

**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 957855 ALBERTA LTD.
(FORMERLY NEWSWEST INC.) AND ROSEBUD CREEK
FINANCIAL CORP. IN RESPECT OF METRO 360
GENERAL PARTNERSHIP**

Applicants

MOTION RECORD

(Motion returnable June 26, 2020)

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NewsWest Inc.), Rosebud Creek Financial Corp.,
and Metro 360 General Partnership.

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2.	Affidavit of Daniel P. Shapiro sworn June 10, 2020
3.	Second Report of the Proposal Trustee and the Report of the proposed Monitor (as KSV Kofman Inc. then was) dated June 10, 2020
4.	Draft Stay Extension Order

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Court File No.: CV-20-00642783-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

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

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FINANCIAL CORP. IN RESPECT OF METRO 360
GENERAL PARTNERSHIP**

Applicants

NOTICE OF MOTION

(returnable June 26, 2020)

957855 Alberta Ltd. (formerly NewsWest Inc.) ("**Alberta HoldCo**") and Rosebud Creek Financial Corp. ("**Rosebud HoldCo**" and, together with Alberta HoldCo, the "**Partners**"), as the partners of the Metro 360 General Partnership ("**Metro 360**" and, together with the Partners, the "**CCAA Entities**"), will make a motion before Justice Hainey of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") on June 26, 2020, in writing, or alternatively, at 11:00 a.m. or as soon thereafter as the motion can be heard, by videoconference call in light of the COVID-19 crisis, or otherwise as may be directed by the Court. In the event a videoconference hearing, please refer to the videoconference details attached at Schedule "A" hereto in order to attend the motion and advise if you intend to join the motion by emailing Andrew Harmes at aharmes@goodmans.ca.

PROPOSED METHOD OF HEARING: The motion is to be heard in writing, or, alternatively, orally by videoconference.

THE MOTION IS FOR:

1. An Order (the “**Stay Extension Order**”), in substantially the form attached at Tab 4 of the Motion Record dated June 19, 2020 (the “**Motion Record**”), among other things:
 - (a) abridging and validating the time for service of this Notice of Motion and the Motion Record and dispensing with further service thereof;
 - (b) extending the Stay Period (as defined in the Initial Order of this Court granted on June 17, 2020 (the “**Initial Order**”)) to and including September 18, 2020; and
 - (c) granting such further and other relief, advice and directions as counsel may request and this Court deems just.

THE GROUNDS FOR THE MOTION are as follows:

2. Metro 360 is a general partnership established under the laws of Ontario which operates a multi-faceted business that, prior to completing the TNG Transaction (as defined below), was focused primarily on the wholesale distribution of books, magazines and newspapers to various single-copy retail customers across Canada (the “**Literature Business**”).
3. On April 6, 2020, the Partners filed notices of intention to make a proposal pursuant to section 50.4 of the *Bankruptcy and Insolvency Act* (Canada), R.S.C., 1985, c. B-3, as amended (the “**BIA**”), to initiate proceedings (the “**Proposal Proceedings**”) to implement the sale of the Literature Business to Great Pacific Enterprises Inc. dba TNG (the “**TNG Transaction**”).

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4. KSV Kofman Inc. (“**KSV**”) was appointed as the proposal trustee in the Proposal Proceedings (in such capacity, the “**Proposal Trustee**”). The TNG Transaction was approved by this Court on April 7, 2020 and closed the next day on April 8, 2020.

5. The stay of proceedings and certain other protections provided in the Proposal Proceedings were extended to Metro 360 pursuant to an order of this Court granted on April 7, 2020, which also extended the time within which to the Partners were required to make a proposal pursuant to section 62(1) of the BIA to and including June 19, 2020.

6. On June 17, 2020, the Court granted the Initial Order, among other things, (i) taking up and continuing of the Proposal Proceedings under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”), (ii) granting a stay of proceedings under the CCAA in respect of the CCAA Entities until and including June 26, 2020, and (iii) appointing KSV as the monitor of the CCAA Entities in these proceedings (in such capacity, the “**Monitor**”).

7. The CCAA Entities have acted and continue to act in good faith and with due diligence in in respect of all matters relating to the Proposal Proceedings and the conversion thereof to proceedings under the CCAA.

8. The CCAA Entities require an extension of the Stay Period to September 18, 2020 to, among other things, (i) maintain the stability of Metro 360’s remaining operating businesses, (ii) complete the wind-down of the Literature Business (including the collection of outstanding accounts receivable and retrieval and return of unsold inventory), and (iii) allow Metro 360’s business investments time to advance and mature, in each case with a view to maximizing value for Metro 360’s creditors and eventually having Metro 360 emerge from creditor protection.

9. Metro 360 is projected to have sufficient liquidity to operate in the normal course throughout the proposed Stay Period.
10. Creditors will not suffer any material prejudice if the Stay Period is extended.
11. The CCAA Entities have acted in good faith and with due diligence in pursuing their restructuring measures.
12. The Monitor is supportive of the proposed extension of the Stay Period to and including September 18, 2020.
13. Such other grounds as further set out in the affidavit of Daniel P. Shapiro sworn June 10, 2020 (the “**Shapiro Affidavit**”).
14. The provisions of the CCAA, including sections 11, 11.02, and this Court’s equitable jurisdiction thereunder.
15. Rules 1.04, 1.05, 2.03, 3.02, 16, 37, and 39 of the *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194, as amended.
16. Such further and other grounds as counsel may advise and this Court may permit.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of the motion:

17. The Shapiro Affidavit (without exhibits);
18. The Second Report of the Proposal Trustee and the Report of the proposed Monitor (as KSV then was) dated June 10, 2020 (without the confidential appendix thereto, which has been sealed by this Honourable Court); and

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19. Such further and other materials as counsel may advise and this Court may permit.

June 19, 2020

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NewsWest Inc.), Rosebud Creek Financial Corp.,
and Metro 360 General Partnership

SCHEDULE “A”

Videoconference Details

To join hearing using a computer:

<https://us02web.zoom.us/j/87455218191?pwd=aW54aUpESnE4M09UMGVtM0VQalZxdz09>

Meeting ID: 874 5521 8191

Meeting Password: 932652

To join hearing by phone:

One tap mobile

+16473744685,,87455218191#,,,0#,,932652# Canada

+16475580588,,87455218191#,,,0#,,932652# Canada

Meeting Password: 932652

OR Dial by your location

+1 778 907 2071 Canada

+1 438 809 7799 Canada

+1 587 328 1099 Canada

+1 647 374 4685 Canada

+1 647 558 0588 Canada

Meeting ID: 874 5521 8191

Meeting Password: 932652

Find your local number: <https://zoom.us/u/aeaLmcB9q8>

**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 957855
ALBERTA LTD. (FORMERLY NEWSWEST INC.) AND ROSEBUD CREEK FINANCIAL
CORP. IN RESPECT OF METRO 360 GENERAL PARTNERSHIP**

Court File No.: CV-20-00642783-00CL

Applicants

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

**NOTICE OF MOTION
(returnable June 26, 2020)**

GOODMANS LLP

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Estate / Court File No.: 31-2636843

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

**IN THE MATTER OF THE PROPOSAL OF METRO 360
GENERAL PARTNERSHIP AND THE PARTNERS
THEREOF**

AFFIDAVIT OF DANIEL P. SHAPIRO
(sworn June 10, 2020)

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Estate / Court File No.: 31-2636843

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

**IN THE MATTER OF THE PROPOSAL OF METRO 360
GENERAL PARTNERSHIP AND THE PARTNERS
THEREOF**

**AFFIDAVIT OF DANIEL P. SHAPIRO
(sworn June 10, 2020)**

I, Daniel P. Shapiro, of the City of Toronto, in the Province of Ontario, **MAKE OATH
AND SAY:**

I. INTRODUCTION

1. I am the President of 957855 Alberta Ltd. (formerly NewsWest Inc.) (“**Alberta HoldCo**”) and the President of Rosebud Creek Financial Corp. (“**Rosebud HoldCo**” and together, with the Alberta HoldCo, the “**Partners**”). The Partners are holding companies which together hold 100% of the interests of Metro 360 General Partnership (“**Metro 360**”). Accordingly, I have personal knowledge of the matters to which I depose in this affidavit. Where I do not possess personal knowledge, I have stated the source of my information and, in all such cases, believe it to be true. Neither the Partners nor Metro 360 waive or intend to waive any applicable privilege by any statement herein.

2. This affidavit is sworn in support of the Partners' motion for an Order (the "**Initial Order**"), among other things, taking up and continuing the Proposal Proceedings (as defined below) under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"). While Metro 360 is not a party to the Proposal Proceedings (except to the extent that certain protections afforded to the Partners in the Proposal Proceedings were extended to Metro 360) and is not proposed to be an applicant in the CCAA proceedings, the Partners request that this Court exercise its jurisdiction to extend the stay of proceedings and certain other protections under the proposed Initial Order to Metro 360 as it is through Metro 360 that the Partners conduct their business operations. Both Alberta HoldCo and Rosebud HoldCo are holding companies which do not conduct any active business other than as acting as a partner of Metro 360, or holding investments in certain other operating entities. The only reason that Metro 360 is not an applicant in the CCAA proceedings is that it is a partnership, and thus incapable of being an applicant under that legislation.

3. Unless otherwise indicated, monetary references in this affidavit are references to Canadian dollars.

II. OVERVIEW

4. Metro 360 is a general partnership established under the laws of Ontario which operates a multi-faceted business that, prior to completing the TNG Transaction (as defined and described below), was focused primarily on the wholesale distribution of books, magazines and newspapers to various single-copy retail customers across Canada (the "**Literature Business**").

