

Court File No. CV-24-00720567-00CL

**Red Lobster Management LLC, Red Lobster Hospitality LLC,
and Red Lobster Canada, Inc.**

**PRE-FILING REPORT OF FTI CONSULTING CANADA INC.
IN ITS CAPACITY AS PROPOSED INFORMATION OFFICER**

May 27, 2024

**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 RED LOBSTER
MANAGEMENT LLC, RED LOBSTER HOSPITALITY LLC
and RED LOBSTER CANADA, INC.**

**APPLICATION OF RED LOBSTER MANAGEMENT LLC
UNDER SECTION 46 OF THE *COMPANIES' CREDITORS
ARRANGEMENT ACT*, R.S.C. 1985, C. C-36, AS AMENDED**

**PRE-FILING REPORT OF FTI CONSULTING CANADA INC.
IN ITS CAPACITY AS PROPOSED INFORMATION OFFICER**

A. INTRODUCTION

1. On May 19, 2024 (the “**Petition Date**”), Red Lobster Management LLC (“**RL Management**”) and certain of its affiliates (collectively, the “**Debtors**”), including Red Lobster Hospitality LLC (“**RL Hospitality**”) and Red Lobster Canada, Inc. (“**RL Canada**”, and together with RL Management and RL Hospitality, the “**Canadian Debtors**”) filed voluntary petitions for relief (collectively, the “**Petitions**” and each a “**Petition**”) in the United States Bankruptcy Court for the Middle District of Florida, Orlando Division (the “**U.S. Bankruptcy Court**”) under chapter 11 of title 11 of the United States Code (the “**U.S. Bankruptcy Code**”). The proceedings before the U.S. Bankruptcy Court commenced by the Petitions are hereinafter referred to as the “**Chapter 11 Cases**”.
2. The purpose of the Chapter 11 Cases and the proposed Canadian recognition proceedings (the “**Recognition Proceedings**”) is to provide a stabilized environment for the Debtors to continue to operate in the normal course while they implement an orderly restructuring for the benefit of all parties in interest, which will include a sale of some, all, or substantially

all of certain aspects of the business and otherwise wind-down the remaining business as contemplated in the RSA (defined below).

3. In its capacity as the then-proposed foreign representative of the Debtors in the Chapter 11 Cases (the “**Foreign Representative**”), RL Management sought and, on May 21, 2024, obtained an order (the “**Interim Stay Order**”) under Part IV of the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”) and section 106 of the *Courts of Justice Act* (Ontario) from the Ontario Superior Court of Justice (Commercial List) (the “**Canadian Court**”). Among other things, the Interim Stay Order granted an interim stay of proceedings in favour of the Canadian Debtors and their respective businesses, current and future assets, undertakings, and properties, and former, current, and future directors and officers. A copy of the Interim Stay Order is attached as **Appendix “A”**.
4. Several first day motions filed by the Debtors in the Chapter 11 Cases (collectively, the “**First Day Motions**”) for various orders (collectively, the “**First Day Orders**”) were heard before the U.S. Bankruptcy Court on May 21, 2024 (the “**First Day Hearing**”). Following the First Day Hearing, the U.S. Bankruptcy Court granted a number of First Day Orders. Of those First Day Orders, the Foreign Representative will seek recognition of the following under Part IV of the CCAA:
 - (a) *Order Authorizing Red Lobster Management LLC to Act as Foreign Representative of the Debtors* (the “**Foreign Representative Order**”);
 - (b) *Interim Order Authorizing Debtors to (I) Pay Prepetition Wages, Salaries, Employee Benefits, and Other Employee Obligations, (II) Maintain Employee Benefit Programs and (III) For Related Relief* (the “**Wages and Benefits Order**”);
 - (c) *Order Authorizing Debtors to (I) Continue to Administer Insurance Policies, Surety Bonds and Related Agreements, (II) Honor Certain Obligations in Respect Thereof; and (III) For Related Relief* (“**Insurance Order**”);

- (d) *Order (I) Authorizing Debtors to (A) Maintain and Administer Prepetition Customer Programs, Promotions and Practices and (B) Honor Prepetition Obligations Related Thereto and (II) Granting Related Relief (“Customer Program Order”);*
 - (e) *Interim Order (A) Authorizing the Debtors to (I) Continue to Use Existing Cash Management System, (II) Maintain Bank Accounts and Continue Use of Existing Business Forms and Checks, (III) Honor Certain Related Prepetition and Postpetition Obligations, and (IV) Perform Intercompany Transactions, (B) Granting a Waiver of Certain Investment and Deposit Guidelines and (C) Granting Related Relief (the “Cash Management Order”);*
 - (f) *Interim Order Authorizing Debtors to Pay Prepetition Sales, Use, Trust Fund, Property, Foreign and Other Taxes and Similar Obligations (the “Tax Order”);*
 - (g) *Order Pursuant to 11 U.S.C. §§ 105(a) and 366(b) and Local Rule 2081-1(g)(7): Prohibiting Utilities from Altering, Refusing or Discontinuing Services, (II) Deeming Utilities Adequately Assured of Future Performance, (III) Establishing Procedures for Determining Adequate Assurance of Payment, and (VI) Granting Related Relief (the “Utilities Order”);*
 - (h) *Order (I) Authorizing Debtors to Pay Certain Section 503(b)(9) Claims in the Ordinary Course of Business, and (II) Granting Related Relief (the “OCB Payment Order”); and*
 - (i) *Interim Order (I) Approving Postpetition Financing, (II) Authorizing the Use of Cash Collateral, (III) Granting Liens and Providing Superpriority Administrative Expense Status, (IV) Granting Adequate Protection, (V) Modifying Automatic Stay, (VI) Scheduling a Final Hearing, and (VII) Granting Related Relief (the “Interim DIP Order”).*
5. This report (the “**Pre-Filing Report**”) has been filed by FTI Canada Consulting Inc. (“**FTI**”), as the proposed information officer (in such capacity, the “**Proposed**

Information Officer”) in these Recognition Proceedings. The purpose of this Pre-Filing Report is to provide the Canadian Court with the following:

- (a) certain background information concerning the Debtors, including the Canadian Debtors, the Chapter 11 Cases, and these Recognition Proceedings;
- (b) the qualifications of FTI to act as the information officer in these Recognition Proceedings (if appointed in such capacity, the “**Information Officer**”);
- (c) the Proposed Information Officer’s views regarding the Foreign Representative’s application for an order (the “**Initial Recognition Order**”), among other things:
 - (i) recognizing the Chapter 11 Cases as a “foreign main proceeding” in respect of the Canadian Debtors and RL Management as the “foreign representative” in respect of the Chapter 11 Cases (if recognized in such capacity, the “**Foreign Representative**”), as such terms are defined in section 45 of the CCAA; and
 - (ii) declaring that the Interim Stay Order shall be of no further force or effect upon the granting of the Initial Recognition Order and the Supplemental Order (defined below); and
- (d) the Proposed Information Officer’s views regarding the Foreign Representative’s application for an order (the “**Supplemental Order**”), among other things:
 - (i) recognizing certain of the First Day Orders;
 - (ii) granting a stay of proceedings in favour of the Canadian Debtors and their respective businesses, current and future assets, undertakings, and properties, and former, current, and future directors and officers;
 - (iii) granting a charge (the “**Administration Charge**”) on the Canadian Debtors’ property in Canada in favour of Canadian counsel to the Foreign Representative and the Canadian Debtors, the Information Officer, and counsel to the Information Officer, up to a maximum amount of CAD \$1

million, as security for their respective professional fees and disbursements incurred in respect of these Recognition Proceedings both before and after the date of the proposed Supplemental Order;

