between two versions of the active employees list; correspond with case website administrator to update the website.	2.7
May 7	Update the internal tracker for daily store sales and margins; correspond with case website administrator to upload new court files; respond to voicemails left by key stakeholders of the Company.	2.8
May 8	Update the internal tracker for daily store sales and margins; compile actual bank transactions of the Company for the week ended May 3 into a historical weekly cash flow; prepare budget-to-actual comparison of the 13-week cash flow forecast to understand historical performance and comment on variances; update employee termination and severance claims model to match the necessary requirements as outlined by Davies.	3.1
May 9	Update the internal tracker for daily store sales and margins; update employee termination and severance claims model to match the necessary requirements as outlined by Davies.	5.8

The Body Shop Canada Limited – 852299
DETAILED SUMMARY – April 14 to May 11, 2024

May 10	Update the internal tracker for daily store sales and margins; correspond with Company vendor to reconcile pre-filing invoices; meet with Company management to discuss inventory shipment progress.	1.3
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TOTAL – K. Meng		87.8 hrs.
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June 10, 2024

The Body Shop Canada Limited
1 Yorkdale Road, Suite 510
North York, ON M6A 3A1

Attention: Mr. Jordan Searle, President North America

RE: THE BODY SHOP CANADA LIMITED (the "Company")
INVOICE #5 (852299)

For professional services rendered in connection with our capacity as Proposal Trustee for the Company per the Notice of Intention to Make a Proposal under subsection 50.4 (1) of The Bankruptcy and Insolvency Act, for the period May 12 to June 1, 2024.

BILLING SUMMARY

	<u>Hours</u>	<u>Rate</u>	<u>Total-in CAD</u>
J. Nevsky, Managing Director	28.7	\$965	\$27,695.50
M. Binder, Associate	95.2	\$480	45,696.00
K. Meng, Analyst	13.1	\$380	4,978.00
	137.0		\$78,369.50
Add: Out of pocket expenses including travel costs and meals			331.29
			\$78,700.79
Add: HST @ 13%			10,231.10
TOTAL INVOICE – in CAD			\$88,931.89

Mailing Instructions:

Alvarez & Marsal Canada ULC
Attn: Audrey Singels-Ludvik
Royal Bank Plaza, South Tower
200 Bay Street, Suite 3501
P.O. Box 22
Toronto, ON M5J 2J1

Wiring Instructions:

Bank: TD Canada Trust
Account Name: Alvarez & Marsal Canada ULC
Swiftcode: TDOMCATTTOR
Bank Address: 55 King Street West
Toronto, ON
Bank Transit #: 10202
Institution #: 0004
Account #: **5519970**
Reference #: The Body Shop – Inv #5 (852299)
HST#: 83158 2127 RT0001

The Body Shop Canada Limited – 852299
DETAILED SUMMARY – May 12 to June 1, 2024

<u>J. Nevsky</u>	<u>Hrs.</u>
May 13 Call with FRP and Chapter 7 Trustee regarding license agreement and inventory purchases; discussion with J. Searle and Davies regarding draft transaction Term Sheet; review of transaction summary to potential purchaser; review of draft Proposal Trustee Report.	4.3
May 14 Review and update draft Third Report of the Trustee and internal discussion on same.	3.3
May 15 Review of Report and call with Cassels to finalize.	0.8
May 16 Update call with Company; prepare summary email to FRP on draft Term Sheet, transaction structure and inventory purchases.	1.0
May 17 Meeting with FRP, follow-up correspondence with J. Searle; update call with Davies.	1.3
May 20 Review and update Searle Affidavit, correspondence with Cassels on same.	0.6
May 21 Correspondence with Cassels and Davies on Court materials and draft Affidavit.	0.8
May 22 Call with legal counsel to potential purchaser regarding term sheet and diligence items; review and update draft Fourth Report of the Proposal Trustee.	2.2
May 23 Internal discussion to review cash flow and related matters.	0.5
May 24 Update call with J. Searle and Davies; correspondence with Davies on draft Report.	0.8
May 25 Prepare list of potential interested parties to acquire the business and internal discussion regarding same; review and update draft Fourth Report and correspondence with Cassels on same; review of cash flow forecast and internal discussion on same.	1.3
May 27 Review and finalize Fourth Report; update call with Davies and Cassels regarding employee matters; prepare purchaser reach out email and NDA, internal planning for reach outs and data room; review of case website and revise landing page.	2.8
May 28 Correspondence with Chapter 7 Trustee regarding UK process update.	0.4
May 29 Call with potential purchaser; internal discussion regarding cash flow and pro-forma model.	1.3

The Body Shop Canada Limited – 852299
DETAILED SUMMARY – May 12 to June 1, 2024

May 30	Update call with FRP and discussions with J. Searle regarding same; attend Court hearing and upload documents to OSB portal; update call with Davies and Cassels; review of inventory analysis and FRP correspondence, internal discussion on same; meeting with Chapter 7 Trustee.	4.0
May 31	Call with prospective purchaser and follow-up meeting with J. Searle; internal discussion on inventory planning and cash flow; review of draft Supplemental Report and correspondence with Cassels on same.	3.3
TOTAL – J. Nevsky		28.7 hrs.

<u>M. Binder</u>	<u>Hrs.</u>
May 12	Coordinate upload of Court materials to the case website. 0.3
May 13	Email correspondence with Company regarding employee matters; call with Company regarding inventory at warehouse; attend on update call with US Trustee and the Joint Administrators; attend on call with counterparty regarding return of inventory; review sales and inventory reporting; update cash flow forecast based on latest results. 7.4
May 14	Email correspondence with the US Trustee’s financial advisor; attend on TBS logistics team update call, review and comment on the Third Report of the Proposal Trustee; email correspondence with Company regarding employee matters. 5.2
May 15	Email correspondence with Company regarding payments; drafting of Third Report of the Proposal Trustee, attend on call with Cassels and Davies to discuss same; attend on TBS logistics team update call; coordinate upload of Court documents to the case website. 6.3
May 16	Attend on TBS logistics team update call; attend on call with J. Searle and potential franchise partner; review of banking transactions for the week ended May 10 and preparation of cash flow budget to actual analysis; attend on update call with Cassels, Davies and Macfarlanes. 5.0
May 17	Attend on update call with the Joint Administrators; attend on TBS logistics team update call; attend on update call with Davies and Cassels. 1.9
May 20	Email correspondence with Company regarding service continuation with vendor; review and provide comment on draft Searle Affidavit, drafting of the Fourth Report of the Proposal Trustee, preparation of extended and updated cash flow forecast. 4.5