5. In my affidavit sworn on April 6, 2020 in these proceedings (the “**April 6 Affidavit**”), a copy of which (without exhibits) is attached hereto as Exhibit “A”, I provided considerable detail on Metro 360, the Partners, the Literature Business and the issues which were facing it at the time, the options considered by Metro 360 and the reason why the sale of the Literature Business (the “**TNG Transaction**”) to Great Pacific Enterprises Inc. dba TNG (“**TNG**”) was the only viable option and was of benefit to the stakeholders of Metro 360 and the Partners. I do not repeat herein the detailed background information on these matters which was contained in the April 6 Affidavit.¹

6. On April 6, 2020, the Partners filed notices of intention to make a proposal (each, an “**NOI**” and together, the “**Proposal Proceedings**”) pursuant to section 50.4 of the *Bankruptcy and Insolvency Act* (Canada) (the “**BIA**”) to initiate proceedings to implement the TNG Transaction. The April 6 Affidavit was sworn in support of the approval of the TNG Transaction, which was also supported by KSV Kofman Inc. (“**KSV**”), in its capacity as the proposal trustee in the Proposal Proceedings (in such capacity, the “**Proposal Trustee**”). Copies of the NOIs are attached to this affidavit as Exhibits “B” and “C”. This Court granted an Approval and Vesting Order on April 7, 2020 approving the TNG Transaction, a copy of which is attached hereto as Exhibit “D”, and the TNG Transaction closed the next day on April 8, 2020.

7. As was detailed in the April 6 Affidavit and at the April 7, 2020 hearing, Metro 360 and the Partners believe that the sale of the Literature Business pursuant to the TNG Transaction, in conjunction with the collection of accounts receivable and the return of unsold inventory,

¹ Capitalized terms used in this affidavit that are not otherwise defined have the meaning given to such terms in the April 6 Affidavit.

combined with the continuation of Metro 360's other business operations, would maximize value in the circumstances and assist Metro 360 in its efforts to eventually develop and advance a restructuring plan that would result in full repayment to its creditors. Since part of that restructuring plan will depend upon the performance of Metro 360's other businesses and investments, and in light of current economic conditions in the pandemic, it is likely that any such plan will take more than 6 months to formulate.

8. In consultation with their professional advisors and the Proposal Trustee, Metro 360 and the Partners have determined that the CCAA provides the most appropriate forum for them to develop a restructuring plan that will maximize value and hopefully repay Metro 360's creditors in full. As referenced above, Metro 360 has other operating businesses and investments which can generate revenue and returns to assist with the debt repayment over time. Metro 360 and the Partners require the flexibility and stability afforded by the CCAA to enable Metro 360 to continue to operate its remaining businesses and afford additional time for its business investments to generate more value for the benefit of Metro 360's stakeholders. I believe that the CCAA is the most appropriate forum for Metro 360 and the Partners to pursue their restructuring, as the potential additional time which it affords will provide Metro 360 and the Partners with the best opportunity to develop and advance a restructuring plan that will further the stated intention of repaying Metro 360's creditors in full.

9. Accordingly, the Partners are seeking the proposed Initial Order to convert and take up the Proposal Proceedings under the CCAA.

10. The Partners are also requesting that certain protections and authorizations under the proposed Initial Order, including a stay of proceedings, be extended for the benefit of Metro 360.

The Partners believe that such relief is appropriate in the circumstances as Metro 360 is the entity through which their partnership's operating business is conducted. While Metro 360 did not file a NOI in anticipation of this motion to convert the Proposal Proceedings to proceedings under the CCAA, the stay of proceedings and certain other protections provided in the Proposal Proceedings were extended to Metro 360 pursuant to an order of this Court granted on April 7, 2020 (the "**Procedure Order**"), a copy of which is attached hereto as Exhibit "E". It would be detrimental to Metro 360's operating businesses and overall restructuring efforts, and to the stakeholders of Metro 360, if it does not continue to benefit from a stay of proceedings following the conversion of the Proposal Proceedings to proceedings under the CCAA. The granting of the requested Initial Order will maintain stability for Metro 360's operating businesses while a restructuring plan is advanced under the CCAA, thereby providing the best opportunity for an orderly restructuring and a value-maximizing outcome for the benefit of Metro 360's stakeholders.

III. METRO 360'S OTHER BUSINESS INTERESTS

11. As part of Metro 360's efforts to diversify its activities, Metro 360 has invested in a number of emerging businesses. As shown on the corporate chart attached as Exhibit "F" to this affidavit, Metro 360 has investments in the following businesses: Well Ventures Corp. ("**Well Ventures**"); Handfuel Inc. ("**Handfuel**"); All Day Nutritionals Canada Ltd. ("**All Day Nutritionals Canada**") and All Day Nutritionals Inc. ("**All Day Nutritionals U.S.**" and, together with All Day Nutritionals Canada, "**Swift Work Wellness**"); Spectral Agriventures Inc. ("**Spectral Agriventures**"); and Retail Support Services (Canada) Ltd. ("**RS2**").

12. Details of Metro 360's emerging business investments are as follows:

- (a) Well Ventures: Well Ventures, through its wholly-owned subsidiary Well Juicery Canada Ltd., is a Canadian health drink company. Well Ventures manufactures and distributes a variety of cold pressed juices, nutrient infused lemonades and kombucha drinks under the brand name "Well" to retailers and restaurants across Canada, and also develops and supplies private label drink brands. Well Ventures has also recently launched an organic vodka infused lemonade line of products that is currently sold in liquor stores in Ontario and Western Canada, and is expected to be distributed in the United States through an arrangement with a significant American national grocery retailer. Metro 360 holds an approximately 14% interest in Well Ventures.²

- (b) Handfuel: Handfuel is a Canadian healthy snack company which is focused on manufacturing flavourful and nutritious snack products for health conscious consumers. Handfuel has retail listings at a number of nationally recognized grocers and restaurants in Canada, and its product is also expected to be distributed in the United States beginning in late 2020 or early 2021. Metro 360 holds a 50% interest in Handfuel.

- (c) Swift Work Wellness: Swift Work Wellness produces a liquid supplement designed to support immune system health, enhance focus and improve energy. Swift Work Wellness' liquid supplement is dispensed through a cooler system

² Rosebud HoldCo also holds a 9.7% interest Well Ventures.

and is marketed towards use in workplace break rooms as a means of improving workplace wellness and overall employee performance. Metro 360's interest in Swift Work Wellness consists of a 27% holding in All Day Nutritionals U.S., the U.S. parent, and a 45% interest in All Day Nutritionals Canada, the Canadian subsidiary.

- (d) Spectral Agriventures: Spectral Agriventures has developed a cost-efficient turnkey greenhouse model which has the potential to reposition how Canadian grocery retailers source produce and leafy greens. In particular, Spectral Agriventures' turnkey greenhouse model allows for produce to be grown and distributed within Canada on a cost-efficient basis, ensuring freshness, and a reduced carbon footprint, and maintaining price competitiveness against international growers. Metro 360 directly holds an approximately 8% interest in Spectral Agriventures and also has a 36% interest in Spectral Agriventures indirectly through Well Ventures.

- (e) RS2: RS2 has developed a methodology to collect, organize, analyze and sell retail sales data, with a specific focus on magazines. RS2 also owns, manages and sells a cover analyzer database to publishers which allows publisher to assess the performance of their own and competing titles. Metro 360 holds a 37% interest in RS2, with the Jim Pattison Group (which is also the ultimate owner of TNG, the purchaser of the Literature Business) owning the remaining interest.

13. Well Ventures, Handfuel, Swift Work Wellness, Spectral Agriventures and RS2 are not applicants in the proposed CCAA proceedings.³

IV. UPDATE ON MATTERS SINCE THE COMMENCEMENT OF THE PROPOSAL PROCEEDINGS

14. Since commencing the Proposal Proceedings, Metro 360 and the Partners, in consultation with and with the assistance of the Proposal Trustee, have been working diligently to, among other things, implement the TNG Transaction, facilitate the return of unsold Literature Business inventory for credit and a reduction of the Metro 360 payables, collect the outstanding accounts receivable related to the Literature Business, maintain the stability of its remaining operating businesses (with a focus on its consumer packaged goods businesses) and continue to grow its business investments, manage relationships with key stakeholders, and begin the process of working towards developing and advancing a restructuring plan that maximizes value for the benefit of creditors and other stakeholders, as discussed further in this affidavit.