- (iv) granting a charge (the “**DIP Charge**”) on the Canadian Debtors’ property in Canada in favour of the DIP Lenders (defined below) to secure the obligations outstanding from time to time under the DIP Credit Agreement (defined below);
- (v) granting a charge (the “**D&O Charge**”) on the Canadian Debtors’ property in Canada in favour of the directors and officers of RL Canada, up to a maximum aggregate amount of CAD \$3.4 million, as security for RL Canada’s indemnification obligations under the proposed Supplemental Order; and
- (vi) appointing FTI as the Information Officer.

B. TERMS OF REFERENCE

6. In preparing this Pre-Filing Report, the Proposed Information Officer has relied upon unaudited financial information prepared by the Debtors and their representatives, the Debtors’ books and records, and discussions with Canadian counsel to the Foreign Representative and the Canadian Debtors (collectively, the “**Information**”).
7. Except as described in this Pre-Filing Report:
 - (a) the Proposed Information Officer has not audited, reviewed, or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Canadian Auditing Standards pursuant to the *Chartered Professional Accountants of Canada Handbook* (the “**Handbook**”) and, accordingly, the Proposed Information Officer expresses no opinion or other form of assurance in respect of the Information; and

- (b) the Proposed Information Officer has not examined or reviewed forecasts and projections referred to in this Pre-Filing Report in a manner that would comply with the procedures described in the Handbook.
8. Future oriented financial information reported in or relied on in preparing this Pre-Filing Report is based on the assumptions and estimates of the Debtors' management. Actual results may vary from such information and these variations may be material.
9. Unless otherwise stated, all monetary amounts contained herein are expressed in United States ("U.S.") dollars. Capitalized terms used but not defined herein have the meanings given to them in the Supplemental Affidavit of Jonathan Tibus sworn May 24, 2024 (the "**Supplemental Tibus Affidavit**") or the Declaration of Jonathan Tibus in Support of the Debtors' Chapter 11 Petitions and First Day Relief dated May 19, 2024 attached (without exhibits) as Exhibit "A" thereto (the "**Tibus Declaration**"), as applicable.

C. FTI'S QUALIFICATIONS TO ACT AS THE INFORMATION OFFICER

10. FTI is a trustee within the meaning of section 2 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended. FTI has consented to act as the Information Officer if the Court grants the Initial Recognition Order and Supplemental Order sought by the Foreign Representative. A copy of FTI's consent to act is attached as **Appendix "B"**.
11. FTI personnel are familiar with the business and operations of the Debtors, including the Canadian Debtors, and the key issues and stakeholders in these Recognition Proceedings. Further, FTI has substantial experience in domestic and cross-border restructuring proceedings under the CCAA, including experience acting as the court-appointed information officer in other complex mandates.
12. FTI has searched its conflicts database in accordance with its usual practice and internal policies. FTI is not aware of any conflict of interest that would prevent it from acting as the Information Officer in these Recognition Proceedings.

D. BACKGROUND

13. A detailed description of the Debtors, including the Canadian Debtors, their businesses, corporate structure, prepetition capital structure and indebtedness, and the events preceding the Chapter 11 Cases and these Recognition Proceedings is provided in the Supplemental Tibus Affidavit and Tibus Declaration. Certain of such information is summarized below.

Overview of the Debtors and Their Business

14. Red Lobster was founded in the U.S. in 1968 and expanded into Canada in 1983. Today, Red Lobster is an iconic seafood restaurant chain with nearly 580 owned restaurants in the U.S. and Canada plus 27 franchised locations in other countries. As of 2020, RL Group's ultimate equity holders are Thai Union, former members of the Red Lobster management team, and certain investors operating under the name Seafood Alliance.
15. Red Lobster's organizational structure consists of more than 30 entities, of which 15 are the Debtors in the Chapter 11 Cases, including the three Canadian Debtors. The organizational chart for the RL Group, excerpted from the Tibus Declaration, is attached as **Appendix "C"** to this Pre-Filing Report.
16. As illustrated in Appendix "C", the Debtors consist of RL Management and its direct and indirect U.S. subsidiaries (excluding certain foreign entities), all of which are incorporated or established under the laws of the U.S. The Canadian Debtors, which are each limited liability companies or corporations formed in Delaware, consist of RL Management and two of its wholly-owned, direct subsidiaries, RL Hospitality and RL Canada. The Canadian operations of the RL Group are undertaken through RL Canada using certain trademarks owned by RL Hospitality and registered in Canada and other jurisdictions.
17. As of the Petition Date, RL Group operated approximately 551 restaurant locations across 44 U.S. states and 27 restaurant locations across four Canadian provinces. Of the Canadian restaurants, there are 20 in Ontario, four in Alberta, two in Saskatchewan, and one in Manitoba. With the exception of the Brantford Property (defined below) and Etobicoke

Building (defined below), RL Canada leases the premises for all of its restaurants. As of the Petition Date, RL Canada was current on all obligations to its lessors.

18. Also as of the Petition Date, the RL Group employed approximately 36,000 employees worldwide, approximately 2000 of which are in Canada. RL Canada employs all of the Canadian employees,¹ most of whom serve in part-time roles. Of those employees, approximately 67% are in Ontario, 20% in Alberta, 7% in Saskatchewan, and 6% in Manitoba (such Provinces being, collectively, the “**Relevant Provinces**”).
19. The majority of the Canadian employees are non-unionized, with the exception of the approximately 155 employees at the restaurants located in Burlington, Ontario and Edmonton, Alberta who are unionized pursuant to two separate collective bargaining agreements with RL Canada.
20. RL Canada does not sponsor or maintain a pension plan for any of its Canadian employees. RL Canada’s unionized and non-unionized employees are, however, entitled to certain other benefits, including, without limitation, medical, dental, life insurance, and short term disability. Certain employees are also eligible to participate in a company-sponsored registered retirement savings plan and an EBITDA-based bonus plan.
21. RL Canada employees are paid in arrears. As of the Petition Date, RL Canada was current on all Canadian payroll obligations and source deductions.
22. RL Canada does not have independent operational, financial, or marketing resources and relies on RL Management and other Debtors to fulfill these and other functions. RL Canada could not continue to operate its restaurants without these functions, and it would not be practical for RL Canada to develop such independent functions in the circumstances.