The Body Shop Canada Limited – 852299
DETAILED SUMMARY – May 12 to June 1, 2024

May 21	Review sales and inventory reporting; attend on TBS logistics team update call; review contractor invoices for the week ended May 17; drafting of the Fourth Report of the Proposal Trustee; attend on update call with Davies, Cassels and Macfarlanes.	9.1
May 22	Drafting of Fourth Report of the Proposal Trustee, discussions with J. Nevsky regarding same; attend on TBS logistics team update call, meeting with counterparty to discuss return of inventory, prepare updated cash flow forecast, discussions with J. Nevsky regarding same; review sales and inventory reporting; attend on call with vendor to discuss post filing arrangements; review Responding Motion Record of Koskie Minsky.	5.5
May 23	Attend on call with the Company's insurance broker; call with US distribution centre manager to discuss inventory and logistics planning; email correspondence with insurance broker; prepare updated and extended cash flow forecast, meeting with A. Bajwa to discuss same.	5.7
May 24	Attend on TBS logistics team update call; review and discuss insurance matters with the Company; attend on update call with Cassels and Davies; attend on call with Davies to discuss employee matters; correspondence with J. Searle regarding updated and extended cash flow forecast.	3.4
May 25	Drafting of the Fourt Report of the Proposal Trustee.	1.3
May 26	Review financial data and prepare updated financial forecast model.	4.7
May 27	Review sales and inventory reporting; prepare materials for reach outs to potential purchasers of the Company; updates to the financial forecast model; attend on TBS logistics team update call; attend on update call with Davies and Cassels; update virtual date room with relevant information; coordinate upload of Court materials to the case website.	8.4
May 28	Correspondence with the Company regarding outstanding payments; preparation of financial forecast model; review banking transactions for the week ended May 24, prepare cash flow budget to actual summary.	5.5
May 29	Prepare updates to financial forecast; internal update with J. Nevsky; attend on TBS logistics team update call; review proposed inventory replenishment order, discussions with the Company regarding same; email correspondence with vendor regarding post filing arrangements; attend on call with Davies and J. Wale regarding employee matters.	4.3

The Body Shop Canada Limited – 852299
DETAILED SUMMARY – May 12 to June 1, 2024

May 30	Attend on call with the Joint Administrators; attend on TBS logistics team update call; review sales and inventory reporting; correspondence with potential purchasers of the Company; attend on call with US trustee regarding inventory and related case matters; meeting with A. Bajwa to discuss financial forecast and data requests; attend on update call with Davies and Cassels.	10.1
May 31	Attend on TBS logistics team update call; attend on call with potential purchaser of the Company; correspondence with the Company regarding inventory planning and cash flow; review of draft Supplemental Report; email correspondence with the US Trustee.	6.6

TOTAL – M. Binder **95.2 hrs.**

<u>K. Meng</u>	<u>Hrs.</u>	
May 28	Update the internal tracker for daily store sales and margins; compile actual bank transactions of the Company for the week ended May 24 into a historical weekly cash flow; prepare budget-to-actual comparison of the 13-week cash flow forecast to understand historical performance and comment on variances; respond to inquiries sent by key stakeholders to the case email address.	2.4
May 29	Meet with the Company's management team to discuss progress on inventory replenishment and other distribution center matters.	1.2
May 30	Meet with the Company's management team to discuss progress on inventory replenishment and other distribution center matters; update the Company's three-statement financial model with historical monthly performance for 2020-2023.	3.7
May 31	Update the internal tracker for daily store sales and margins; meet with the Company's management team to discuss progress on inventory replenishment and other distribution center matters; prepare the summary teaser on the Company; meet prospective sales candidate with J. Nevsky and M. Binder.	5.8

TOTAL – K. Meng **13.1 hrs.**





Alvarez & Marsal Canada Inc.
Royal Bank Plaza, South Tower
200 Bay Street, Suite 3501, P.O. Box 22
Toronto, ON M5J 2J1
Phone: +1 416 847 5200
Fax: +1 416 847 5201

June 27, 2024

The Body Shop Canada Limited
1 Yorkdale Road, Suite 510
North York, ON M6A 3A1

Attention: Mr. Jordan Searle, President North America

RE: THE BODY SHOP CANADA LIMITED (the "Company")
INVOICE #6 (852299)

For professional services rendered in connection with our capacity as Proposal Trustee for the Company per the Notice of Intention to Make a Proposal under subsection 50.4 (1) of The Bankruptcy and Insolvency Act, for the period June 2 to 22, 2024.

BILLING SUMMARY

	<u>Hours</u>	<u>Rate</u>	<u>Total-in CAD</u>
J. Nevsky, Managing Director	25.4	\$965	\$24,511.00
M. Binder, Associate	86.1	\$480	41,328.00
K. Meng, Analyst	63.1	\$380	23,978.00
	174.6		\$89,817.00
Add: Out of pocket expenses including travel costs and meals			1,033.29
			\$90,850.29
Add: HST @ 13%			11,810.54
TOTAL INVOICE – in CAD			\$102,660.83

Mailing Instructions:

Alvarez & Marsal Canada ULC
Attn: Audrey Singels-Ludvik
Royal Bank Plaza, South Tower
200 Bay Street, Suite 3501
P.O. Box 22
Toronto, ON M5J 2J1

Wiring Instructions:

Bank: TD Canada Trust
Account Name: Alvarez & Marsal Canada ULC
Swiftcode: TDOMCATTTOR
Bank Address: 55 King Street West
Toronto, ON
Bank Transit #: 10202
Institution #: 0004
Account #: **5519970**
Reference #: The Body Shop – Inv #6 (852299)
HST#: 83158 2127 RT0001

The Body Shop Canada Limited – 852299
DETAILED SUMMARY – June 2 to 22, 2024

<u>J. Nevsky</u>	<u>Hrs.</u>
June 3 Correspondence with potential purchasers; correspondence with FRP on inventory matters; respond to diligence inquiries and drafting of potential transaction structures.	2.5
June 4 Touch base call with J. Searle; finalize Report Supplement with Cassels.	1.3
June 5 Attend TBS office for transaction diligence and planning meeting; call with Chapter 7 Trustee regarding warehouse and employee matters; internal planning discussions.	3.5
June 6 Call with FRP on inventory and related matters; Cassels and Davies update call; correspondence with Company regarding inventory purchases and review of cash flow forecast.	2.2
June 7 Review of update cash flow and pro-forma model; correspondence with various potential purchasers; review of data room and diligence materials.	1.5
June 10 Correspondence with FRP regarding inventory replenishment Order #2; review of diligence materials and correspondence with potential purchaser.	0.8
June 11 Review cash flow and liquidation model, internal discussion on same; call with FRP, Davies and Cassels.	1.2
June 13 Internal planning meeting; review of pro-forma model; diligence call with J. Searle and potential purchaser.	1.8
June 14 FRP call regarding inventory; Hilco correspondence regarding potential inventory purchase; review of updated pro-forma model; call with potential purchaser regarding UK license arrangement.	2.6
June 17 Finalize Trustee Report with Cassels; diligence call with potential purchaser; review of cash flow and pro-forma model.	2.2
June 18 Internal update meeting; review of communications to Koskie and correspondence with Davies on same.	1.5
June 19 Initial review of cash flow forecast and inventory position; review and comment on draft Searle affidavit and discussion with Cassels on same; correspondence with Company regarding employee bonus and revised KERP.	1.3
June 20 Diligence call with potential purchaser; update call with J. Searle and communications with FRP; call with Hilco regarding potential inventory purchase; call with Cassels and Davies to revise Searle Affidavit and Sale Procedure.	2.6

The Body Shop Canada Limited – 852299
DETAILED SUMMARY – June 2 to 22, 2024

June 21	Correspondence with Hilco on inventory purchase agreement.	0.4
TOTAL – J. Nevsky		25.4 hrs.