A. Activities Since the Commencement of the Proposal Proceedings

15. Metro 360's activities since the April 7 hearing include the following:

- (a) As referenced above and described further below, Metro 360 completed the TNG Transaction on April 8, 2020 in accordance with the Approval and Vesting Order. In connection with the implementation of the TNG Transaction, representatives of Metro 360 have engaged with its major retail customers and hundreds of its

³ Rosebud HoldCo, in addition to being a Partner of Metro 360, also owns a 50% interest in United Library Services Inc. ("ULS"), a wholesale distributor of books to schools and libraries primarily in Western Canada. Metro 360 does not hold any interest in ULS.

smaller retail customers in an effort to assist with the transition of the Literature Business to TNG;

- (b) Metro 360 has been working diligently since the closing of the TNG Transaction to facilitate the return and processing of unsold Literature Business inventory (which is discussed further below) and to collect its outstanding accounts receivable;
- (c) Metro 360 and the Partners have undertaken efforts following the implementation of the TNG Transaction to eliminate or reduce certain redundant expenses and have also commenced efforts, where applicable, to market certain remaining surplus assets in order to generate additional proceeds and in this regard has sold certain vehicles generating recoveries of \$31,119.47 (plus HST), in accordance with the terms of the Procedure Order;
- (d) Metro 360 and its counsel have been in discussions with certain creditors and their representatives to provide information and responses with respect to various inquiries regarding the Proposal Proceedings;
- (e) Metro 360 has reduced its employee headcount by approximately 335 employees following the sale of the Literature Business (the majority of such employees being offered employment with TNG as part of the TNG Transaction) and has also implemented a temporary 20 percent wage cut for its management employees;

- (f) Metro 360 has continued paying its remaining employees and personnel and has remitted pension contributions in the ordinary course in accordance with existing practices and, as discussed in further detail below, has developed a key employee retention plan (discussed further below) in an effort to retain the services of selected key employees and prevent their departures; and
- (g) Metro 360 has continued paying suppliers for goods and services that were contracted for and provided to Metro 360 after the commencement of the Proposal Proceedings.

16. Senior management of Metro 360 and the Partners have met regularly with their counsel and with the Proposal Trustee to provide ongoing updates with respect to Metro 360's remaining business operations, interactions with stakeholders, and other developments during the Proposal Proceedings. I understand that the Proposal Trustee will be filing a report in connection with this motion (the "**Second Report**") that will further detail the activities of Metro 360 and of the Proposal Trustee since the commencement of the Proposal Proceedings.

B. Implementation of the TNG Transaction and Collection and Return of Unsold Inventory

17. As referenced above, the TNG Transaction closed on April 8, 2020. The first installment of the \$925,000 purchase price, in the amount of \$185,000, was paid to Metro 360 at closing, and the second purchase price installment of \$185,000 was made in May. There are three monthly purchase price installments which remain to be paid to Metro 360 pursuant to the terms of the

Purchase Agreement, including the June payment which Metro 360 expects to receive in short order.

18. In connection with the closing of the TNG Transaction, 23 of Metro 360's 70 salaried employees and 268 of its approximately 300 hourly employees were offered employment with TNG. Metro 360 currently has a staff of 43 employees to assist, among other things, with the wind-down of the Literature Business, the collection of outstanding accounts receivable and the operation of Metro 360's ongoing business activities. Those Metro 360 employees who were not offered employment with TNG and whose services were no longer required as a result of the sale of the Literature Business were advised following completion of the TNG Transaction that their employment with Metro 360 was being terminated.

19. As advised in the April 6 Affidavit, at that time, Metro 360 had approximately \$35 million of refundable Literature Business inventory at retail accounts and with its logistics provider. Pursuant to the TNG Transaction and the terms of the Purchase Agreement, TNG agreed to retrieve and return all of Metro 360's unsold Literature Business inventory at TNG's sole cost and expense. Following the closing of the TNG Transaction, representatives of Metro 360 and TNG worked together to develop a detailed standard operating procedure to facilitate the retrieval and processing of this unsold Literature Business inventory.

20. As at May 23, 2020, approximately \$25.8 million of the inventory that had been with Metro 360's retail accounts and with Metro 360's logistics provider, has been returned to suppliers and processed for refund through Metro 360's software system. The process of retrieving Metro 360's significant amount of unsold Literature Business inventory is a

considerable undertaking, particularly in the current COVID-19 environment, and Metro 360 estimates that the process will take until at least the end of October 2020 to complete.

21. Metro 360, in consultation with the Proposal Trustee, has been working diligently with TNG to facilitate the retrieval and return of Metro 360 inventory in a timely manner and will continue to do so following the conversion of these Proposal Proceedings to proceedings under the CCAA.

C. Discussions with BNS

22. I am advised by Goodmans LLP (“**Goodmans**”), counsel to Metro 360 and the Partners, that in advance of the hearing to approve the TNG Transaction, Goodmans conducted searches of the personal property registry systems in respect of Metro 360 in the provinces in which it operates in order to determine whether there were any secured parties that required advance notice pursuant to the BIA, and that such searches did not reveal any registrations against Metro 360. I am also advised by Goodmans that further searches were performed in respect of the Partners shortly before the sale hearing, which searches showed a registration in Ontario in favour of the Bank of Nova Scotia (“**BNS**”) against Rosebud HoldCo relating to Rosebud HoldCo’s guarantee of a non-revolving credit facility made available by BNS to me personally pursuant to a commitment letter dated December 21, 2018. Although there was no registration in respect of Metro 360, notice of the sale hearing and the relief being sought, along with copies of the relevant materials, were provided to representatives of BNS on the morning of such hearing.

23. Following the hearing, Goodmans engaged with counsel to BNS. During this time, it was determined that Metro 360 had also provided a guarantee, although no security interest was

registered against Metro 360. BNS amended its registration after the NOI filing to add Metro 360 as a debtor. Following discussions amongst counsel, the parties agreed that reasonable notice would be provided to BNS in respect of any sale outside of the ordinary course of business, and that BNS would be added to the service list in these proceedings.

D. Disposal of Redundant or Non-Material Assets

24. As referenced in the April 6 Affidavit, at the time of the sale hearing, the Court was advised that Metro 360 was in the process of considering and pursuing a number of other potential transactions with respect to non-material assets and/or businesses not included within the scope of the TNG Transaction (the “**Non-Material Residual Assets**”). The Procedure Order authorized Metro 360 to enter into and complete any transaction for the Non-Material Residual Assets for proceeds not exceeding \$200,000 in any one transaction or \$400,000 in the aggregate.

25. In this regard, Metro 360 has sold certain vehicles generating recoveries of \$31,119.47 (plus HST), and is currently in the process of pursuing and considering various other options with respect to its Non-Material Residual Assets.

V. FINANCIAL SITUATION

26. As referenced above, Alberta HoldCo and Rosebud HoldCo are both holding companies and it is Metro 360 that is the principal operating entity through which the Partners conduct their business operations. Accordingly, the discussion in this section is focused on Metro 360’s financial situation.

A. Financial Statements

27. A copy of Metro 360's reviewed financial statements as of December 31, 2019 is attached as Exhibit "G" to this affidavit. These are the most recent set of annual reviewed financial statements prepared by Metro 360's auditor.

28. In addition, a copy of Metro 360's unaudited balance sheet and fiscal year-to-date income statement for the period ended May 23, 2020 is attached as Exhibit "H" to this affidavit.

29. As at May 23, 2020, Metro 360 had total consolidated assets with a net book value of approximately \$32.5 million, and total consolidated liabilities of approximately \$34.9 million. The book value of Metro 360's assets includes illiquid assets, such as intercompany receivables and its business investments. It should also be noted that, after and as a result of the TNG Transaction, no borrowings are outstanding or permitted under the Credit Agreement dated as of October 17, 2012 between Metro 360 and the Toronto Dominion Bank ("TD"), as described in the April 6 Affidavit.

B. Unsecured Creditors

30. As at May 23, 2020, Metro 360 had approximately \$32.6 million in outstanding accounts payable due to trade creditors.

31. As referenced above and described in greater detail in the April 6 Affidavit, the disruption caused by COVID-19 left Metro 360 in significant arrears to its supplier base, with approximately \$65 million in current liabilities owed to unsecured creditors at the time of the sale hearing, approximately \$51 million of which was owed to trade creditors. Through the TNG

Transaction and the sale, retrieval and return of approximately \$25.8 million of Metro 360's unsold inventory to date, Metro 360 has been able to significantly reduce the amount of outstanding accounts payable currently due to trade creditors.

C. Cash Position

32. As at June 4, 2020, Metro 360's cash balance was approximately \$11.1 million.

33. Metro 360, with the assistance of the Proposal Trustee, has prepared a 13-week cash flow forecast (the "**Cash-Flow Forecast**") as required by the CCAA. I understand that the Cash-Flow Forecast will be attached as an appendix to the Second Report.

VI. CONTINUATION OF THE PROPOSAL PROCEEDINGS UNDER CCAA

34. The Partners seek to continue the Proposal Proceedings under the CCAA pursuant to Section 11.6 of the CCAA. The CCAA is the best forum for these proceedings and presents the best possible chance of maximizing value for all stakeholders of Metro 360, including its creditors.

35. I am advised by counsel that pursuant to the BIA, Metro 360 is required to file with the Proposal Trustee a proposal, which would be acceptable to creditors, within a maximum of six months from the commencement of the Proposal Proceedings. Metro 360 has been focused in the Proposal Proceedings on maintaining the stability of its remaining operating businesses following the completion of the TNG Transaction and facilitating the wind-down of the Literature Business, and it requires additional time in the current economic environment to develop a restructuring plan that can be presented to creditors. In addition, Metro 360's other

business investments are advancing, but require further runway for maximum value to be realized as these are early stage businesses. Converting the Proposal Proceedings to proceedings under the CCAA will afford Metro 360 greater flexibility and additional time to focus on growing its ongoing business and investments, thereby maximizing value for stakeholders.

36. In addition, I am also advised by counsel that if the Proposal Proceedings continue and Metro 360 fails to make a proposal or if such a proposal is rejected by its creditors, or if Metro 360 fails to meet certain statutory timelines under the Proposal Proceedings, the Partners, and thus Metro 360, will be automatically deemed bankrupt.

37. I am advised that KSV, as the Proposal Trustee, supports the Partners' motion to continue the Proposal Proceedings under the CCAA and consents to its appointment as Monitor in the proposed CCAA proceedings.