¹ For clarity, RL Management and RL Hospitality do not employ any of the Canadian workforce.

Financial Overview

23. Standalone audited financial statements are not prepared on behalf of RL Canada in relation to RL Group’s business in Canada (the “**Canadian Business**”). Rather, financial statements for the RL Group are prepared on a consolidated basis.
24. As of the Petition Date, by book value, RL Canada had approximately USD \$62.5 million worth of assets, and total liabilities of approximately USD \$69.1 million, of which approximately USD \$8.2 million are current liabilities. These figures exclude RL Canada’s contingent obligations as a guarantor of the obligations under the Pre-petition ABL Facility and the Pre-petition Term Loan Facility.

The Debtors’ Pre-Petition Funded Indebtedness

Secured Debt Obligations

25. As of the Petition Date, the Debtors’ funded, secured indebtedness totaled approximately USD \$294 million in the aggregate. As set out in the Supplemental Tibus Affidavit and the Tibus Declaration, the Debtors’ pre-petition secured debt obligations consist of:

Table 1

Funded Secured Debt	Maturity	Approximate Balance
Pre-petition ABL Facility (Outstanding Letters of Credit)	January 2025	USD \$29,276,399
Pre-petition Term Facility	January 2026	USD \$264,720,000
	Total	USD \$293,996,399

26. As set forth in the Supplemental Tibus Affidavit, the Debtors’ secured debt facilities, listed above in **Table 1**, can be described as follows:

- (a) *Pre-petition ABL Facility (Outstanding Letters of Credit)* – The Debtors have an asset-based loan facility (the “**Pre-petition ABL Facility**”) in place with an aggregate commitment of USD \$100 million, including a USD \$40 million sublimit for letters of credit. The administrative agent under the ABL Facility is Wells Fargo Bank, National Association (“**Wells Fargo**”). As of the Petition Date, no loans are outstanding under the ABL Facility. However, Wells Fargo has issued letters of credit with an aggregate face amount of approximately USD \$29.3 million which remain outstanding.² The outstanding obligations under the Pre-petition ABL Facility are secured by a charge on substantially all of the Debtors’ assets, including certain cash collateral accounts held by Wells Fargo. Pursuant to an intercreditor agreement between Wells Fargo and the Pre-petition Term Loan Agent, Wells Fargo has a senior lien on certain assets (e.g. cash, cash accounts, inventory and credit card receivables) (the “**ABL Priority Collateral**”) and the Pre-petition Term Loan Agent (defined below) has a senior lien on all other assets of the Debtors; and
- (b) *Pre-petition Term Facility* – On January 22, 2021, RL Management as administrative borrower, RL Hospitality and RL Canada as guarantors,³ Fortress Credit Corp. (“**Fortress**”) as administrative and collateral agent (in such capacities, “**Pre-petition Term Loan Agent**”), and Fortress as lender and certain other lenders (collectively, “**Pre-petition Term Loan Lenders**”) entered into a financing agreement (as amended, amended and restated, supplemented, or modified, the “**Pre-petition Term Loan Agreement**”). Pursuant to the Pre-petition Term Loan Agreement, Fortress and the other Pre-petition Term Loan Lenders severally agreed to extend credit to RL Management by way of a term loan with a maturity date of January 22, 2026 (the “**Pre-petition Term Loan Facility**”). Pursuant to Article XI of the Pre-petition Term Loan Agreement, the remaining Debtors (including RL

² As set forth in the Supplemental Tibus Affidavit, there are also approximately USD \$1.1 million of outstanding obligations in connection with a commercial card agreement (or “p-card” agreement) between Wells Fargo and the Debtors.

³ As set forth in the Supplemental Tibus Declaration, the other parties to the Pre-petition Term Loan Agreement include each of the remaining Debtors as guarantors with the exception of Red Lobster International Holdings LLC (“**Holdings**”), the direct parent of RL Management, which does not own any assets other than the membership interests of RL Management.

Hospitality and RL Canada)⁴ (the “**Pre-petition Term Loan Guarantors**”) jointly and severally guaranteed the payment when due of all present and future obligations of RL Management under the Pre-petition Term Loan Agreement.

- (c) As of the petition date, the aggregate principal amount outstanding under the Pre-petition Term Loan Agreement totaled approximately USD \$264.7 million. As security for the payment and performance of all their obligations under the Pre-petition Term Loan Agreement, RL Management and the Pre-petition Term Loan Guarantors (including RL Hospitality and RL Canada) granted to Fortress, as Pre-Petition Term Loan Agent, a security interest in all of their present and future personal property pursuant to a pledge and security agreement dated as of January 22, 2021 (the “**Pre-Petition Security Agreement**”). As set forth in the Supplemental Tibus Affidavit, said security interest constitutes a senior lien on substantially all of the Debtors’ assets, other than the ABL Priority Collateral, over which such obligations are secured by a secondary lien.

Payoff Letter

27. As set out in the Supplemental Tibus Affidavit, Wells Fargo, the Pre-petition Term Loan Lenders, and the Debtor have entered into a payoff letter dated as of May 17, 2024 (the “**Payoff Letter**”) in connection with the proposed debtor-in-possession (“**DIP**”) facility discussed in the Supplemental Tibus Affidavit and below. The Payoff Letter provides that, in connection with the Debtors’ commencement of the Chapter 11 Cases and entry into the proposed DIP Facility (as defined below), the Debtors will make certain payments to Wells Fargo in exchange for the release of certain liens in favour of Wells Fargo other than with respect to the certain specified obligations set out in the Payoff Letter.

Liens Registered Against the Canadian Debtors

28. In anticipation of these Recognition Proceedings, the Proposed Information Officer retained Fasken Martineau DuMoulin LLP (“**Fasken**”) to, among other things, review the

⁴ But excluding Holdings.

Pre-petition Security Agreement and the personal property security registrations made in favour of Fortress (as Pre-petition Term Loan Agent) against the Canadian Debtors in the Relevant Provinces. For this purpose, Fasken has retained MLT Aikins LLP (“**MLTA**”) on behalf of the Proposed Information Officer to act as local counsel in Manitoba and Saskatchewan.

29. Searches of the personal property security registries in the Relevant Provinces conducted by Fasken and MLTA returned with currency dates of May 23 or 24, 2024 disclose the following:
 - (a) *RL Management* – there are no registrations against RL Management in any of the Relevant Provinces;
 - (b) *RL Hospitality* – there is one registration in Ontario against RL Hospitality in favour of Fortress as collateral agent in respect of collateral classifications “Accounts” and “Other”; there are no other registrations against RL Hospitality in any of the other Relevant Provinces; and
 - (c) *RL Canada* – there are registrations in all Relevant Provinces against RL Canada in favour of Fortress as collateral agent in respect all present and after-acquired personal property; there are also third-party registrations (the “**Third Party Registrations**”) against RL Canada in Alberta and Ontario in favour of Enterprise Fleet Management Canada, Inc., ITW Canada Inc., and Hobart Food Equipment Group Canada (collectively the “**Third-Party Registrants**”); there are no other registrations against RL Canada in the Relevant Provinces.
30. The Third Party Registrations all appear to be in regard to specific equipment. Each of the Third-Party Registrants has been served with the Canadian Debtors’ application for the Initial Recognition Order and the Supplemental Order.
31. While Wells Fargo appears to have had a financing statement registered in Ontario against RL Canada and RL Management in respect of all their present and after-acquired personal property, those registration were discharged as of May 24, 2024.