<u>M. Binder</u>	<u>Hrs.</u>	
June 2	Email correspondence with prospective buyers of TBS Canada; review financial information provided by the Company; review supplemental report of the Proposal Trustee.	1.4
June 3	Meeting with J. Kennedy regarding inventory at US Distribution Centre; review sales and inventory reporting.	1.6
June 4	Email correspondence with prospective buyers of TBS Canada; review proposed payments and correspondence with TBS Canada finance team regarding same.	1.4
June 5	Attend at TBS Canada office to discuss case matters and go-forward business plan; internal discussions with K. Meng regarding illustrative realization analysis; review of sales and inventory reporting; email correspondence with A Bajwa regarding information requests; review of financial information and preparation of financial forecast; coordinate upload of court documents to case website; attend on call with J wale and Davies to discuss employee matters.	8.5
June 6	Attend on call with FRP to discuss case matters; attend on call with J Searle and A Bajwa to discuss go-forward business plan; attend on update call with J. Searle, Davies and Cassels; review banking transactions and budget to actual cash flow summary for the week ended May 31; phone call with landlord of TBS Canada store; email correspondence with prospective buyers of TBS Canada.	8.0
June 7	Attend on TBS logistics team update call; email correspondence with prospective buyers of TBS Canada; review of cash flow budget to actual summary for the week ended May 31; call with A. Bajwa to discuss financial reporting.	4.1
June 9	Prepare updates to financial forecast.	0.7
June 10	Attend on TBS logistics team update call; preparation of financial forecast; review sales and inventory reporting; email correspondence with Company's finance team regarding upcoming payments; internal update with J. Nevsky on case matters; preparation of updated cash flow forecast; update prospective buyer list and prepare update summary for the Company.	6.0

The Body Shop Canada Limited – 852299
DETAILED SUMMARY – June 2 to 22, 2024

June 11	Attend on TBS logistics team update call; review sales and inventory reporting, prepare updated cash flow forecast; attend on call with Davies, Cassels and Macfarlanes on case matters; email correspondence with A. Hoy regarding Fifth Report of the Proposal Trustee.	5.2
June 12	Email correspondence with prospective buyers of TBS Canada; preparation of the updated financial forecast; call with landlord of TBS Canada store location; coordinate upload of court documents to the Case Website; review sales and inventory reporting.	8.9
June 13	Review banking transactions for the week ended June 7 and discussions with K. Meng regarding same; email correspondence with prospective buyers of TBS Canada; attend on call with EY to review draft fiscal year 2023 tax return; attend on call with prospective buyer of TBS Canada to discuss diligence materials; preparation of financial forecast, internal update with J. Nevsky regarding same.	4.8
June 14	Attend on call with HSBC UK to discuss TBS Canada bank accounts; attend on various calls with prospective buyers of TBS Canada; review sales and inventory reporting; preparation of financial forecast and summary of assumptions; email correspondence with prospective buyers of TBS Canada; email correspondence with Davies regarding vendor matters.	5.2
June 15	Preparation of financial forecast and summary of assumptions.	1.6
June 16	Preparation of financial forecast and summary of assumptions.	3.2
June 17	Attend on TBS logistics team update call; review proposed payments and discussions with TBS Canada's finance team regarding same; review historical financial information provided by TBS Canada and preparation of financial forecast; preparation of updated and extended cash flow forecast; attend on call with US Trustee regarding case matters; email correspondence with vendors regarding continued service.	8.2
June 18	Attend on TBS logistics team update call; meeting with J. Searle and A. Bajwa to review financial forecast, prepare updates to financial forecast; internal discussions with K. Meng regarding financial forecast; update financial forecast summary of assumptions, internal meeting with J. Nevsky and K. Meng regarding same; email correspondence with TBS Canada regarding upcoming payments.	7.9
June 19	Email correspondence with prospective purchasers of TBS Canada; prepare updated cash flow forecast; internal update with J. Nevsky; attend on TBS logistics team update call; email correspondence with FRP regarding inventory transactions; email correspondence with landlord of TBS Canada store regarding payments; review draft letter to HSBC UK and email correspondence with Davies regarding same.	7.2

The Body Shop Canada Limited – 852299
DETAILED SUMMARY – June 2 to 22, 2024

June 20	Review draft Fifth Searle Affidavit and provide comment on same; email correspondence with prospective buyers of TBS Canada.	1.2
June 21	Review updated draft of Fifth Searle Affidavit and provide comment on same; review banking transactions; review sales and inventory reporting.	1.0
TOTAL – M. Binder		86.1 hrs.

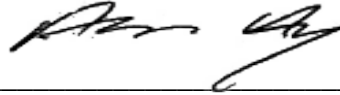
<u>K. Meng</u>		<u>Hrs.</u>
June 3	Meet with J. Kennedy and M. Binder to discuss additional inventory replenishment order.	0.5
June 5	Update the internal tracker for daily store sales and margins; meet the Company management team with J. Nevsky and M. Binder at client site; prepare illustrative realization analysis and discussions with M. Binder regarding same.	9.1
June 6	Update the internal tracker for daily store sales and margins; attend on call with the UK Administrators to discuss inventory pricing; meet with A. Bajwa and M. Binder to discuss monthly three-statement financial model; meet with the Company's management team to discuss progress on inventory replenishment and other distribution center matters; compile actual bank transactions of the Company for the week ended May 31 into a historical weekly cash flow; prepare budget-to-actual comparison of the 13-week cash flow forecast to understand historical performance and comment on variances; discuss updates to be made with M. Binder on the illustrative realization analysis and budget-to-actual cash flow reporting.	9.0
June 7	Update the internal tracker for daily store sales and margins; meet with the Company's management team to discuss progress on inventory replenishment and other distribution center matters; reconcile historical monthly financials provided by the Company to understand the discrepancies in reporting methods.	5.0
June 10	Update the internal tracker for daily store sales and margins; meet with the Company's management team to discuss progress on inventory replenishment and other distribution center matters; respond to inquiries in the Case Email sent by stakeholders.	0.8
June 11	Update the internal tracker for daily store sales and margins; meet with the Company's management team to discuss progress on inventory replenishment and other distribution center matters; reconcile historical monthly financials provided by the Company to understand the discrepancies in reporting methods.	7.6



The Body Shop Canada Limited – 852299
DETAILED SUMMARY – June 2 to 22, 2024

June 12	Update the internal tracker for daily store sales and margins; meet with the Company's management team to discuss progress on inventory replenishment and other distribution center matters; prepare the pro-forma document on the Company for prospective buyers; call with A. Bajwa and M. Binder on reconciling monthly historical financials; adjust the three-statement financial model to account for differences in the monthly historical financials; compile actual bank transactions of the Company for the week ended June 7 into a historical weekly cash flow; prepare budget-to-actual comparison of the 13-week cash flow forecast to understand historical performance and comment on variances.	9.0
June 13	Update the internal tracker for daily store sales and margins; meet with the Company's management team to discuss progress on inventory replenishment and other distribution center matters; prepare budget-to-actual comparison of the 13-week cash flow forecast to understand historical performance and comment on variances; input historical monthly financials into the three-statement financial model.	7.0
June 14	Update the internal tracker for daily store sales and margins; meet with the Company's management team to discuss progress on inventory replenishment and other distribution center matters; review the three-statement financial model summary table for the pro-forma document on the Company.	3.1
June 17	Update the internal tracker for daily store sales and margins; meet with the Company's management team to discuss progress on inventory replenishment and other distribution center matters; verify the hours worked by the Company's independent contractors.	2.4
June 18	Update the internal tracker for daily store sales and margins; meet with the Company's management team to discuss progress on inventory replenishment and other distribution center matters; updates the three-statement financial model and development of illustrative scenarios.	8.4
June 19	Update the internal tracker for daily store sales and margins; meet with the Company's management team to discuss progress on inventory replenishment and other distribution center matters.	1.2
TOTAL – K. Meng		63.1 hrs.