VII. CCAA PROCEEDINGS AND THE RELIEF SOUGHT

A. Objective of the CCAA Filing

38. As described above and in further detail in the April 6 Affidavit, as a result of the general decline in the print market and the unprecedented challenges impacting Metro 360 and the Literature Business in connection with the COVID-19 pandemic, Metro 360 sought protection from its creditors under the BIA in order to facilitate the TNG Transaction in respect of the Literature Business so that the value remaining in such business could be preserved, creditor claims could be reduced through the going concern continuation of the Literature Business (which facilitates the retrieval and return of unsold Literature Business inventory and the

collection of outstanding accounts receivable), and the jobs of hundreds of employees could be protected. The TNG Transaction has been completed, but Metro 360 continues to require protection from its creditors as Metro 360 is currently unable to satisfy in full its obligations to creditors and is therefore insolvent. Continued creditor protection will maintain stability for Metro 360's remaining operating businesses (including its consumer packaged goods businesses) and provide additional time for its business investments to mature so that a value maximizing restructuring plan can be presented to creditors.

39. As part of Metro 360's restructuring strategy, while under CCAA protection, it intends, among other things, to:

- (a) use the time and stability afforded by the CCAA to continue to manage the remaining Metro 360 operating businesses and further develop Metro 360's emerging business investments;
- (b) continue to collect outstanding accounts receivable related to the Literature Business and work with TNG to complete the retrieval and return of unsold Literature Business inventory;
- (c) continue to explore opportunities for the sale of Non-Material Residual Assets and enter into and complete transactions in respect thereof in accordance with the proposed Initial Order (which contains the same asset-disposition thresholds as are set out in the Procedure Order);

- (d) continue to grow Metro 360's ongoing business operations (including its consumer packaged goods businesses) and investments and enable such businesses and investments time to develop; and
- (e) develop a plan of compromise or arrangement within the CCAA proceedings that can be presented to Metro 360's creditors,

in each case with a view to maximizing value for Metro 360's creditors and eventually having Metro 360 emerge from creditor protection.

40. The flexibility afforded by the CCAA will allow Metro 360 time to continue to carry on its business operations in the normal course and undertake to wind-down the Literature Business while concurrently advancing a restructuring plan, thereby preserving going concern value and enabling its emerging business investments time to develop. Metro 360 believes that the continuation of the Proposal Proceedings under the CCAA will provide the best opportunity for Metro 360 to complete an orderly restructuring and achieve a value-maximizing outcome for all stakeholders.

B. Relief Sought

(i) Stay of Proceedings and Extension of Relief to Metro 360

41. Metro 360 requires continued protection from its creditors. In the present circumstances, Metro 360 is currently unable to satisfy all of its liabilities as they become due and is therefore insolvent. Without the benefit of continued creditor protection, there could be an immediate and significant erosion of value to the detriment of stakeholders.

42. Although Metro 360 is not an applicant to these proceedings (since it is a general partnership rather than a “company” to which the CCAA applies), the Partners are requesting that the benefit of certain protections and authorizations of the Initial Order in favour of Alberta HoldCo and Rosebud HoldCo, including the stay of proceedings and the restriction on the ability of contract counterparties to terminate or amend pre-filing agreements due to insolvency, be extended for the benefit of Metro 360. It is essential that Metro 360 benefit from CCAA protection given that:

- (a) the stay of proceedings under the BIA and the restriction under the BIA on the ability of contract counterparties to terminate or amend pre-filing agreements due to insolvency have both been extended in the Proposal Proceedings to Metro 360 pursuant to the Procedure Order;
- (b) Metro 360 is the entity through which the Partners conduct their business operations as the Partners are holding companies that do not conduct any active business in the ordinary course, and it would be extremely detrimental to the Partners, to Metro 360, and to Metro 360’s business operations and stakeholders if a stay of proceedings under the CCAA was not extended to Metro 360;
- (c) it would also be extremely detrimental if any of Metro 360’s customers, suppliers or service providers ceased performing under existing agreements or tightened terms as a result of the conversion of the Proposal Proceedings to proceedings under the CCAA;

- (d) if any enforcement proceedings were commenced against Metro 360, it would cause significant disruption to the Partners and defeat the purpose of obtaining CCAA protection to preserve the stability of, and provide additional time to, Metro 360 and its business; and
- (e) any impairment or disruption of Metro 360's ongoing business will adversely impact its ability to file a plan of compromise or arrangement for consideration by its creditors.

43. In the absence of extending CCAA protection to Metro 360, the management team of Metro 360 would be required to expend considerable time and effort addressing the foregoing risks rather than working to address Metro 360's efforts to pursue a value maximizing restructuring plan. The extension of CCAA protection to Metro 360 will provide stability for its business operations and enable management to pursue a value-maximizing restructuring in an orderly manner. Having regard to the circumstances, and in an effort to preserve and maximize value for the benefit of Metro 360's stakeholders, I believe that granting a stay of proceedings and extending the stay and certain related relief to Metro 360 is in the best interests of Metro 360 and all stakeholders thereof.

44. I am advised by Goodmans that, in accordance with recent amendments to the CCAA, the proposed Initial Order provides that the stay of proceedings granted thereunder can only be effective for up to 10 days, or until June 26, 2020 (the "**Stay Period**"). However, given that the Proposal Proceedings have been ongoing for more than 60 days, that the Proposal Trustee has already provided notice of the Proposal Proceedings pursuant to the BIA to all of Metro 360's creditors who were owed more than \$250 at the date of the NOI filing, and that this motion to

convert the Proposal Proceeding will be served 7 days prior to the hearing date, the Partners and Metro 360 intend to ask the Court to assist in permitting a path to extend the Stay Period, beyond the initial 10-day Stay Period, for an additional 90 days without the cost of an additional attendance. I understand that KSV, as the proposed Monitor, is supportive of the assistance to be sought from the Court in this regard.

(ii) *Payments During the CCAA Proceedings*

45. During the course of the CCAA proceedings, Metro 360 intends to make payments for goods and services supplied after the issuance of the Initial Order in the ordinary course as set out in the Cash Flow Forecast (as defined below) and as permitted by the proposed Initial Order.

46. The Partners are seeking authorization pursuant to the proposed Initial Order to pay all reasonable expenses incurred by Metro 360 in carrying on its business in the ordinary course after the date of the Initial Order, and to pay certain expenses, whether incurred prior to, on or after the date of the Initial Order, in respect of:

- (a) outstanding and future wages, salaries, commissions, compensation, employee benefits, pension contributions, vacation pay and expenses (including, without limitation, payroll and benefits processing and servicing expenses) payable on or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements;
- (b) the fees and disbursements of any consultants, agents, experts, accountants, counsel, investment bankers and financial advisors and such other persons

retained or employed by Metro 360 in respect of the CCAA proceedings at their standard rates or charges; and

- (c) amounts owing for goods or services supplied or to be supplied to Metro 360 that:
 - (i) were incurred during the Proposal Proceedings or pertain to such period; or
 - (ii) pertain to the period prior to the commencement of the Proposal Proceedings if, in the opinion of Metro 360 and with the consent of the Monitor, the supplier of the applicable good or service is critical to the operation or preservation of Metro 360's business.

47. Metro 360's remaining operating businesses require the commitment and support of employees and the continued supply of goods and services from key vendors and service providers during these CCAA proceedings. Metro 360 has maintained long-term relationships with key suppliers and service providers, including certain logistics or supply chain providers which are critical to the operation of Metro 360's remaining business operations. Preserving these services on an uninterrupted basis is essential to maintaining the stability of Metro 360's remaining operations, as discontinuance could have an adverse impact on the operation and value of such businesses and the development and implementation of a value maximizing restructuring plan.

- (i) *KERP*

48. Metro 360 has been working diligently since the closing of the TNG Transaction to wind-down the Literature Business, including to facilitate the return and processing of unsold

Literature Business inventory and to collect outstanding accounts receivable related to the Literature Business.

49. In an effort to ensure that Metro 360 employees who are integral to the wind-down of the Literature Business continue their employment with Metro 360 in the circumstances, Metro 360, in consultation with the Proposal Trustee, has developed a key employee retention program (the “**KERP**”) for three key employees in the receivable and accounting groups (the “**KERP Participants**”) whose continued efforts with respect to the collection of accounts receivable and the overseeing of the return and processing of unsold Literature Business, are expected to maximize recoveries for the benefit of Metro 360’s creditors.

50. Pursuant to the terms of the KERP, and subject to Metro 360 obtaining Court approval of the KERP, each of the KERP Participants would be entitled to receive a specified amount (the “**KERP Payment**”) in one lump sum installment with payment of their final pay following September 30, 2020 (the “**Termination Date**”). In each case, the KERP Payment would be in full and final satisfaction of any and all claims the KERP Participant might have had for severance or termination pay under statute or common law. In addition, each KERP Participant would be entitled to receive their wages to the end of their employment and, consistent with the treatment of other employees, would be entitled to file a claim for their unused vacation pay. As a condition to receiving this treatment, each KERP Participant had to sign a form of letter agreement, acknowledging these and other terms, and deliver a signed release of Metro 360 from all other claims related to their employment. In addition, a KERP Participant forfeits their entitlement to the KERP Payment if, among other things, they resign or their employment is terminated with cause prior to the Termination Date.