32. Fasken (in respect of personal property security interests governed by the laws of Alberta and Ontario) and MLTA (in respect of personal property security interests governed by the laws of Manitoba and Saskatchewan) each provided an opinion dated May 27, 2024 which, as applicable and subject to the standard assumptions and qualifications contained therein, concludes that (a) the Pre-petition Security Agreement granted by the Canadian Debtors in favour of Fortress, being the Pre-petition Term Loan Agent creates a valid security interest in the Canadian Debtors' assets situated in the Relevant Provinces; and (b) the security granted by RL Canada is registered in all public offices provided for under the laws of the Relevant Provinces and the federal laws of Canada applicable therein where such registration is necessary to preserve, protect, or perfect the security created by the Pre-petition Security Agreement in favour of Fortress in the assets of RL Canada described therein; and (c) the security granted by RL Hospitality is registered in all public offices provided for under the laws of the Province of Ontario and the federal laws of Canada applicable therein where such registration is necessary to preserve, protect, or perfect the security created by the Pre-petition Security Agreement in favour of Fortress in the assets of RL Hospitality described therein which are captured by the collateral classifications "Accounts" and "Other" under the *Personal Property Security Act* (Ontario) and the registry system maintained for the purposes thereof.

Unsecured Debt Obligations

33. The Canadian Debtors have no funded unsecured debt. In the ordinary course, RL Canada incurs trade debt with certain vendors and suppliers in connection with the operation of the Canadian Business. As of the Petition Date, RL Canada had approximately USD \$4.1 million of accounts payable owing of which USD \$2.3 million was then past due. RL Canada also incurs obligations in the ordinary course in relation to gift cards and customer programs.

The Debtors' Cash Management System and Ordinary Course Intercompany Transfers

34. As described in the Tibus Supplemental Affidavit and the Tibus Declaration, the Debtors maintain a cash management system with three primary categories of bank account: (a) the Depository Accounts into which the cash proceeds from the Debtors' operations are

deposited; (b) the Operating Accounts where the deposits from the Depository Accounts are channeled, and (c) the Disbursement Accounts where funds from the Operating Accounts are transferred from time to time for the purpose of making disbursements (collectively, the “**Cash Management System**”). On average, approximately USD \$20 million in receipts and disbursements flows through the Cash Management System each banking day.

35. The 32 Canadian Accounts which comprise the Cash Management System in Canada are all in the name of RL Canada and held at Royal Bank of Canada. They include the Canada Master Concentration Account, 27 Restaurant Depository Accounts, a Credit Card Account, a Payroll Account, a Liquor Account, and an Investment Account. Particulars of the Canadian Accounts, including their respective balances as of the Petition Date, are provided in the Supplemental Tibus Affidavit.
36. Intercompany transactions occur frequently between the accounts held by Red Lobster Restaurants LLC, RL Management, and RL Canada, each to cover funding needs and operational expenditures as they come due in the ordinary course. Each intercompany transaction results in an accompanying bookkeeping entry reflecting a claim for the amounts owed to or by each Debtor.
37. As discussed below, the Foreign Representative is seeking recognition of the Cash Management Order to ensure that the Debtors, including the Canadian Debtors, are able to continue to utilize the Cash Management System and engage in intercompany transactions in the ordinary course. The Proposed Information Officer understands that RL Canada, which operates the Canadian business of the RL Group and holds substantially all of the property used in the Canadian operations, has historically been cash flow positive and balances in its accounts have been periodically swept into the Cash Management System. The Proposed Information Officer also understands that RL Canada is expected to remain cash flow positive during the Chapter 11 Cases. Whereas the Proposed Information Officer has been informed that there is no present intention to continue such cash sweeps during the Chapter 11 Cases, the Proposed Information Officer has been told that cash sweeps

from RL Canada may occur if performance during the Chapter 11 Cases differs from what is presently expected.

E. THE CENTRE OF MAIN INTEREST

38. As set out in the Supplemental Tibus Affidavit, the Canadian Debtors are Delaware limited liability companies or corporations, as applicable. The registered offices of each of the Canadian Debtors is in the U.S. The RL Group’s senior leadership, including the sole directors, chief executive officer, and chief restructuring officer, are located in the U.S. and such senior leadership exercises primary strategic management and control of the corporate group, including the Canadian Debtors. All of the Debtors’ outstanding secured indebtedness is advanced by U.S.-based lenders and the related loan documentation is governed by U.S. law. RL Group’s overall financial position is managed on a consolidated basis from its U.S. head office in Orlando, Florida.
39. Given that the Canadian Debtors’ registered offices are located in the U.S., and having regard to their reliance on the support, services, and leadership from the larger U.S. enterprise of the RL Group, the Foreign Representative asserts that the Canadian Debtors’ “centre of main interest” is in the U.S. and submits that the Chapter 11 Cases constitute a “foreign main proceeding” as defined in section 45 of the CCAA.
40. In light of the foregoing and based on the evidence set out in the Supplemental Tibus Affidavit, it appears to the Proposed Information Officer that the Canadian Debtors’ “centre of main interest” is in the United States, and that it is appropriate in the circumstances to recognize the Chapter 11 Cases as a “foreign main proceeding”.

F. THE RSA AND THE PLAN

41. Details of the events leading up to the commencement of the Chapter 11 Cases and these Recognition Proceedings—including RL Group’s operational challenges, pre-petition strategic plan beginning in February 2024, and subsequent out-of-court restructuring steps—are set forth in detail in the Supplemental Tibus Affidavit and the Tibus Declaration.

42. Following the aforementioned events, the RL Group negotiated with the Pre-petition Term Loan Lenders and their advisors on the terms and implementation of a strategic transaction. As a result of those negotiations, the Pre-petition Term Loan Lenders and the Debtors entered into a restructuring support agreement dated as of May 9, 2024 (the “**RSA**”).
43. The RSA sets forth (a) the terms upon which the Pre-petition Term Loan Lenders would provide the necessary DIP financing to the Debtors, (b) the terms upon which the Pre-petition Term Loan Lenders would serve as a stalking horse bidder for the sale of substantially all of the Debtors’ assets, and (c) an agreed upon timeline for the commencement of the Chapter 11 Cases. The RSA also contemplates recognition of the Chapter 11 Cases under Part IV of the CCAA.