THIS IS EXHIBIT "B"
TO THE AFFIDAVIT OF JOSH NEVSKY
SWORN BEFORE ME THIS 28th DAY OF JUNE, 2024

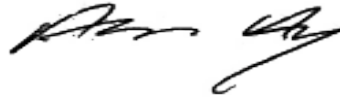


Commissioner for Taking Affidavits

ALVAREZ & MARSAL CANADA INC.
COURT-APPOINTED PROPOSAL TRUSTEE OF THE BODY SHOP CANADA LIMITED
(February 26, 2024 to June 22, 2024)

Invoice No.	Invoice Date	Invoice Period / Description	Total Hours	Fees	Disbursements	HST	Invoice Total (\$CAD)
Invoice #1	March 11, 2024	February 26, 2024 to March 9, 2024	160.3	\$95,215.00	\$.00	12,377.95	107,592.95
		Josh Nevsky	48.6	46,899.00			
		Mitchell Binder	58.7	28,176.00			
		Kevin Meng	46.5	17,670.00			
		Ethan Krieger	6.5	2,470.00			
Invoice #2	April 2, 2024	March 10, 2024 to March 23, 2024	101.3	65,056.50	.00	8,457.35	73,513.85
		Josh Nevsky	38.5	37,152.50			
		Mitchell Binder	40.4	19,392.00			
		Kevin Meng	22.4	8,512.00			
Invoice #3	April 23, 2024	March 24, 2024 to April 13, 2024	182.0	100,137.50	.00	13,017.88	113,155.38
		Josh Nevsky	37.5	36,187.50			
		Mitchell Binder	90.4	43,392.00			
		Kevin Meng	54.1	20,558.00			
Invoice #4	May 15, 2024	April 14, 2024 to May 11, 2024	207.8	106,338.50	.00	13,824.01	120,162.51
		Josh Nevsky	31.7	30,590.50			
		Mitchell Binder	88.3	42,384.00			
		Kevin Meng	87.8	33,364.00			
Invoice #5	June 10, 2024	May 12, 2024 to June 1, 2024	137.0	78,369.50	331.29	10,231.10	88,931.89
		Josh Nevsky	28.7	27,695.50			
		Mitchell Binder	95.2	45,696.00			
		Kevin Meng	13.1	4,978.00			
Invoice #6	June 26, 2024	June 2, 2024 to June 22, 2024	174.6	89,817.00	1,033.29	11,810.54	102,660.83
		Josh Nevsky	25.4	24,511.00			
		Mitchell Binder	86.1	41,328.00			
		Kevin Meng	63.1	23,978.00			
TOTAL			963.0	\$534,934.00	\$ 1,364.58	\$69,718.82	\$606,017.40

THIS IS EXHIBIT "C"
TO THE AFFIDAVIT OF JOSH NEVSKY
SWORN BEFORE ME THIS 28th DAY OF JUNE, 2024



Commissioner for Taking Affidavits

ALVAREZ & MARSAL CANADA INC.
COURT-APPOINTED PROPOSAL TRUSTEE OF THE BODY SHOP CANADA LIMITED
(February 26, 2024 to June 22, 2024)

Staff Member	Title	Total Hours	Rate (\$CAD)	Amount Invoiced (\$CAD)
Josh Nevsky	Managing Director	210.4	965.00	203,036.00
Mitchell Binder	Associate	459.1	480.00	220,368.00
Kevin Meng	Analyst	287.0	380.00	109,060.00
Ethan Krieger	Analyst	6.5	380.00	2,470.00
Total Fees (excl. Disbursements and HST)		963.0	Avg Rate \$555.49	\$534,934.00

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF THE
BODY SHOP CANADA LIMITED**

Court No: BK-31-3050418
Estate No: BK-24-03050418-0031

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

**AFFIDAVIT OF JOSH NEVSKY
(sworn June 28, 2024)**

CASSELS BROCK & BLACKWELL LLP
Suite 3200, Bay Adelaide Centre – North Tower
40 Temperance Street
Toronto, ON M5H 0B4

Jane Dietrich LSO#: 49302U
Tel: 416.860.5223
jdietrich@cassels.com

Alec Hoy LSO#: 85489K
Tel: 416.860.2976
ahoy@cassels.com

Counsel for Alvarez & Marsal Canada Inc.,
solely in its capacity as Proposal Trustee and not
in its personal or corporate capacity.

APPENDIX H
FEE AFFIDAVIT OF CASSELS

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
IN BANKRUPTCY AND INSOLVENCY**

**IN THE MATTER OF THE NOTICE OF INTENTION
TO MAKE A PROPOSAL OF THE BODY SHOP
CANADA LIMITED, IN THE CITY OF TORONTO, IN
THE PROVINCE OF ONTARIO**

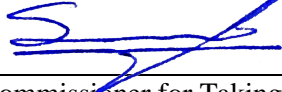
**AFFIDAVIT OF ALEC HOY
(Sworn June 26, 2024)**

I, Alec Hoy, of the City of Toronto, in the Province of Ontario, MAKE OATH AND SAY:

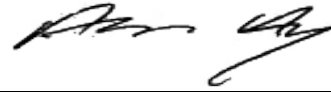
1. I am a lawyer qualified to practice law in Ontario and an Associate with Cassels Brock & Blackwell LLP (“**Cassels**”), counsel for Alvarez & Marsal Canada Inc., in its capacity as the proposal trustee of The Body Shop Canada Limited (the “**Applicant**”) in the Applicant’s proceedings under the *Bankruptcy and Insolvency Act (Canada)* (in such capacity, the “**Proposal Trustee**”). As such, I have knowledge of the matters hereinafter to which I depose.
2. During the period from February 27, 2024 to June 23, 2024, Cassels incurred fees and disbursements, including HST, in the amount of \$148,873.62. Particulars of the work performed are contained in the invoices attached hereto and marked as **Exhibit “A”** to this affidavit.
3. Attached hereto and marked as **Exhibit “B”** is a summary of the individuals whose services are reflected on the invoices, including year of call, billing rate, and a summary of the total fees and hours billed for each individual.
4. Attached hereto and marked as **Exhibit “C”** is a summary of the invoices in Exhibit “A”, including the total billable hours charged per invoice and the average hourly rate charged per invoice. The average hourly billed rate charged by Cassels is \$732.30.
5. To the best of my knowledge, the rates charged by Cassels are comparable to the rates charged for the provision of similar services by other legal firms in the Toronto market.

6. This affidavit is sworn in support of a motion for, *inter alia*, approval of the fees and disbursements of counsel to the Monitor, and for no other or improper purpose.