51. The KERP Participants have been and will continue to be essential to the success of the wind-down of the Literature Business, and in particular, the collection of outstanding accounts receivable related to the Literature Business and the accounting of significant amounts returned Literature Business inventory. Their continued commitment is key to Metro 360's efforts in this regard, and is expected to have a direct and substantial effect on enhancing creditor recoveries. The KERP Participants are long term employees of Metro 360 and their experience and expertise cannot be easily replicated or replaced within a reasonable period of time.

52. I understand that the letter agreements for each of the KERP Participants which set out the terms of the KERP will be included in a confidential appendix to the Second Report.⁴ If approved by the Court, the maximum amount of KERP Payments pursuant to the KERP is approximately \$180,000. It is contemplated that amounts owing under the KERP would be secured by a court-ordered charge (the "**KERP Charge**") in the amount of \$180,000 over the assets, property and undertaking of Metro 360.

(ii) Proposed Monitor

53. It is proposed that KSV, who was appointed as the Proposal Trustee in the Proposal Proceedings, will act as monitor in the CCAA proceedings (in such capacity, the "**Monitor**") if the proposed Initial Order is granted. KSV has consented to act as the Court-appointed Monitor in the proposed CCAA proceedings. A copy of KSV's consent is attached to this affidavit as Exhibit "T".

54. KSV became involved with Metro 360 in early March 2020 and was appointed as the Proposal Trustee in the Proposal Proceedings. The professionals of KSV who will have carriage over KSV's involvement in the CCAA proceedings as Monitor are the same as those who were involved in the Proposal Proceedings in KSV's role as Proposal Trustee, and therefore have knowledge of Metro 360, its operating businesses and investments, its financial circumstances and its restructuring efforts to date. I believe that KSV is in the best position to continue to assist Metro 360's restructuring efforts as Monitor in the proposed CCAA proceedings.

(iii) Administration Charge

55. Pursuant to the Procedure Order, this Court granted a charge (the "**Proposal Administration Charge**") in favour of the Proposal Trustee, legal counsel to the Proposal Trustee, and Goodmans, as legal counsel to Metro 360 and the Partners, in an aggregate amount not to exceed \$300,000, securing the fees and reasonable disbursements of these parties. The Proposal Administration Charge ranked ahead of all Encumbrances (as defined in the Procedure Order) in favour of any creditors of the Partners or Metro 360.

56. Pursuant to the proposed Initial Order, the Partners are requesting that this Court continue the Proposal Administration Charge in the CCAA proceedings with the same priority as set out in the Procedure Order. For greater certainty, the proposed Initial Order provides that the Monitor, counsel to the Monitor and Goodmans will be entitled to the benefit of the Proposal Administration Charge as security for their professional fees and disbursements incurred in

⁴ Metro 360 is requesting that this confidential appendix be sealed as it contains private and confidential personal compensation information regarding the KERP Participants who have a reasonable expectation that their personal compensation information will not be publicly disclosed. In addition, disclosure of the specific KERP details could be harmful to Metro 360's commercial interests.

connection with services rendered both before and after the commencement of the CCAA proceedings.

57. It is contemplated that each of the aforementioned parties: (i) will have extensive involvement during the CCAA proceedings; (ii) have contributed and will continue to contribute to the restructuring of Metro 360; and (iii) will ensure that there is no unnecessary duplication of roles among the parties.

58. I understand that the Proposal Trustee is of the view that it is reasonable and appropriate in the circumstances to continue the Proposal Administration Charge in the CCAA proceedings.

(iv) Directors' Charge

59. The directors and officers of the Partners (the “**Directors and Officers**”) have been actively involved in efforts to address the current challenges circumstances facing Metro 360, including efforts with respect to the identification and negotiation of the TNG Transaction, the commencement of the Proposal Proceedings, discussions with key stakeholders regarding the Proposal Proceedings and the sale of the Literature Business, and initial efforts with respect to the development of a value maximizing restructuring plan. The Directors and Officers have been mindful of their duties with respect to their supervision and guidance of Metro 360 in connection with the Proposal Proceedings and the potential continuation thereof under the CCAA pursuant to the proposed Initial Order.

60. It is my understanding, based on advice from counsel, that in certain circumstances, directors and officers can be held personally liable for certain corporate obligations, including in connection with salaries, wages, payroll remittances, vacation pay, harmonized sales taxes, and

certain other corporate obligations. However, the Partners do not maintain an insurance policy to cover the Directors and Officers for liabilities they may incur as directors or officers of the Partners.

61. The Directors and Officers have expressed their desire for certainty with respect to potential personal liability if they continue in their current capacities. The Partners require the active and committed involvement of the Directors and Officers during the CCAA proceedings as they seek to develop and advance a restructuring plan to address Metro 360's current circumstances.

62. Accordingly, the Partners request a Court-ordered charge in the amount of \$300,000 over the assets, properties and undertaking of Metro 360 and the Partners (the "**Directors' Charge**") to secure the indemnity of the Directors and Officers in the Initial Order in respect of obligations and liabilities that they may incur during the CCAA proceedings in their capacities as directors and officers. The amount of the Directors' Charge has been calculated based on the estimated potential exposure of the Directors and Officers, has been reviewed with KSV as the proposed Monitor, and will be detailed in the Second Report.

(v) *Priority of Charges*

63. It is contemplated pursuant to the proposed Initial Order that the priorities of the Proposal Administration Charge, the Directors' Charge and the KERP Charge (collectively, the "**Charges**"), as among them, will be as follows:

- (a) First – the Proposal Administration Charge (up to a maximum amount of \$300,000);

- (b) Second – the Directors’ Charge (up to a maximum of \$300,000); and
- (c) Third – the KERP Charge (up to a maximum of \$180,000).

64. Consistent with the “model order”, the proposed Initial Order provides for the Charges to rank in priority to all other security interests, trusts, liens, charges, encumbrances and claims of secured creditors, statutory or otherwise (collectively, the “**Encumbrances**”) in favour of any person, except for the security interest of any secured creditor of Metro 360 who did not receive notice of this motion. However, I am advised by Goodmans that this motion will be served on every party named in the service list for the Proposal Proceedings, which includes both TD and BNS, the only parties who we believe could have a secured claim in respect of Metro 360 or the Partners, as well as upon representatives of the federal government and the Ontario provincial tax authorities. Accordingly, the Partners and Metro 360 believe that the Charges should have priority over all Encumbrances.

VIII. FUNDING METRO 360 DURING THE INITIAL CCAA PERIOD

65. As indicated in the Cash Flow Forecast to be appended to the Second Report, it is expected that Metro 360 will have sufficient cash resources during the 13-week period following the commencement of the proposed CCAA proceedings to continue to operate and grow its businesses and other investments, work towards completion of the remaining wind-down activities related to the TNG Transaction and the sale of the Literature Business, seek to complete additional value maximizing transactions in respect of the Non-Material Residual Assets, and develop a restructuring plan that can be presented to creditors, among other things.

For all of these reasons, Metro 360 and the Partners are not seeking the approval of any financing arrangements or any charges related thereto.

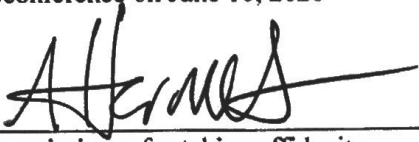
IX. CONCLUSION

66. In spite of the significant challenges facing Metro 360 as a result of the COVID-19 pandemic, Metro 360 has been able to complete the TNG Transaction and significantly reduce amounts outstanding to its trade creditors.

67. While Metro 360 has made significant progress to date in the Proposal Proceedings, Metro 360 requires the flexibility and stability afforded by the CCAA to continue to operate its remaining businesses and complete the wind-down of the Literature Business, including the collection of outstanding accounts receivable and retrieval and return of unsold inventory, and also allow its business investments time to advance and mature. Accordingly, the Partners are requesting that this Court grant the proposed Initial Order to convert and take up the Proposal Proceedings under the CCAA.

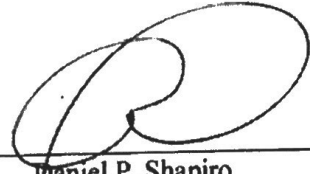
68. I believe that the relief sought by the Partners in the proposed Initial Order is in the best interests of Metro 360 and its stakeholders as it will provide Metro 360 with the best opportunity to develop and advance a restructuring plan that will further Metro 360's intention of repaying creditors in full.