G. THE DIP FACILITY

44. Immediately prior to commencing the Chapter 11 Cases, the Debtors (a) finalized a DIP financing facility (the “**DIP Facility**”) governed by a secured super-priority DIP financing agreement (the “**DIP Credit Agreement**”) by and among RL Management, as borrower, each affiliate of RL Management that is a guarantor thereunder, including RL Hospitality and RL Canada, Fortress as administrative agent and collateral agent (in such capacities, the “**DIP Agent**”), and the lenders party thereto from time to time (the “**DIP Lenders**”).
45. The DIP Credit Agreement, which was approved by the U.S. Bankruptcy Court on an interim basis in the Interim DIP Order provides for an extension of credit not to exceed the principal amount of USD \$275,000,000, which amount includes: (a) USD \$100,000,000 of new money that the Debtors require for the continued operation of their business during the pendency of the Chapter 11 Cases (the “**New Money Advances**”), plus (b) a partial “roll-up” of USD \$175,000,000 of the Pre-petition Term Loan Obligations (on the basis of \$1.75 of deemed funding for each \$1.00 of New Money Advances made).
46. Pursuant to the DIP Credit Agreement, the first USD \$40,000,000 of the New Money Advances to the Debtors under the DIP Credit Agreement was to be made available upon entry of the Interim DIP Order by the U.S. Bankruptcy Court. The second USD \$60,000,000 of New Money Advances is to be made available upon entry of a final order

providing the authorizations included in the Interim DIP Order on a final basis (the “**Final DIP Order**”).

47. Regarding the partial roll-up, effective upon the entry of the Interim DIP Order, up to USD \$70,000,000 of Prepetition Term Loan Obligations (as defined in the Interim DIP Order) were to be deemed funded on the date that the interim New Money Advances are funded by the DIP Lenders (e.g., if the entire USD \$40,000,000 is funded, USD \$70,000,000 of Prepetition Term Loan Obligations will be deemed funded). Similarly, effective upon the entry of the Final DIP Order, up to an additional USD \$105,000,000 of Prepetition Term Loan Obligations is to be deemed funded on the date that the final New Money Advances are funded by the DIP Lenders (e.g., if the entire USD \$60,000,000 is funded, an additional USD \$105,000,000 of Prepetition Term Loan Obligations will be deemed funded).
48. It is a requirement of the DIP Credit Agreement that the Interim DIP Order be recognized by the Canadian Court within seven business days of its granting. The Interim DIP Order to be recognized grants Fortress and the DIP Lenders super-priority administrative expense claim status in each of the Chapter 11 Cases and super-priority liens (the “**DIP Lien**”) on all collateral of the Debtors, subject to the Carve-Out (as defined therein) of, among other things, certain statutory and allowed professional fees and the Administration Charge (as defined below) against the Canadian Debtors’ Collateral (as defined below).
49. The collateral charged by DIP Lien will include the Canadian Debtors’ personal property which is already encumbered pursuant to the Pre-Petition Security Agreement. The DIP Lien will also charge two real property interests owned by RL Canada that, prior to the DIP Lien, had not been previously encumbered (collectively, the “**Unencumbered Property**”):
 - (a) a freehold interest in real property located in Brantford, Ontario and municipally known as 67 King George Road (the “**Brantford Property**”); and
 - (b) a building improvement located on real property located in Etobicoke, Ontario and municipally known as 1790 Queensway which is leased by RL Canada pursuant to a ground lease (the “**Etobicoke Building**”).

50. As provided in the DIP Credit Agreement and the Interim DIP Order, the DIP Lien on the Unencumbered Property will secure all DIP Obligations, including New Money Advances and the “roll-up” amounts. Following discussions between counsel for the Proposed Information Officer and Canadian counsel for Fortress, the DIP Agent agreed that the DIP Lender’s Charge upon Unencumbered Property provided for in proposed Supplemental Order will secure obligations in respect of New Money Advances only and not obligations in respect of any “roll-up” amounts.

H. THE FIRST DAY ORDERS PROPOSED TO BE RECOGNIZED

51. The First Day Motions and the First Day Orders are described in the Tibus Declaration and the Supplemental Tibus Affidavit, respectively. Copies of the First Day Motions and the First Day Orders, together with all other publicly filed information in the Chapter 11 Cases, are available on the case website maintained by Epiq Corporate Restructuring, LLC at the following address: <https://dm.epiq11.com/case/redlobster/info> (the “Docket”).
52. RL Management, in its capacity as the Foreign Representative, is seeking recognition of certain of the First Day Orders that have been entered by the U.S. Bankruptcy Court in the Chapter 11 Cases. The First Day Orders to be recognized pursuant to the proposed Supplemental Order are listed and described in the Supplemental Tibus Affidavit. Copies of such First Day Orders are appended to the proposed Supplemental Order as Schedules “A” to “I”.
53. With the assistance of Fasken, the Proposed Information Officer has reviewed and considered the First Day Orders and discussed them with counsel to the Foreign Representative and counsel to the DIP Agent. The Proposed Information Officer is of the view that much of the relief contained in the First Day Orders is common in chapter 11 cases and is frequently recognized by Canadian courts in cross-border insolvency proceedings. A summary of each of the First Day Orders proposed to be recognized is set out below:
- (a) *Foreign Representative Order*—The Foreign Representative Order provides, among other things, authorization for RL Management to act as the foreign representative

on behalf of the Debtors' estates in an ancillary proceeding under Part IV of the CCAA and to (i) seek recognition of the Debtors' Chapter 11 Cases in Canada, (ii) request that the Canadian Court lend assistance to the U.S. Bankruptcy Court in protecting the property of the Debtors' estates, (iii) seek any other appropriate relief from the Court, and (iv), consistent with any orders of the Canadian Court, pay the costs of the Court-appointed Information Officer and its counsel without further order of the U.S. Bankruptcy Court. The Foreign Representative Order also contains a request from U.S. Bankruptcy Court for the aid and assistance of the Canadian Court to recognize the Chapter 11 Cases as "foreign main proceeding" and RL Management as a "foreign representative" pursuant to the CCAA.

- (b) *Wages and Benefits Order* – The Wages and Benefits Order, among other things, gives the Debtors authority, but not direction, to (i) pay prepetition wages, salaries, reimbursable expenses and other obligations on account of the compensation and benefits programs provided by Red Lobster in the ordinary course of business, (ii) continue the compensation and benefits programs, (iii) modify, change, and discontinue any of their compensation and benefits programs and to implement new programs, policies, and benefits for non-insider employees in the ordinary course, and (iv) to remit payroll taxes and deductions. The recognition of the Wages and Benefits Order will support RL Canada's authority to process compensation, deductions, and benefits for its approximately 2000 employees in Canada without interruption.
- (c) *Insurance Order* – The Insurance Order, among other things, (i) gives the Debtors authority, but not direction, to (X) maintain, renew, modify, supplement or purchase, in their sole discretion, their insurance policies and programs, their surety bond program (each as defined below) in the ordinary course of business, and current letters of credit and (Y) honor their insurance obligations, surety obligations, and current letters of credit (each as described in the motion for Insurance Order), including by paying any pre-petition insurance obligations and surety obligations in the ordinary course of business and issuing new letters of credit or posting additional cash collateral during the Chapter 11 Cases, and (ii)

modifies the automatic stay to the extent necessary to permit the Debtors' employees to proceed with any claims they may have under the workers' compensation programs. The insurance policies identified in the motion for the Insurance Order include Canadian insurance policies and programs, including Canada workers' compensation insurance. As of the Petition Date, the Debtors estimate that they owe USD \$47,000 on account of Canada workers' compensation premiums.