AFFIRMED BEFORE ME by
videoconference on June 26, 2024 in
accordance with O.Reg. 431/20: Administering
Oath or Declaration Remotely. The deponent
was located in the City of Toronto in the
Province of Ontario and I was located in the
City of Toronto in the Province of Ontario



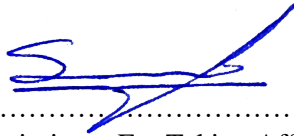
Commissioner for Taking Oaths



ALEC HOY

Commissioner Name: Stephanie Fernandes
Law Society of Ontario Number: 85819M

This is Exhibit "A" referred to in the affidavit of Alec Hoy, affirmed before me by videoconference on June 26, 2024 in accordance with O.Reg. 431/20: Administering Oath or Declaration Remotely. The affiant was located in the City of Toronto in the Province of Ontario and I was located in the City of Toronto in the Province of Ontario



.....
A Commissioner For Taking Affidavits

Commissioner Name: Stephanie Fernandes
Law Society of Ontario Number: 85819M

EXHIBIT "A"

**True Copies of the Invoices issued to the Proposal Trustee
for fees and disbursements incurred by
Cassels Brock & Blackwell LLP**



Alvarez
Royal Bank Plaza, South Tower
200 Bay Street, Suite 2900, P.O. Box 22
Toronto, ON M5J 2J1

Invoice No: 2230833
Date: March 13, 2024
Matter No.: 059366-00003
GST/HST No.: R121379572
Lawyer: Dietrich, Jane
Tel.: (416) 860-5223
E-mail: JDietrich@cassels.com

Re: The Body Shop Canada Limited

Fees for professional services rendered up to and including March 11, 2024

Our Fees	29,256.50
Disbursements	35.65
Total Fees and Disbursements	29,292.15
HST @ 13.00%	3,807.98
TOTAL DUE (CAD)	33,100.13

We are committed to protecting the environment.

Please provide your email address to payments@cassels.com to receive invoice and reminder statements electronically.

Payment due upon receipt. Please return remittance advice(s) with cheque.

REMITTANCE ADVICE: *Email payment details to payments@cassels.com*

CAD EFT and Wire:

Bank of Nova Scotia
44 King St. West,
Toronto, ON, M5H 1H1

Bank I.D.: 002
Transit No.: 47696
Account No.: 0073911
Swift Code: NOSCCATT
ABA No.: 026002532

Cheque Payments:

Cassels Brock & Blackwell LLP
Finance & Accounting (Receipts)
Suite 3200, Bay Adelaide Centre - North Tower
40 Temperance St., Toronto, ON, M5H 0B4 Canada

Online Bill Payments:

Vendor name is **Cassels Brock Blackwell LLP** and
you are required to enter the first six digits of the
matter #

Invoice No: 2230833
Matter No.: 059366-00003
Amount: **CAD 33,100.13**

e-Transfer Payments: payments@cassels.com

Credit Card Payments: payments.cassels.com

Cassels Brock Blackwell LLP | cassels.com

Suite 3200, Bay Adelaide Centre - North Tower, 40 Temperance Street, Toronto, ON M5H 0B4 Canada | t: 416 869 5300 | f: 416 360 8877

FEE DETAIL			
Date	Name	Description	Hours
Feb-27-24	J. Dietrich	Discussion regarding potential filing and background;	0.90
Feb-28-24	J. Dietrich	Review of DVS contracts and email regarding same; review of email; review of email; provide comments on draft press release; review of employee notifications; email exchange regarding lease issues; review of draft order and consider issues; discussion with N. Renner; email to A. Hoy;	1.90
Feb-28-24	A. Hoy	Initial strategic call; review of leases for Canadian locations;	1.10
Feb-29-24	J. Dietrich	Add comments into draft order and email exchange regarding status; review of email; discussion with A&M and Davies; review of email; discussion with J. Borch; follow up discussion with A&M and Davies; review of email; review of draft affidavit and provide comments; review of revised notice of motion and order; email exchange regarding lease disclaimers; email exchange regarding status;	2.80
Feb-29-24	A. Hoy	Review disclaimer drafts and lease documents;	3.90
Mar-01-24	A. Hoy	Review and provide comments on the First Report of the Proposal Trustee; correspondence with Company counsel; prepare initial motion materials;	3.30
Mar-01-24	J. Dietrich	Review of email regarding lease disclaimer comments; review of email regarding status; review of landlord communication; review of draft report and provide comments on same; review of revised draft affidavit; review and respond to email; discussion with Davies and A&M regarding status; discussion with A. Hoy; email regarding amendments to draft report; email regarding service of material;	3.70
Mar-02-24	A. Hoy	Provide comments on Factum; review report of the Proposal Trustee; finalize Proposal Trustee Report and serving on service list;	2.70
Mar-02-24	J. Dietrich	Review of email regarding motion material and update of report; exchange of email regarding service and landlord queries; review of draft factum and provide comments on same;	2.40
Mar-03-24	J. Dietrich	Review and discussion regarding landlord concerns and revised materials; review of email and respond; review of revised orders and respond;	2.60
Mar-04-24	A. Hoy	Review modified order; prepare for and attend hearing; review Proposal Trustee's public notice requirements upon filing of NOI;	3.00
Mar-04-24	J. Dietrich	Review of draft order and exchange of email; review of landlord email; preparation for hearing; review of revised orders; review of email; attend hearing; review of email; review of endorsement;	2.90
Mar-05-24	J. Dietrich	Discussion with J. Nevsky; review of email; discussion with Davies and company regarding update; review an exchange of email regarding information requests and status of discussion with UK administrator;	1.20

Date	Name	Description	Hours
Mar-05-24	A. Hoy	Prepare letter for information requests to UK Administrators; review of details of Proposal Trustee discussion with UK Administrators;	2.40
Mar-06-24	J. Dietrich	Revisions to draft supplier letter; review of email; discussion regarding status update;	1.10
Mar-06-24	A. Hoy	Review and commission affidavit of Kevin Meng regarding notice to creditors;	0.20
Mar-07-24	J. Dietrich	Participate in update call with Davies and A&M: review of email;	0.70
Mar-11-24	J. Dietrich	Discussion regarding status update; discussion with K. Minsky regarding proposal for representative counsel;	0.90

FEE SUMMARY				
Name	Title	Hours	Rate	Amount
Dietrich, Jane	Partner	21.10	1,005.00	21,205.50
Hoy, Alec	Associate	16.60	485.00	8,051.00
Total (CAD)		37.70		29,256.50
Our Fees		29,256.50		
HST @ 13.00%		3,803.35		
TOTAL FEES & TAXES (CAD)				33,059.85

DISBURSEMENT SUMMARY				
Taxable Disbursements				
Meals		35.65		
Total Taxable Disbursements		35.65		
HST @ 13.00%		4.63		
Total Taxable Disbursements & Taxes		40.28		
TOTAL DISBURSEMENTS & TAXES (CAD)				40.28

TOTAL FEES	29,256.50
TOTAL DISBURSEMENTS	35.65
TOTAL TAXES	3,807.98
TOTAL FEES, DISBURSEMENTS & TAXES (CAD)	33,100.13



Attn: Josh Nevsky
Alvarez & Marsal Canada Inc. in its capacity as Proposal
Trustee of the Body Shop Canada Limited
Royal Bank Plaza, South Tower
200 Bay Street, Suite 2900, P.O. Box 22
Toronto, ON M5J 2J1

Invoice No: 2234616
Date: April 18, 2024
Matter No.: 059366-00003
GST/HST No.: R121379572
Lawyer: Dietrich, Jane
Tel.: (416) 860-5223
E-mail: JDietrich@cassels.com

Re: The Body Shop Canada Limited

Fees for professional services rendered up to and including April 15, 2024

Our Fees	29,721.50
HST @ 13.00%	3,863.80
TOTAL DUE (CAD)	33,585.30

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Swift Code: NOSCCATT
ABA No.: 026002532

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40 Temperance St., Toronto, ON, M5H 0B4 Canada

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Matter No.: 059366-00003
Amount: **CAD 33,585.30**