SWORN BEFORE ME by two-way
videoconference on June 10, 2020



A Commissioner for taking affidavits
Name:

ANDREW HARMES



Daniel P. Shapiro

ONTARIO

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

Proceeding commenced at Toronto

**AFFIDAVIT OF DANIEL P. SHAPIRO
(Sworn June 10, 2020)**

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NewsWest Inc.), Rosebud Creek Financial Corp., and
Metro 360 General Partnership

3



**Second Report to Court of
KSV Kofman Inc. as
Proposal Trustee of
Rosebud Creek Financial Corp. and
957855 Alberta Ltd.
In respect of
Metro 360 General Partnership**

June 10, 2020

and

**Report of KSV Kofman Inc. as
Proposed CCAA Monitor of
Rosebud Creek Financial Corp. and
957855 Alberta Ltd.
In respect of
Metro 360 General Partnership**

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ESTATE/COURT FILE NO.: 31-2636843

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

IN THE MATTER OF THE PROPOSAL OF METRO 360
GENERAL PARTNERSHIP AND THE PARTNERS THEREOF

SECOND REPORT OF KSV KOFMAN INC.
AS PROPOSAL TRUSTEE AND REPORT OF KSV KOFMAN INC. AS PROPOSED
MONITOR

JUNE 10, 2020

1.0 Introduction

1. This report (“Report”) has been prepared by KSV Kofman Inc. (“KSV”) in its capacities as (i) proposal trustee (“Proposal Trustee”) in connection with Notices of Intention to Make a Proposal (“NOI”) filed on April 6, 2020 by Rosebud Creek Financial Corp. (“Rosebud”) and 957855 Alberta Ltd. (“957”) pursuant to Section 50.4(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (“BIA”) (the “NOI Proceedings”), and (ii) proposed monitor in the proposed proceedings of Rosebud and 957 under the *Companies’ Creditors Arrangement Act* (“CCAA”) (the “CCAA Proceedings”).
2. Rosebud and 957 (jointly, the “Partners”) are holding companies and the partners of Metro 360 General Partnership (“Metro”). Prior to the commencement of the NOI Proceedings, Metro’s business was primarily focused on wholesaling and distributing books and magazines to thousands of retailers across Canada (the “Literature Business”).
3. The principal purpose of these proceedings is to create a stabilized environment to allow Metro to:
 - a) complete a transaction for the Literature Business with Great Pacific Enterprises Inc. d/b/a TNG (the “Purchaser”), which was approved by the Court on April 7, 2020 and closed on April 8, 2020 (the “Transaction”);
 - b) facilitate a restructuring of its business around its consumer-packaged goods business (the “CPG Business”) so that it can continue to operate that business on a going-concern basis; and
 - c) provide Metro with the opportunity to prepare a restructuring plan to its creditors.

4. Pursuant to an Order of the Ontario Superior Court of Justice (Commercial List) (the “Court”) made on April 7, 2020 (the “April 7th Order”), the stay of proceedings that was automatically granted to Rosebud and 957 upon filing their NOIs was extended to Metro. The stay of proceedings expires on June 19, 2020. A copy of the April 7th Order is attached as Appendix “A”.
5. No proposal has been filed with respect to any of the Partners and/or Metro.

1.1 Purposes of this Report

1. The purposes of this Report are to:
 - a) provide background information about the Partners, Metro and the NOI Proceedings;
 - b) discuss the rationale for converting the NOI Proceedings to proceedings under the CCAA in accordance with Section 11.6 of the CCAA;
 - c) provide KSV’s qualifications to act as Monitor in the proposed CCAA Proceedings;
 - d) discuss the rationale for including the following provisions in the proposed Initial Order (the “Initial Order”):
 - i. an administration charge in the amount of \$300,000 (the “Administration Charge”) in favour of Metro’s counsel, Goodmans LLP (“Goodmans”), KSV as proposed monitor, and Bennett Jones LLP (“Bennett Jones”), as counsel to KSV as proposed monitor;
 - ii. a \$300,000 charge in favour of the directors and officers of the Partners (the “D&O Charge”);
 - iii. a \$180,000 charge (the “KERP Charge”) in favour of three employees that Metro is proposing to include in a key employee retention plan (the “KERP”);
 - iv. extending the stay of proceedings to Metro (which is not a CCAA applicant), consistent with the extension of the stay of proceedings to Metro in the NOI Proceedings;
 - v. granting the Partners and Metro a stay of proceedings to June 26, 2020;
 - e) report on the Partners’ and Metro’s cash flow projection for the period June 15, 2020 to September 18, 2020 (the “Cash Flow Forecast”)¹;
 - f) summarize the anticipated next steps in these proceedings; and

¹ As the Partners are inactive, the Cash Flow Forecast represents the operations of Metro.

- g) recommend that the Court issue the Initial Order, *inter alia*:
- i. continuing the NOI Proceedings under the CCAA;
 - ii. extending the stay of proceeding to Metro, as is presently the case in the NOI Proceedings;
 - iii. granting the Administration Charge, the D&O Charge and the KERP Charge;
 - iv. declaring, upon continuance of these proceedings under the CCAA, that the BIA proposal provisions shall have no further application to the Partners;
 - v. sealing the Confidential Appendix to this Report; and
 - vi. approving the Proposal Trustee's activities and reports since the commencement of these proceedings, including this Report.

1.2 Currency

1. All currency references in this Report are to Canadian dollars.

1.3 Restrictions

1. In preparing this Report, KSV has relied upon unaudited financial information prepared by, and discussions with, Metro's management. KSV has not audited, reviewed or otherwise verified the accuracy or completeness of this information in a manner that would comply with Generally Accepted Assurance Standards pursuant to the *Chartered Professional Accountants of Canada Handbook*.
2. KSV expresses no opinion or other form of assurance with respect to the financial information presented in this Report or relied upon in preparing this Report. Any party intending to rely on the financial information presented in this Report should perform its own diligence and any reliance placed by any party on the information presented herein shall not be considered sufficient for any purpose whatsoever.
3. An examination of the Cash Flow Forecast as outlined in the *Chartered Professional Accountants of Canada Handbook* has not been performed. Future oriented financial information relied upon in this Report is based upon management's assumptions regarding future events; actual results achieved may vary from this information and these variations may be material. KSV expresses no opinion or assurance on whether the Cash Flow Forecast will be achieved.
4. The Cash Flow Forecast in this Report reflects the estimated impact of Covid-19 on Metro's business and operations, as well as these proceedings. Consumer, supply chain, governmental and other macro-economic factors related to Covid-19 will affect Metro and the Partners and such changes may be material. The full impact of Covid-19 is unknown and cannot be quantified or determined at this time.

2.0 Executive Summary

1. Prior to the commencement of these proceedings, the Literature Business was Metro's primary line of business. The Literature Business involves wholesaling and distributing books and periodicals to retailers across Canada. A key aspect of this business is that retailers can return unsold books and periodicals to Metro, which Metro can then return to publishers for full credit, thereby reducing Metro's obligations to these parties. The remaining portion of the CPG Business (i.e. the portion that was not sold to the Purchaser) involves wholesaling and distributing confectionary products, music, electronic accessories and a line of items referred to as As-Seen-On-TV ("ASOTV") products. Metro is now focusing on growing the CPG Business. The CPG Business includes Metro's ownership interest in several investments, as further discussed below.
2. Pursuant to the terms of the Transaction, Metro sold the Literature Business to the Purchaser for \$925,000, payable in five equal monthly instalments payable through August 2020. All payments to-date have been made when due. A major benefit of the Transaction is that the Purchaser agreed to facilitate the book and periodical return process that was formerly performed by Metro. Returns facilitated by the Purchaser to-date have resulted in approximately a \$25 million reduction in Metro's vendor obligations. This process is ongoing and is expected to continue until the end of October 2020, resulting in further material reductions in the amounts owing by Metro to its vendors.
3. Metro's go-forward restructuring plan is based on growing the CPG Business, including certain investments in which it has an ownership interest, being Well Ventures Corp. ("Well"), Handfuel Inc. ("Handfuel"), All Day Nutritionals Canada Ltd. and All Day Nutritionals U.S. (jointly, "Swift Work Wellness"), Retail Support Services (Canada) Ltd. ("RS2") and Spectral Agriventures Inc. ("Spectral") (collectively, the "Investments"). Metro does not have a controlling interest in the Investments; however, the Investments are reliant on Metro as its management provides all back-office support and is responsible for growing these businesses. A summary of the Investments is as follows:
 - a) Well is a distributor of beverage products. Well recently secured shelf space at the LCBO and Loblaws and is finalizing an arrangement with a major US grocery chain. Management expects these opportunities will materially grow Well's sales by the end of 2020. Well also has an ownership interest in Spectral, which developed a cost-efficient turnkey greenhouse model which has the potential to reposition how Canadian grocery retailers source produce and leafy greens.
 - b) Handfuel is a manufacturer and distributor of high-end nutritional food products, including fruit and nut snack mix products. Handfuel has strong retailer contracts and is rolling out various products to all major grocery retailers in Canada and expects to receive a US listing from a major grocer in early 2021. Covid-19 has delayed new listings and promotional activity with certain retailers, a driver to the growth of the business.

- c) Swift Work Wellness produces a liquid supplement designed to support immune system health, enhance focus and improve energy which is dispensed through a cooler system that is placed in workplace break rooms.
 - d) RS2 developed a database which allows publishers to assess specific title performance of their own and competing titles.
4. The proceeds from the wind-down of the Literature Business and the growth of the CPG Business, including the Investments, are expected to generate material recoveries for creditors in these proceedings through a plan of arrangement to be filed by the Partners in due course. Metro expects these recoveries will exceed the amounts creditors would realize in a bankruptcy or wind-down of the CPG Business. Management is working diligently to grow the CPG Business.

3.0 Background

1. The Partners are holding companies. Rosebud is an Ontario corporation which holds a 69.4% partnership interest in Metro and 957 is an Alberta corporation which holds a 30.6% partnership interest in Metro. Rosebud is also the sole shareholder of 957. To the extent Metro is unable to satisfy its obligations, the deficiency represents a pro-rata obligation of the Partners.
2. Metro and its predecessors were founded by the Shapiro family. Daniel Shapiro is Metro's President and Chief Executive Officer. The head office of Metro and Rosebud is located in Toronto, Ontario. The registered office of 957 is in Calgary, Alberta. The corporate organizational chart is attached as Appendix "B".
3. Metro's core business was the Literature Business, which was commenced by the Shapiro family in the early 1940s. At the time the NOIs were filed, Metro had approximately 350 employees, including approximately 290 merchandisers who were responsible for stocking the shelves of its retail customers with books and periodicals and coordinating inventory returns from these customers. Metro supplied to thousands of independent grocery and other retailers across Canada. Metro is a service provider to an affiliated company, CMMI Canadian Mass Media Inc. ("CMMI").
4. CMMI holds the supply agreements for and manages national big-box retail accounts in the Literature Business, including Costco, Walmart, Circle K, Pharmasave and Rexall (the "National Accounts"). Prior to the sale of the Literature Business, Metro provided distribution and logistics services to CMMI. CMMI received a small fee for its interest in the accounts. According to Metro's management, CMMI and Metro operated in this fashion since approximately 1996. Following completion of the Transaction, CMMI continues to hold and manage the National Accounts, but the Purchaser provides the services that were previously provided by Metro, save for certain accounting and IT functions which continue to be provided by Metro.