- (d) *Customer Program Order* – The Customer Program Order, among other things, gives the Debtors the authority, but not direction, to maintain and administer certain charitable programs and continue, renew, replace, implement, or terminate customer-related programs, promotions and practices. The customer programs include (i) coupons and sale promotions, (ii) a gift card program, (iii) a rewards/loyalty program, and (iv) the Debtors' ordinary course refund policy. The customer programs are a part of the Canadian Business and promote customer satisfaction, revenue growth opportunities, and the value of the brand.
- (e) *Cash Management Order* – The Cash Management Order, among other things, gives the Debtors the authority, but not direction, to (i) continue to maintain their existing Cash Management System, including the Canadian Accounts, (ii) honor certain pre-petition and post-petition obligations related thereto, (iii) continue to perform intercompany transactions in the ordinary course.
- (f) *Tax Order* – The Tax Order, among other things, gives the Debtors the authority, but not direction, to pay, in the Debtors' sole discretion, sales, use, trust fund, property, foreign, and other taxes and similar obligations in the ordinary course of the Debtors' business, without regard to whether such obligations accrued or arose before or after the Petition Date. RL Canada is liable for certain sales, property, income, and other taxes in Canada. Recognition of the Tax Order will enable RL Canada to continue collecting and remitting such taxes to the applicable taxing authorities in Canada.

- (g) *Utilities Order* – The Utilities Order, among other things, prohibits the Debtors’ utility service providers from altering, refusing, or discontinuing service on account of pre-petition amounts outstanding or on account of any perceived inadequacy of the Debtors’ proposed adequate assurance. The Utilities Order also approves the Debtors’ proposed adequate assurance and related procedures. The utilities service providers to which the Utilities Order applies include utilities service providers located in Canada. The Utilities Order ensures continuous service for the Debtors and provides utilities service providers with certainty regarding payment for post-filing services through the use of a segregated account containing an adequate assurance deposit for the benefit of the utilities companies during the pendency of the Chapter 11 Cases. The Utilities Order was granted on a conditional basis whereby interested parties have 30 days from the entry of the Order to file a written objection, failing which they will be deemed to have consented to the provisions of the Order.

- (h) *OCB Payment Order* – The OCB Payment Order, among other things, gives the Debtors authority, but not direction, to pay in the ordinary course of business pre-petition amounts owed to certain vendors solely for goods delivered to the Debtors within 20 days of the Petition Date, in an aggregate amount not to exceed USD \$49,838,000. The vendors that the Debtors propose to pay are all entitled to an administrative expense priority claim in the Chapter 11 Cases. Such vendors include Canadian vendors. Absent timely payment, there is a risk that vendors will suspend or terminate key supply arrangements, including supply arrangements in Canada.

- (i) *Interim DIP Order* – The Interim DIP Order, among other things, provides the Debtors with authorization, on an interim basis, to obtain senior secured post-petition financing on a super-priority basis pursuant to the terms of the DIP Credit Agreement. The Interim DIP Order provides for a challenge period which expires on the earlier of (i) 60 calendar days after the Petition Date, and (ii) the date established by the U.S. Bankruptcy Court for submission of qualified bids to purchase the Debtors’ assets. The Interim DIP Order also grants the DIP Lien in

favour of the DIP Agent and the DIP Lenders on all collateral of the Debtors as security for the obligations of the Debtors in respect of the DIP Obligations, including the Roll-up Amount, subject to the Carve-Out (as defined therein) of, among other things, certain statutory and allowed professional fees and the Administration Charge against the Canadian Debtors' collateral. Payments made pursuant to the Wages and Benefits Order, the Insurance Order, the Customer Program Order, the Cash Management Order, the Tax Order, the Utilities Order, and the OCB Payment Order must be in compliance with the Approved DIP Budget (as defined in the Interim DIP Order).

54. The Proposed Information Officer is supportive of the Foreign Representative's request for recognition of the above-noted First Day Orders pursuant to the proposed Supplemental Order given, among other things, that:
- (a) Canadian and U.S. stakeholders are treated in the same manner under each of the First Day Orders for which recognition is sought;
 - (b) the granting of the proposed Supplemental Order would be consistent with the principles of comity and facilitate the efficient coordination of the Chapter 11 Cases and these Recognition Proceedings;
 - (c) the First Day Orders for which recognition is sought are primarily procedural or administrative in nature, commonplace in the context of complex chapter 11 proceedings, and generally consistent with the forms of first day orders frequently recognized by Canadian Courts in large cross-border insolvency proceedings;
 - (d) RL Canada relies on certain other Debtors for business functions critical to its ongoing operation of the Canadian restaurants and the Debtors require the DIP Facility to continue to provide those business functions;
 - (e) whereas a "roll-up" of pre-filing indebtedness would not be permitted in plenary proceedings under the CCAA, Canadian courts have recognized and given effect to

“roll-ups” in ancillary proceedings under Part IV of the CCAA where approved by the supervising court in the foreign proceeding;

- (f) the First Day Orders were supported by the Debtors’ key stakeholders, including the DIP Agent and DIP Lenders; and
- (g) the Proposed Information Officer is not aware of any objection having been filed in the Chapter 11 Cases by a Canadian stakeholder in respect of the First Day Orders for which recognition is sought.

I. THE CHARGES PROPOSED UNDER THE SUPPLEMENTAL ORDER

55. Pursuant to the proposed Supplemental Order, the Foreign Representative seeks the granting of the Administration Charge, the DIP Lender’s Charge, and the D&O Charge (together, the “**Charges**”) over the Canadian Debtors’ property. The priorities of the Charges are proposed to be as follows:
- (a) First – Administration Charge (to the maximum amount of CAD \$1 million);
 - (b) Second – DIP Charge; and
 - (c) Second – D&O Charge (to the maximum amount of CAD \$3.4 million).
56. Each of the Charges and the Proposed Information Officer’s views with respect thereto are discussed below.

The Administration Charge

57. The proposed Supplemental Order provides for an Administration Charge up to the maximum amount of CAD \$1 million in favour of Canadian counsel to the Foreign Representative and the Canadian Debtors, the Information Officer, and counsel to the Information Officer. The Administration Charge is intended to provide security for the fees and disbursements of such professionals, each of which is expected to have a distinct role in these Recognition Proceedings and has and will continue to contribute to the Canadian Debtors’ restructuring efforts.