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FEE DETAIL			
Date	Name	Description	Hours
Mar-12-24	J. Dietrich	Review of term sheet regarding inventory purchases and comments on same; discussion regarding employee issues; discussion regarding KERP;	1.00
Mar-13-24	J. Dietrich	Discussion regarding status; discussion with Davies, A&M and US Chapter 7 trustee; review of email;	1.80
Mar-14-24	J. Dietrich	Review of draft correspondence and comment on same; review of revised letter and comments on same; review of revised letter and email regarding same; review of email;	0.80
Mar-15-24	J. Dietrich	Discussion with J. Nevsky regarding status and outstanding matters;	0.70
Mar-18-24	J. Dietrich	Review of email; discussion with N. Renner; participate in update call;	1.30
Mar-20-24	J. Dietrich	Review of additional documents; review of email;	0.90
Mar-21-24	J. Dietrich	Review of email;	0.30
Mar-22-24	J. Dietrich	Discussion regarding status and work plan regarding inventory purchases;	0.50
Mar-27-24	J. Dietrich	Review and exchange of email; same;	0.40
Mar-28-24	J. Dietrich	Review of correspondence regarding inventory transfer and email to Davies; discussion with N. MacParland regarding structuring issues;	0.70
Apr-01-24	J. Dietrich	Email exchange regarding status;	0.10
Apr-02-24	J. Dietrich	Discussion regarding status with A&M;	0.50
Apr-03-24	J. Dietrich	Review of draft report and provide comments;	0.90
Apr-04-24	A. Hoy	Review and comment on Second Report of the Proposal Trustee; review progress of US Chapter 7 proceedings and review various related documents;	2.90
Apr-04-24	J. Dietrich	Review of email and comment on draft KERP; exchange of email regarding draft report;	0.30
Apr-05-24	A. Hoy	Review and comment on draft affidavit of J. Seale;	2.70
Apr-05-24	J. Dietrich	Review of email regarding comments on draft material;	0.50
Apr-06-24	J. Dietrich	Review of comments on draft affidavit and email regarding same; discussion regarding motion material; review of email;	1.40
Apr-07-24	J. Dietrich	Review of revised motion materials; review of UK Administrators report;	1.30
Apr-08-24	A. Hoy	Review and revise draft Second Report of the Proposal Trustee;	1.30
Apr-08-24	J. Dietrich	Review of revised affidavit and provide comments on same; review of email;	1.00
Apr-09-24	A. Hoy	Review and finalize Second Report of Proposal Trustee; serve Second Report on service list; prepare Affidavit of Service;	2.30
Apr-09-24	J. Dietrich	Review of draft report and provide comments; discussion regarding report and landlord claims;	0.80

Date	Name	Description	Hours
Apr-10-24	A. Hoy	File Report of Proposal Trustee; coordinate and communicating with Court to provide confidential appendix to Second Report; manage Caselines;	0.80
Apr-10-24	J. Dietrich	Review of email; review of correspondence; review of email regarding rent; discussion with N. MacParland;	0.80
Apr-11-24	J. Dietrich	Discussion regarding status and outstanding issues;	0.50
Apr-12-24	J. Dietrich	Exchange of email; discussion with N. MacParland; review of factum; review of employee related emails; review of documentation; discussion regarding status and strategy; initial review of Koskie Minsky motion record;	2.30
Apr-13-24	J. Dietrich	Review of email regarding outstanding landlord matters;	0.40
Apr-14-24	J. Dietrich	Discussion regarding status with Davies and A&M; review of email; review of motion material;	1.20
Apr-14-24	A. Hoy	Prepare for hearing on Monday;	0.50
Apr-15-24	J. Dietrich	Preparation for hearing; attend stay extension and KERP approval hearing; discussion with A. Hatnay; review of endorsement; review and exchange of email regarding inventory issues;	2.90
Apr-15-24	A. Hoy	Prepare for and attend motion of Company at Court;	2.50

FEE SUMMARY				
Name	Title	Hours	Rate	Amount
Dietrich, Jane	Partner	23.30	1,005.00	23,416.50
Hoy, Alec	Associate	13.00	485.00	6,305.00
Total (CAD)		36.30		29,721.50

Our Fees 29,721.50

HST @ 13.00% 3,863.80

TOTAL FEES & TAXES (CAD) 33,585.30

TOTAL FEES 29,721.50

TOTAL TAXES 3,863.80

TOTAL FEES & TAXES (CAD) 33,585.30



Attn: Josh Nevsky
Alvarez & Marsal Canada Inc. in its capacity as Proposal
Trustee of the Body Shop Canada Limited
Royal Bank Plaza, South Tower
200 Bay Street, Suite 2900, P.O. Box 22
Toronto, ON M5J 2J1

Invoice No: 2239635
Date: May 31, 2024
Matter No.: 059366-00003
GST/HST No.: R121379572
Lawyer: Dietrich, Jane
Tel.: (416) 860-5223
E-mail: JDietrich@cassels.com

Re: The Body Shop Canada Limited

Fees for professional services rendered up to and including May 31, 2024

Our Fees	54,668.00
Disbursements	43.91
Total Fees and Disbursements	54,711.91
HST @ 13.00%	7,112.55
TOTAL DUE (CAD)	61,824.46

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44 King St. West,
Toronto, ON, M5H 1H1

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40 Temperance St., Toronto, ON, M5H 0B4 Canada

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matter #

Invoice No: 2239635
Matter No.: 059366-00003
Amount: **CAD 61,824.46**

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Suite 3200, Bay Adelaide Centre - North Tower, 40 Temperance Street, Toronto, ON M5H 0B4 Canada | t: 416 869 5300 | f: 416 360 8877

FEE DETAIL			
Date	Name	Description	Hours
Apr-16-24	J. Dietrich	Review of email regarding UK counsel and respond; review of email regarding inventory;	0.20
Apr-17-24	J. Dietrich	Review of email; discussion regarding status and strategy;	1.10
Apr-18-24	J. Dietrich	Follow up on proposed Rep Counsel motion schedule; review of email regarding UK Administration, status, inventory issues and employee issues;	0.50
Apr-19-24	J. Dietrich	Discussion with Davies and landlord counsel regarding employee rep counsel motion; review of email and respond regarding employee issues; discussion with J. Nevsky;	1.00
Apr-22-24	A. Hoy	Arrange to have sealed confidential appendix filed with Court; correspondence with Company counsel regarding proposed litigation schedule on employee action;	1.20
Apr-22-24	J. Dietrich	Exchange of email regarding case conference timing; exchange of email regarding scheduling issues; discussion regarding proposed schedule;	1.00
Apr-23-24	J. Dietrich	Email exchange and discussions regarding scheduling issues; discussion with US trustee counsel; discussion regarding scheduling conference; review of aide memoire;	1.40
Apr-24-24	J. Dietrich	Review of aide memoire from Koskie Minsky; attend scheduling case conference and email regarding same; discussion with UK counsel and Davies; discussion with A&M and Davies regarding status;	2.00
Apr-25-24	J. Dietrich	Participate in update call; review of email; exchange of messages with J. Nevsky;	0.20
Apr-26-24	J. Dietrich	Discussion regarding status updates with Davies and A&M;	0.60
Apr-29-24	A. Hoy	Internal correspondence regarding review of employee severance calculation;	0.50
Apr-29-24	J. Dietrich	Review of email regarding UK administration status; review of email regarding WEPPA; review of email regarding US license agreement;	0.70
Apr-30-24	G. Richard	Review motion record and call A. Hoy;	0.80
Apr-30-24	A. Hoy	Correspondence with company and Proposal Trustee; providing comments to UK claim form documents; internal correspondence regarding proposed employee termination entitlement amounts;	1.40
Apr-30-24	J. Dietrich	Review of updated WEPP email;	0.10
May-01-24	J. Dietrich	Review of email and consider issues;	0.30
May-02-24	J. Dietrich	Review of email regarding Rep Counsel motion; review of updated cash flow variance;	0.40
May-03-24	J. Dietrich	Review of draft email to WEPPA and email regarding comments on same;	0.30
May-05-24	J. Dietrich	Review of license agreement and provide comments;	0.40
May-07-24	A. Hoy	Prepare draft report in accordance with litigation schedule to rep counsel appointment motion;	2.20
May-07-24	J. Dietrich	Review of email; discussion with N. MacParland; email	1.70