5. Several years ago, Metro began to diversify its Literature Business by wholesaling consumer packaged goods, including food products, music, consumer electronic accessories and ASOTV products. Rosebud and Metro own equity interests in the Investments, as follows:
 - a) Well: Metro and Rosebud own 11.3% and 9.7% of Well's equity, respectively. Well is a manufacturer and distributor of cold pressed juices, kombucha and ready-to-drink alcoholic beverages.
 - b) Spectral: Metro and Well own an 8% and 36% interest in Spectral, respectively. Spectral developed a cost-efficient turnkey greenhouse model which has the potential to reposition how Canadian grocery retailers source produce and leafy greens. The greenhouse model allows for produce to be grown and distributed within Canada on a cost-efficient basis, ensuring freshness, reducing carbon footprint and maintaining price competitiveness.
 - c) Handfuel: Metro owns a 50% equity interest in Handfuel, a distributor of flavourful and nutritious food products across Canada, such as fruit and nut snack mix products. Handfuel's products are sold in high-end grocers, such as Pusateri's.
 - d) Swift Work Wellness: Metro's interest in Swift Work Wellness consists of a 27% holding in All Day Nutritionals U.S., the U.S. parent, and a 45% interest in All Day Nutritionals Canada, the Canadian subsidiary. Swift Work Wellness produces a liquid supplement designed to support immune system health, enhance focus and improve energy. Swift Work Wellness' liquid supplement is dispensed through a cooler system and is marketed towards use in workplace break rooms as a means of improving workplace wellness and overall employee performance. The operations of this business have largely been suspended as a result of Covid-19.
 - e) RS2: Metro owns 37% of RS2, which developed a methodology to collect, organize, analyze and sell retail sales data, with a specific focus on magazines. RS2 also owns, manages and sells a cover analyzer database to publishers which allows publishers to assess specific title performance of their own and competing titles.
6. In addition to the Investments, Rosebud owns a 50% interest in United Library Services Inc. ("ULS"). ULS is a Calgary based wholesale distributor of books to schools and libraries primarily in Western Canada.
7. Metro presently employs 43 employees, including 20 employees who have been retained until September 30, 2020 to assist with the wind-down of the Literature Business. (The majority of Metro's employees were offered new jobs by the Purchaser.) Metro's workforce is not unionized. Metro maintains a defined contribution pension plan. Management has advised the Proposal Trustee that it is current on its obligations under the pension plan.

8. Bank of Nova Scotia (“BNS”) claims to have a secured guarantee from Rosebud and Metro for advances made to entities related to Mr. Shapiro. The Proposal Trustee’s legal counsel, Bennett Jones LLP, has not provided a security opinion on the BNS security.
9. Additional information about the Partners, Metro and the Transaction are included in the Proposal Trustee’s First Report to Court dated April 6, 2020 (the “First Report”) and, accordingly, is not repeated in this Report. A copy of the First Report is attached as Appendix “C”, without appendices.
10. Court materials in these proceedings are available on the Proposal Trustee’s website at <https://www.ksvadvisory.com/insolvency-cases/case/metro360>.

3.1 Transaction

1. As detailed in the First Report, the Transaction: i) reduced disruption in the distribution of books and periodicals to retailers across Canada; ii) generated value for this portion of Metro’s business where it would otherwise not have been possible as Metro’s operations were severely impacted by Covid-19; iii) maximized the value of Metro’s accounts receivable and inventory; and iv) preserved nearly three hundred jobs by transitioning most of the Literature Business employees to the Purchaser.
2. The Transaction was approved pursuant to an Approval and Vesting Order made on April 7, 2020 and closed on April 8, 2020.
3. The purchase price under the Transaction was \$925,000, payable in five monthly installments. All amounts payable to-date under the Transaction have been received. The value of the Transaction accruing to Metro and its stakeholders significantly exceeds the purchase price. Returning unsold inventory to publishers for full credit is critical to the Literature Business and is a key benefit of the Transaction. At the time of the Transaction, the book value of the unsold inventory was estimated to be approximately \$35 million²; returns have reduced accounts payable by approximately \$25 million to-date. The inventory return process is expected to continue until at least the end of October 2020.

4.0 Update on Metro’s and the Partners’ Activities

1. Metro’s and the Partners’ activities since the commencement of these proceedings are detailed in the Affidavit of Daniel Shapiro filed in support of this motion and summarized as follows:
 - a) working with the Purchaser to coordinate the inventory return process;
 - b) working with the Proposal Trustee at the outset of these proceedings to draft a communication plan to employees, suppliers and customers;
 - c) addressing employee issues, including reducing headcount to parallel the wind-down of the Literature Business;

² Based on Metro’s internal, unaudited financial statements as at March 31, 2020.

- d) operating the CPG Business, including dealing with challenges presented by the Covid-19 pandemic;
- e) dealing with hundreds of retailers with credit balances resulting from the inventory return process and working with the Proposal Trustee to communicate with these stakeholders;
- f) communicating with CPG suppliers to secure goods and services during these proceedings;
- g) corresponding regularly with representatives of the Proposal Trustee regarding numerous issues in these proceedings; and
- h) attending weekly update calls with the Proposal Trustee to discuss Metro's business and operations and the restructuring process generally.

4.1 Cash Flow

1. As at June 4, 2020, Metro's cash balance was approximately \$11.1 million, of which approximately \$10.9 million was invested in a money market fund.
2. The table below reflects Metro's actual cash flow for the period April 6, 2020 to May 29, 2020 compared to the projection filed with the Court on April 6, 2020.

(unaudited; \$000s)	Actual	Projected	Variance
<u>Receipts</u>			
Accounts receivable collections	8,656	8,676	(20)
HST refunds	1,544	1,900	(356)
Transaction proceeds	418	370	48
	10,618	10,946	(328)
<u>Disbursements</u>			
Payroll and benefits	776	671	(105)
CPG supplier payments	651	654	3
Occupancy costs	-	30	30
Contract drivers/merchandisers	186	124	(62)
Other operating costs	151	136	(15)
Professional fees	271	250	(21)
	2,035	1,865	170
Net cash flow	8,583	9,081	(498)

3. The Proposal Trustee notes the following:
 - a) payments to CPG suppliers include pre-filing arrears of approximately \$95,000 owing to a key CPG supplier based in the US integral to the future of the CPG Business. Paying this amount avoided significant costs that would have been necessary to extend the stay of proceedings in the US by seeking recognition of these proceedings under Chapter 15 of the United States Code. This would have substantially increased the cost and complexity of these proceedings and would have distracted Management's attention from restructuring the business;

- b) accounts receivable collections are net of a \$500,000 setoff claim applied by CMMI. Prior to the commencement of the NOI proceedings, Metro collected approximately \$500,000 owing to CMMI. As CMMI collects monies in the normal course that are due to Metro, CMMI set off against this amount. Metro provided the Proposal Trustee with documentation supporting CMMI's setoff claim; and
- c) certain new CPG contracts that are expected to contribute to the growth of the CPG Business may need to be completed in an entity related to Metro (Sinnott Road Inc.) as certain counterparties have expressed concerns about entering into agreements with Metro while it is subject to an insolvency proceeding. The Proposal Trustee has advised Metro and Sinnott Road Inc. that any profit generated from these contracts will need to be transferred to Metro upon approval of a plan of arrangement. The Proposal Trustee is monitoring these relationships. To date, no such arrangements have been completed since the commencement of these proceedings.

5.0 Conversion of the NOI Proceedings to the CCAA Proceedings

1. The NOI proceedings were commenced on an urgent basis due to the impact of Covid-19 on Metro's business and the need to complete the Transaction, which could only be completed in an insolvency process. The First Report and the Affidavit of Daniel Shapiro sworn April 6, 2020 referenced that the NOI proceedings may need to be continued under the CCAA.
2. Should the Court approve the conversion, the Initial Order contemplates that KSV would be appointed as monitor in the CCAA Proceedings. KSV's qualifications to act as monitor are summarized below.
 - a) KSV is a licensed trustee within the meaning of subsection 2(1) of the BIA. KSV is not subject to any of the restrictions set out in Section 11.7(2) of the CCAA with respect to its appointment as monitor.
 - b) KSV has consented to act as monitor in these proceedings should the Court grant the Initial Order. A copy of KSV's consent to act as monitor is attached as Appendix "D".
 - c) As KSV is presently the Proposal Trustee and is familiar with Metro's business and operations, it is logical for it be appointed monitor.
3. The Initial Order also contemplates, *inter alia*, the following:
 - a) an Administration Charge³ to protect the fees and disbursements of the Partners' legal counsel and those of the Monitor and its counsel;

³ Pursuant to the April 7th Order, there is currently an Administration Charge in the NOI proceedings in the amount of \$300,000.