58. The quantum of the Administration Charge was determined with the assistance of the Proposed Information Officer. It is commensurate with the nature, scope and complexity of these Recognition Proceedings, the size of the retainers provided to the beneficiaries of the Administration Charge, and the professional costs expected to be incurred by such beneficiaries.
59. In the circumstances, the Proposed Information Officer is of the view that the proposed Administration Charge is both reasonable and appropriate. Moreover, the Proposed Information Officer is of the view that it will ensure that the Canadian Debtors have the benefit of the professional advice and expertise necessary for the success of these Recognition Proceedings. For these reasons, the Proposed Information Officer respectfully recommends that the proposed Administration Charge be granted under the Supplemental Order.

The DIP Charge

60. As noted above, the DIP Credit Agreement contemplates super-priority liens and charges, in accordance with the terms therein and as provided for in the Interim DIP Order to secure the obligations outstanding from time to time under the DIP Facility, provided that the DIP Charge will rank below the Administration Charge in priority. Accordingly, RL Management, as the Foreign Representative, is seeking the granting of a charge on the Canadian Debtors' property in favour of the DIP Lenders pursuant to the Supplemental Order. The proposed Supplemental Order specifies that the DIP Charge shall only form a charge on the Unencumbered Property to secure the New Money Advances.
61. Given the reliance of RL Canada on other Debtors for critical business functions and the Debtors' need to access the DIP Facility to provide those functions, and having regard to scope of the liens granted under the Interim DIP Order and the exclusion from the DIP Charge upon Unencumbered Property in the proposed Supplemental Order of obligations in respect of "roll-up" amounts, among other factors, the Proposed Information Officer is of the view that the DIP Charge is reasonable in the circumstances.

The D&O Charge

62. The proposed Supplemental Order requires that RL Canada indemnify its directors and officers against obligations and liabilities that they may incur in their capacity as directors and officers of RL Canada following the commencement of these Recognition Proceedings. Such indemnity explicitly excludes any obligation or liability arising from a director's or officer's gross negligence or wilful misconduct. As security for such indemnity, the proposed Supplemental Order grants a charge over the Canadian Debtors' property in the amount of CAD \$3.4 million in favour of RL Canada's directors and officers.
63. The Proposed Information Officer assisted RL Canada in determining the appropriate quantum of the D&O Charge, taking into consideration the amount of RL Canada's anticipated payroll, vacation pay, and federal and provincial sales tax liabilities during these Recognition Proceedings, as summarized in Table 2:

Table 2

		Initial Filing
Payroll	\$	1,461,510
Accrued Vacation and Sick Days	\$	109,652
Sales Tax	\$	1,827,401
Excise Tax	\$	-
Environmental Liabilities	\$	-
Total	\$	3,398,563
Rounded	\$	3,400,000

64. The Proposed Information Officer understands that RL Canada's directors and officers are potential beneficiaries of directors' and officers' insurance which provides coverage for certain director and officer obligations. However, the Proposed Information Officer also understands that such insurance contains certain exceptions, exclusions, and carve-outs, and as a result, may not provide adequate coverage to RL Canada's directors and officers during these Recognition Proceedings. RL Canada'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.

65. The Proposed Information Officer understands that the D&O Charge is necessary to ensure the continued service RL Canada's directors and officers through the Chapter 11 Cases and these Recognition Proceedings. In the circumstances, the Proposed Information Officer is of the view that the D&O Charge is necessary and reasonable in the circumstances.
66. Having regard to the foregoing, the Proposed Information Officer respectfully recommends that the proposed D&O Charge be granted pursuant to the Supplemental Order.

J. ACTIVITIES OF THE PROPOSED INFORMATION OFFICER TO DATE

67. To date, the activities of the Proposed Information Officer have included, among other things:
 - (a) attending the hearing of the Debtors' First Day Motions in the Chapter 11 Cases via Zoom videoconference;
 - (b) monitoring the Docket to remain apprised of materials filed in the Chapter 11 Cases;
 - (c) preparing for and attending the Foreign Representative's application for the Interim Stay Order in these Recognition Proceedings;
 - (d) reviewing each of the First Day Motions and the First Day Orders in respect of which recognition is sought;
 - (e) engaging in discussions with Canadian counsel for the Foreign Representative and the other Canadian Debtors and assisting in determining the appropriate quantum of both the Administration Charge and the D&O Charge;
 - (f) corresponding with Fasken, the Proposed Information Officer's independent counsel, regarding the Chapter 11 Cases, these Recognition Proceedings, and

matters concerning the Pre-Petition Term Loan Agreement and Pre-petition Security Agreement; and

(g) preparing this Pre-Filing Report.

68. If appointed in these Recognition Proceedings, the proposed Supplemental Order contemplates that FTI, in its capacity as the Information Officer, will:

(a) assist the Foreign Representative in the performance of its duties in such capacity as the Foreign Representative may request;

(b) report to the Court with respect to the status of these Recognition Proceedings and the Chapter 11 Cases;

(c) provide creditors of the Canadian Debtors with non-confidential information provided by the Foreign Representative or the other Canadian Debtors in response to reasonable requests for such information;

(d) publish a notice substantially in the form attached as Schedule "A" to the Initial Recognition Order, once a week for two consecutive weeks, in *The Globe and Mail (National Edition)*; and

(e) establish a case website on which, among other things, materials filed in these Recognition Proceedings will be posted, including any orders granted by the Court and the Information Officer's reports to the Court.

K. CONCLUSION

69. For the reasons set out in this Pre-Filing Report, the Proposed Information Officer supports the relief sought by the Foreign Representative on the within application and respectfully recommends that the Court grant the proposed Initial Recognition Order and Supplemental Order.

Dated this 27th day of May, 2024.

FTI Consulting Canada Inc.,
solely in its capacity as Information Officer
in these CCAA Recognition Proceedings,
and not in its personal or corporate
capacity

DocuSigned by:

D55F23E6950345D...

Jeffrey Rosenberg
Senior Managing Director

Appendix “A”



Court File No.: CV-24-00720567-00CL

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

THE HONOURABLE)
JUSTICE PENNY) TUESDAY, THE 21st
DAY OF MAY, 2024

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

**AND IN THE MATTER OF RED LOBSTER MANAGEMENT LLC,
RED LOBSTER HOSPITALITY LLC and RED LOBSTER CANADA INC.**

APPLICATION UNDER SECTION 46 OF THE *COMPANIES' CREDITORS
ARRANGEMENT ACT*, R.S.C. 1985, C. C-36, AS AMENDED

**INTERIM STAY ORDER
(FOREIGN PROCEEDING)**

THIS APPLICATION, made pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") and section 106 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, by Red Lobster Management LLC. ("**RL Management**") in its capacity as the proposed foreign representative (in such capacity, the "**Proposed Foreign Representative**") in respect of the proceedings commenced on May 19, 2024, in the United States Bankruptcy Court for the Middle District of Florida pursuant to chapter 11 of title 11 of the United States Code (the "**Foreign Proceeding**"), for an Order substantially in the form enclosed in the Application Record, was heard this day by judicial videoconference in Toronto, Ontario.

ON READING the Notice of Application and the affidavit of Jonathan Tibus sworn May 20, 2024.