Date	Name	Description	Hours
		regarding draft report; discussion regarding draft report with A. Hoy; email exchange regarding report and status; review of draft term sheet and consider issues;	
May-08-24	A. Hoy	Prepare draft report in connection with Representation Motion; call with A&M and Company counsel;	5.00
May-08-24	J. Dietrich	Review of report outline and comment on same; discussion with Davies and A&M regarding outstanding issues, status and strategy; review of email and respond regarding report issues;	1.70
May-09-24	A. Hoy	Prepare draft Third Report of the Proposal Trustee; attend strategic call with Company;	2.40
May-09-24	J. Dietrich	Discussion regarding outstanding issues; review of revised license agreement; review of draft report; discussion with Davies; review of correspondence from A. Hatney and email to A&M regarding same;	1.50
May-10-24	A. Hoy	Update draft Third Report; further correspondence and calls with the Company and the Proposal Trustee with respect to same; review and comment on Searle Affidavit draft;	3.60
May-10-24	J. Dietrich	Review of draft affidavit and provide comments on same; review of additional comments on draft affidavit and email regarding same; discussion regarding comments on draft affidavit;	1.40
May-12-24	A. Hoy	Update draft of third report of the Proposal Trustee; internal correspondence with respect to same;	1.90
May-12-24	J. Dietrich	Email exchange with A. Hoy; review of draft report and provide comments on same;	1.30
May-13-24	A. Hoy	Update and prepare draft of Third Report;	2.60
May-13-24	J. Dietrich	Review of email regarding term sheet and status;	0.40
May-14-24	A. Hoy	Update draft of Third Report; correspondence with Company counsel regarding Third Report;	1.70
May-14-24	J. Dietrich	Discussion regarding status with A. Hoy; review of email regarding term sheet steps; review of comments on draft report; discussion with J. Nevsky regarding status; review of draft NDA and provide comments on same; review of mark up of draft report and further comments on same;	1.70
May-15-24	A. Hoy	Update and finalize Third Report; correspondence with company counsel; video call with Proposal Trustee to discuss Third Report; serve Report and swear affidavit of service;	1.20
May-15-24	M. Marot	Commission Affidavit of Service;	0.20
May-15-24	J. Dietrich	Email exchange regarding NDA; review of correspondence; review of amendments to draft report and discussion regarding same; review of email regarding report;	1.10
May-17-24	A. Hoy	Review and provide comments on draft affidavit of Company;	1.10
May-17-24	J. Dietrich	Review of UK update; exchange of messages with J. Nevsky; discussion with Davies and A&M; review of draft affidavit;	1.50

Date	Name	Description	Hours
May-20-24	A. Hoy	Revise comments to draft affidavit of Company;	1.70
May-20-24	J. Dietrich	Review of comments from A&M on draft affidavit and provide additional comments on same;	0.40
May-21-24	A. Hoy	Correspondence with UK Administrators; review jurisprudence and CCAA regarding Proposal Trustee obligations upon converting to CCAA Proceeding;	1.60
May-21-24	J. Dietrich	Exchange of email regarding website updates; review of joinder and email regarding same;	0.40
May-22-24	J. Dietrich	Review of draft report and comment on same; review of reply record regarding representative counsel motion; review of revised affidavit and email regarding same;	0.80
May-22-24	A. Hoy	Correspondence with Proposal Trustee; review and revise draft Fourth Report;	2.60
May-23-24	J. Dietrich	Exchange of email;	0.30
May-23-24	A. Hoy	Correspondence with Company counsel regarding ongoing motion material drafts;	0.70
May-24-24	J. Dietrich	Review and exchange of email regarding status; review of comments on draft report and consider same; exchange of email regarding status of draft report;	1.20
May-24-24	A. Hoy	Prepare draft of Supplemental Report to Third Report; correspondence with Company regarding draft Fourth Report and revise;	2.30
May-26-24	J. Dietrich	Review of comments on revised report and email exchange regarding same; review of email regarding report comments;	0.70
May-26-24	A. Hoy	Review additional revisions to Fourth Report and further revisions to prepare for finalization; correspondence with A&M and Company counsel;	1.30
May-27-24	J. Dietrich	Review of cash flow; discussion with A. Hoy regarding status; discussion regarding status and outstanding matters;	1.20
May-27-24	A. Hoy	Finalize draft Fourth Report for service; serve Fourth Report and swear Affidavit of Service;	3.20
May-28-24	J. Dietrich	Review of factum; review of research regarding CCAA conversion and consider issues; review of comments on draft engagement letter and mark up same; review of material on caselines;	1.30
May-29-24	J. Dietrich	Review of email; discussion with J. Nevsky;	0.60
May-29-24	A. Hoy	Update Supplemental Third Report draft; correspondence with Company counsel;	1.40
May-30-24	A. Hoy	Revise Supplemental Third Report; prepare draft Fifth Report of Proposal Trustee;	3.70
May-30-24	J. Dietrich	Prepare for and attend hearing; discussion regarding status with A&M and Davies; review of draft supplemental report and email regarding same;	1.50
May-31-24	A. Hoy	Review and revise draft Supplemental Third Report of Proposal Trustee; correspondence with Company counsel;	2.40

Date	Name	Description	Hours
May-31-24	J. Dietrich	update draft of Fifth Report; Review of revised draft report and comments on same; review of further revised report and discussion with A. Hoy;	0.80

FEE SUMMARY				
Name	Title	Hours	Rate	Amount
Dietrich, Jane	Partner	31.70	1,005.00	31,858.50
Hoy, Alec	Associate	45.70	485.00	22,164.50
Marot, Michael	Associate	0.20	485.00	97.00
Richard, Guy-Etienne (Guy)	Associate	0.80	685.00	548.00
Total (CAD)		78.40		54,668.00
Our Fees		54,668.00		
HST @ 13.00%		7,106.84		
TOTAL FEES & TAXES (CAD)				61,774.84

DISBURSEMENT SUMMARY				
Taxable Disbursements				
Delivery		9.16		
Meals		34.75		
Total Taxable Disbursements		43.91		
HST @ 13.00%		5.71		
Total Taxable Disbursements & Taxes		49.62		
TOTAL DISBURSEMENTS & TAXES (CAD)				49.62

TOTAL FEES	54,668.00
TOTAL DISBURSEMENTS	43.91
TOTAL TAXES	7,112.55
TOTAL FEES, DISBURSEMENTS & TAXES (CAD)	61,824.46



Attn: Josh Nevsky
Alvarez & Marsal Canada Inc. in its capacity as Proposal
Trustee of the Body Shop Canada Limited
Royal Bank Plaza, South Tower
200 Bay Street, Suite 2900, P.O. Box 22
Toronto, ON M5J 2J1