AND ON HEARING the submissions of counsel for the Proposed Foreign Representative, counsel for FTI Consulting Canada, Inc., in its capacity as the proposed information officer (the "**Proposed Information Officer**"), counsel for the Pre-Petition Term Loan Lenders and counsel for such other parties as were present and wished to be heard:

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Application and the Application Record is hereby abridged and validated so that this Application is properly returnable today and hereby dispenses with further service thereof.

STAY OF PROCEEDINGS

2. **THIS COURT ORDERS** from the date hereof and until such date as this Court may order (the "**Stay Period**"), no proceeding or enforcement process in any court or tribunal in Canada (each, a "**Proceeding**") shall be commenced or continued against or in respect of Red Lobster Canada Inc. ("**RL Canada**"), Red Lobster Hospitality LLC ("**RL Hospitality**") and RL Management (together with RL Canada and RL Hospitality, the "**Debtors**") or affecting their business (the "**Business**") or their current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate, including all proceeds thereof (the "**Property**"), except with the written consent of the applicable Debtor, or with leave of this Court, and any and all proceedings currently under way against or in respect of any of the Debtors, or affecting the Business or the Property, are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

3. **THIS COURT ORDERS** that during the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities or person (all of

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the foregoing, collectively being "**Persons**" and each being a "**Person**") against or in respect of the Debtors, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the applicable Debtor, or with leave of this Court, provided that nothing in this Order shall (i) prevent the assertion of or the exercise of rights and remedies in the Foreign Proceeding, (ii) empower any Debtor to carry on any business in Canada which such Debtor is not lawfully entitled to carry on, (iii) affect such investigations or proceedings by a regulatory body as are permitted by section 11.1 of the CCAA, (iv) prevent the filing of any registration to preserve or perfect a security interest, or (v) prevent the registration of a claim for lien.

NO INTERFERENCE WITH RIGHTS

4. **THIS COURT ORDERS** that, during the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, lease, licence or permit in favour of or held by any of the Debtors and affecting the Business or Property in Canada, except with the written consent of the applicable Debtor, or with leave of this Court.

ADDITIONAL PROTECTIONS

5. **THIS COURT ORDERS** that, during the Stay Period, all Persons having oral or written agreements with the Debtors or statutory or regulatory mandates for the supply of goods and/or services in Canada, including without limitation, all licencing arrangements, manufacturing arrangements, computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility, fuel, maintenance, customs broker services or other services provided in respect of the Property or Business of the Debtors, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with

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or terminating the supply of such goods or services as may be required by the Debtors, and that the Debtors shall be entitled to the continued use in Canada of their current premises, bank accounts, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Debtors in accordance with normal payment practices of the Debtors or such practices as may be agreed upon by the supplier or service provider and the Debtors, or as may be ordered by this Court.

6. **THIS COURT ORDERS** that during the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of the Debtors with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the Debtors whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations.

NO SALE OF PROPERTY

7. **THIS COURT ORDERS** that, except with the leave of this Court, each of the Debtors is prohibited from selling or otherwise disposing of:

- (a) outside the ordinary course of their Business, any of their Property in Canada that relates to the Business; and
- (b) any of their other Property in Canada.

SERVICE AND NOTICE

8. **THIS COURT ORDERS** that The Guide Concerning Commercial List E-Service (the "**Protocol**") is approved and adopted by reference herein and, in this proceeding, the service of

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documents made in accordance with the Protocol (which can be found on the Commercial List website at <https://www.ontariocourts.ca/scj/practice/regional-practice-directions/eservice-commercial/>) shall be valid and effective service. Subject to Rule 17.05, this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure, service of documents in accordance with the Protocol will be effective on transmission.

9. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol is not practicable, the Debtors, the Proposed Foreign Representative, the Proposed Information Officer, and their respective counsel are at liberty to serve or distribute this Order, any other materials and orders in these proceedings, and any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery, facsimile transmission or electronic transmission to the Debtors' creditors or other interested parties at their respective addresses (including e-mail addresses) as last shown on the records of the applicable Debtor and that any such service or distribution shall be deemed to be received (a) in the case of delivery by personal delivery, facsimile or electronic transmission, on the date of delivery or transmission, (b) in the case of delivery by prepaid ordinary mail, on the third business day after mailing, and (c) in the case of delivery by courier, on the next business day following the date of forwarding thereof.

10. **THIS COURT ORDERS** that the Debtors, the Proposed Foreign Representative, the Proposed Information Officer, and their respective counsel are at liberty to serve or distribute this Order and any other materials and orders as may be reasonably required in these proceedings, including any notices or other correspondence, by forwarding true copies thereof by electronic message to the Debtors' creditors or other interested parties and their advisors. For greater

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certainty, any such distribution or service shall be deemed to be in satisfaction of a legal or juridical obligation and notice requirements within the meaning of clause 3(c) of the Electronic Commerce Protection Regulations, Reg. 81000-2-175 (SOR/DORS).

GENERAL

11. **THIS COURT ORDERS** that any party may, from time to time, apply to this Court for such further or other relief as it may advise, including for directions in respect of this Order.

12. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, or regulatory or administrative body having jurisdiction in Canada, the United States of America or any other foreign jurisdiction, to give effect to this Order and to assist the Debtors, the Proposed Foreign Representative, and their counsel and agents in carrying out the terms of this Order. All courts, tribunals, and regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Debtors and the Proposed Foreign Representative as may be necessary or desirable to give effect to this Order, or to assist the Debtors and the Proposed Foreign Representative and their agents in carrying out the terms of this Order.

13. **THIS COURT ORDERS** that this Order shall be effective as of 12:01 a.m. on the date of this Order without the need for entry or filing of this Order.



A handwritten signature in blue ink, appearing to read "Perry J.", is written above a horizontal line.

Court File No.: CV-24-00720567-00CL

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

AND IN THE MATTER OF RED LOBSTER MANAGEMENT LLC, RED LOBSTER HOSPITALITY LLC and RED LOBSTER CANADA, INC.

APPLICATION OF RED LOBSTER MANAGEMENT LLC UNDER SECTION 46 OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

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

Proceeding Commenced at Toronto

**INTERIM STAY ORDER
(FOREIGN PROCEEDING)**

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Lawyers for the Applicant

Appendix “B”

**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 RED LOBSTER MANAGEMENT LLC; RED
LOBSTER HOSPITALITY LLC and RED LOBSTER CANADA, INC.**

**APPLICATION UNDER SECTION 46 OF THE COMPANIES' CREDITORS
ARRANGEMENT ACT, R.S.C. 1985, C. C-36, AS AMENDED**

CONSENT

FTI CONSULTING CANADA INC. hereby consents to act as Information Officer in the above-captioned proceeding in accordance with the terms of an order substantially in the form served herewith.

DATED at Toronto, this 23rd day of May, 2024

FTI CONSULTING CANADA INC.

Per: _____

Name: JEFFREY ROSENBERG

Title: SENIOR MANAGING DIRECTOR

I have authority to bind the company

Appendix “C”