Invoice No: 2241848
Date: June 24, 2024
Matter No.: 059366-00003
GST/HST No.: R121379572
Lawyer: Dietrich, Jane
Tel.: (416) 860-5223
E-mail: JDietrich@cassels.com

Re: The Body Shop Canada Limited

Fees for professional services rendered up to and including June 23, 2024

Our Fees	18,021.00
HST @ 13.00%	2,342.73
TOTAL DUE (CAD)	20,363.73

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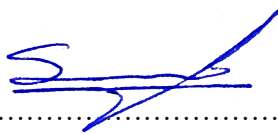
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FEE DETAIL			
Date	Name	Description	Hours
Jun-03-24	J. Dietrich	Discussion with interested party; email exchange with J. Nevsky; review of comments on draft report; mark up revised draft report and email exchange regarding same;	0.90
Jun-03-24	A. Hoy	Update draft Supplemental Third Report; correspondence with Proposal Trustee	2.30
Jun-04-24	A. Hoy	Update draft Supplemental Third Report; prepare draft Fifth Report of Proposal Trustee;	3.80
Jun-05-24	A. Hoy	Finalize and serve Supplement to the Third Report;	0.70
Jun-05-24	J. Dietrich	Review of final report and email regarding same; exchange of messages with J. Nevsky;	0.20
Jun-06-24	A. Hoy	Prepare and swear affidavit of service; file Reports with Court; call with Company, Company counsel and Proposal Trustee to discuss status of proceeding;	1.50
Jun-06-24	J. Dietrich	Discussion with J. Nevsky and email to same; discussion regarding status and strategy;	0.90
Jun-07-24	A. Hoy	Prepare and update Fifth Report to reflect June 6 call with Company regarding draft sale process and converting proceedings;	2.90
Jun-10-24	A. Hoy	Review and revise draft Fifth Report;	0.80
Jun-10-24	J. Dietrich	Review of cash flow and update emails;	0.20
Jun-11-24	A. Hoy	Internal call with J. Dietrich regarding strategic direction and fifth report; call with UK and Canadian counsel to Company; update Fifth Report;	2.90
Jun-11-24	J. Dietrich	Discussion with A. Hoy regarding open issues; discussion with company counsel (UK and Canadian);	1.00
Jun-12-24	A. Hoy	Correspondence with A&M regarding Fifth Report and update same;	1.70
Jun-13-24	A. Hoy	Review correspondence from proposed Representative Counsel and update Fifth Report to reflect same;	1.70
Jun-14-24	J. Dietrich	Review of correspondence; participate in call regarding HSBC UK account; discussion about Rep Counsel correspondence; review of email;	1.40
Jun-15-24	J. Dietrich	Review of factum filed by Rep Counsel;	0.50
Jun-17-24	J. Dietrich	Begin review of draft correspondence;	0.20
Jun-18-24	J. Dietrich	Review and exchange of email; discussion regarding status and material;	0.70
Jun-19-24	J. Dietrich	Review of draft sales process and provide comments on same to A&M;	0.30
Jun-20-24	J. Dietrich	Review of draft affidavit and email comments to A&M; exchange of email; discussion with Davies regarding Sale Process and draft affidavit comments;	1.60
Jun-23-24	J. Dietrich	Review of comments on draft affidavit; initial review of draft factum; exchange of messages regarding status of material;	1.20

FEE SUMMARY				
Name	Title	Hours	Rate	Amount
Dietrich, Jane	Partner	9.10	1,005.00	9,145.50
Hoy, Alec	Associate	18.30	485.00	8,875.50
Total (CAD)		27.40		18,021.00
Our Fees		18,021.00		
HST @ 13.00%		2,342.73		
TOTAL FEES & TAXES (CAD)				20,363.73
TOTAL FEES				18,021.00
TOTAL TAXES				2,342.73
TOTAL FEES & TAXES (CAD)				20,363.73

This is Exhibit “B” referred to in the affidavit of Alec Hoy, affirmed before me by videoconference on June 26, 2024 in accordance with O.Reg. 431/20: Administering Oath or Declaration Remotely. The affiant was located in the City of Toronto in the Province of Ontario and I was located in the City of Toronto in the Province of Ontario



.....
A Commissioner For Taking Affidavits

Commissioner Name: Stephanie Fernandes
Law Society of Ontario Number: 85819M

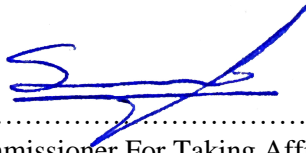
EXHIBIT “B”

Billing Rates of Cassels Brock & Blackwell LLP

For the period from February 27, 2024 to June 23, 2024

Year of Call	Lawyer	Rate (\$)	Total Hours Billed	Total Fees Billed (\$)
2004	Jane Dietrich	1,005.00	85.20	85,626.00
2020	Guy-Etienne Richard	685.00	0.80	548.00
2022	Alec Hoy	485.00	93.60	45,396.00
2022	Michael Marot	485.00	0.20	97.00

This is Exhibit "C" referred to in the affidavit of Alec Hoy, affirmed before me by videoconference on June 26, 2024 in accordance with O.Reg. 431/20: Administering Oath or Declaration Remotely. The affiant was located in the City of Toronto in the Province of Ontario and I was located in the City of Toronto in the Province of Ontario



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A Commissioner For Taking Affidavits

Commissioner Name: Stephanie Fernandes
Law Society of Ontario Number: 85819M

EXHIBIT “C”

**Calculation of Average Hourly Billing Rates of
Cassels Brock & Blackwell LLP
for the period from February 27, 2024 to June 23, 2024**

Invoice No./ Period	Fees (\$)	Disbursements (\$)	HST (\$)	Total Fees, Disbursements and HST (\$)	Hours Billed	Average Billed Rate (\$)
2230833 February 27- 2024 to March 11-24	29,256.50	35.65	3,807.98	33,100.13	37.70	776.03
2234616 March 12-24 to April 15-24	29,721.50	0.00	3,863.80	33,585.30	36.30	818.77
2239635 April 16-24 to May 31-24	54,668.00	43.91	7,112.55	61,824.46	78.40	697.30
2241848 June 3-24 to June 23-24	18,021.00	0.00	2,342.73	20,363.73	27.40	657.70
Total	131,667.00	79.56	17,127.06	148,873.62	179.80	732.30

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF THE
BODY SHOP CANADA LIMITED**

Court No.: BK-31-3050418

Estate No.: BK-24-03050418-0031

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

Proceeding commenced at Toronto

**AFFIDAVIT OF ALEC HOY
(SWORN JUNE 26, 2024)**

Cassels Brock & Blackwell LLP

Suite 3200, Bay Adelaide Centre – North Tower
40 Temperance Street
Toronto, ON M5H 0B4

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*Counsel for Alvarez & Marsal Canada Inc., solely in
its capacity as Proposal Trustee and not in its
personal or corporate capacity.*

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF THE
BODY SHOP CANADA LIMITED**

Court No.: BK-31-3050418

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

Proceeding commenced at Toronto

**FIFTH REPORT OF THE
PROPOSAL TRUSTEE**

-AND-

**PRE-FILING REPORT OF
THE PROPOSED MONITOR**

Cassels Brock & Blackwell LLP

Suite 3200, Bay Adelaide Centre – North Tower
40 Temperance Street
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in its capacity as Proposal Trustee and the proposed
Monitor and not in its personal or corporate
capacity.