- b) a D&O Charge to protect the directors and officers from personal liability in the event Metro's business is discontinued for any reason and it is unable to pay amounts for which the Directors and Officers would be personally liable, including, primarily wages, source deductions and sales taxes. The proposed quantum of the charge (\$300,000) is based on the Cash Flow Forecast, which reflects Metro's potential exposure for a bi-weekly payroll (approximately \$110,000), monthly HST remittances (approximately \$100,000) and a contingency (\$90,000) for accrued vacation pay and any other potential director obligations. The D&O Charge is prospective only; and
- c) the KERP, which is for a small number of Metro's employees. The KERP is in the maximum amount of \$180,000. Metro is seeking approval of the KERP and the creation of an equivalent Court-ordered charge to secure the payments due under the KERP. It is contemplated that the KERP Charge will rank subordinate to the Administration Charge and the D&O Charge but in priority to all other encumbrances.

Management believes that the three employees entitled to the KERP are integral to the wind-down of the Literature Business and will be required until approximately September 30, 2020. Their retention is expected to enhance recoveries for creditors. These employees will assist in the collection of accounts receivable and accounting for the large number of inventory returns that need to be processed. Each individual is a long-term employee. A term of the KERP requires that each employee agrees not to file a claim in any future claims process in these proceedings, other than for any accrued and unpaid wages and vacation pay. Absent the KERP, Management is concerned these employees may pursue alternative employment or resign prior to the completion of the wind-down of the Literature Business.

The amount to be paid under the KERP is payable on each employee's termination date, which is expected to be on or around September 30, 2020. The amounts were calculated based on the employee's severance/termination entitlements. The termination payment is payable provided the employees have not been terminated for cause or resigned before a specific date.

5.1 Cash Flow Forecast

1. As noted above, since the Partners are inactive, the Cash Flow Forecast represents the operations of Metro.
2. Metro prepared the Cash Flow Forecast for the period June 15, 2020 to September 13, 2020 (the "Period"). The Cash Flow Forecast and the Applicants' statutory report on the cash flow prepared pursuant to Section 10(2)(b) of the CCAA is attached as Appendix "E".

3. The Cash Flow Forecast reflects that Metro is projected to have sufficient funding to operate in the normal course during the Period, including to fund payroll and other operating expenses.
4. Based on KSV's review of the Cash Flow Forecast, the assumptions appear reasonable. KSV's statutory report on the Cash Flow Forecast, filed as proposed Monitor in these proceedings, is attached as Appendix "F".

5.2 Recommendation

1. The Proposal Trustee recommends that the Court issue the Initial Order for the following reasons:
 - a) the Proposal Trustee is of the view that Metro, the Partners and their Management are acting in good faith and with due diligence;
 - b) Metro requires the benefit of the stay of proceedings in the CCAA. Extending the stay of proceedings to Metro will allow it to continue to operate without disruption by stakeholders. In the Proposal Trustee's opinion, there is no prejudice to any stakeholder by extending the stay to Metro, it is consistent with the relief granted to Metro in the NOI Proceedings and it is consistent with the overall purpose of these restructuring proceedings;
 - c) the inventory return process needs to be completed (or substantially completed) before amounts owing by Metro to publisher creditors can be determined. Converting the NOI Proceedings to CCAA Proceedings will allow Metro and its Management the time needed to complete the inventory return process. At least three to five more months is required to complete this process;
 - d) Management continues to work on growing the Investments. Covid-19 has affected each of these businesses to varying degrees. It may take several months to further consider the long-term prospects of these businesses, which is critical to determining the structure of a plan of arrangement;
 - e) beyond the initial stay period granted under the Initial Order, the duration of stay extensions under the CCAA are not prescribed, nor is the total length of the stay, unlike the NOI provisions of the BIA (which prescribe each extension to a maximum of 45 days and limit the total stay period to six months). Accordingly, a BIA proposal process may require more Court attendances than in a CCAA, and the conversion to CCAA will be needed in any event if the formation of a restructuring plan requires more than six months in total;
 - f) a CCAA plan is likely to be made if the NOI Proceeding is converted to proceedings under the CCAA;
 - g) the Cash Flow Forecast reflects that Metro has sufficient liquidity to continue to operate during the extension period;

- h) the D&O Charge is reasonable in the Proposal Trustee's view as the D&O Charge is prospective only, the continued involvement of the directors and officers is critical to the continuation of Metro's business and the Investments and Metro does not maintain a directors and officers insurance policy that would otherwise provide the required protections. The Proposal Trustee believes that it is unlikely that this charge will be called upon given Metro's significant cash balance;
 - i) the KERP will reduce the risk of key employees resigning during the restructuring process, which is in the interest of the restructuring. The involvement of the KERP employees should benefit all stakeholders as it will assist to maximize recoveries. The KERP employees have agreed not to file a claim in a future claims process, except for unpaid wages and vacation pay;
 - j) the proposed Administration Charge is reasonable in the Proposal Trustee's view and it already exists in the same amount pursuant to the April 7th Order; and
 - k) the Proposal Trustee is not aware of any prejudice to stakeholders by any of the relief sought by the Partners and Metro.
2. Metro is also requesting an order sealing the KERP letters, which are attached as Confidential Appendix "1" to this Report, which contain personal information for the KERP employees. Personal information should be sealed to protect the privacy of the KERP employees. The Proposal Trustee does not believe any stakeholder will be prejudiced if the KERP information is sealed.
 3. As required under the CCAA, the proposed Initial Order contemplates a stay of proceedings against the Partners and Metro for an initial period of 10 days (until June 26, 2020). The Partners and Metro are requesting an endorsement extending the stay of proceedings to September 18, 2020 without a further hearing should no stakeholder request a hearing prior to June 22, 2020. The Proposal Trustee is supportive of this request given the NOI Proceedings have been ongoing since April 6, 2020, no party has raised any opposition to the relief granted in the April 7th Order and this motion is being brought on seven days notice to all parties on the Service List. Granting this relief avoids the cost of a further Court attendance within 10 days for the sole purpose of extending the stay of proceedings.

6.0 Proposal Trustee's Activities

1. The Proposal Trustee's activities since the commencement of these proceedings have included:
 - a) corresponding regularly with Metro's management regarding various matters in these proceedings, including in connection with the closing of the Transaction;
 - b) preparing a stakeholder communication strategy, including for employees, vendors, customers and retailers;

- c) corresponding with certain of Metro's employees and suppliers;
- d) corresponding with retailers regarding the inventory return process;
- e) mailing a notice to creditors of Metro and the Partners, as required pursuant to the BIA;
- f) assisting Metro regarding the KERP;
- g) reviewing correspondence between BNS' legal counsel and Metro;
- h) considering issues in respect of the Investments;
- i) monitoring Metro's receipts and disbursements;
- j) assisting Metro to determine employee claims and considering issues in respect thereof;
- k) corresponding with Goodmans and Bennett Jones regarding various matters in these proceedings;
- l) posting Court materials on the Proposal Trustee's website; and
- m) drafting the First Report and this Report.

7.0 Next Steps in these Proceedings

1. Subject to Court approval, the anticipated next steps in these proceedings will include the following:
 - a) completing the wind-down of the Literature Business;
 - b) focusing on growing Metro's CPG Business;
 - c) developing and, subject to Court approval, implementing a claims procedure;
 - d) considering the value of the Investments since a portion of those interests, if and when realized upon, is expected to be a significant source of recovery for Metro's creditors under a plan of arrangement; and
 - e) preparing a restructuring plan to be presented to creditors in due course.

8.0 Creditor Notification

1. The proposed Initial Order requires the Monitor to:
 - a) publish without delay a notice in the national edition of *The Globe and Mail* newspaper containing the information prescribed under the CCAA; and
 - b) within five days of the issuance of the Initial Order to:
 - i. make the Initial Order publicly available in the manner prescribed under the CCAA;
 - ii. send, in the prescribed manner, a notice to every known creditor who has a claim against the Partners/Metro of more than \$1,000 advising that the order is publicly available; and
 - iii. prepare a list, showing the names and addresses of those creditors (other than employees), and the estimated amounts of those claims, and make it publicly available in the prescribed manner.
2. If appointed Monitor, KSV will also post the Initial Order and all motion materials on its website in accordance with the *E-Service Protocol*. It is presently doing so in its capacity as Proposal Trustee.

9.0 Conclusion and Recommendation

1. Based on the foregoing, the Proposal Trustee respectfully recommends that this Honourable Court make an order granting the relief detailed in Section 1.1(1)(g) of this Report.

* * *

All of which is respectfully submitted,



**KSV KOFMAN INC.
SOLELY IN ITS CAPACITY AS TRUSTEE UNDER THE
NOTICES OF INTENTION TO MAKE A PROPOSAL OF
THE PARTNERS AND AS PROPOSED CCAA MONITOR
AND NOT IN ITS PERSONAL CAPACITY**

Appendix “A”

Estate / Court File No.: 31-2636843

Estate / Court File No.: 31-2636818

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

THE HONOURABLE MR.)

TUESDAY, THE 7TH

)

JUSTICE HAINEY)

DAY OF APRIL, 2020



**IN THE MATTER OF THE NOTICES OF INTENTION TO
 MAKE A PROPOSAL OF 957855 ALBERTA LTD.
 (FORMERLY NEWSWEST INC.) AND ROSEBUD CREEK
 FINANCIAL CORP. IN RESPECT OF METRO 360
 GENERAL PARTNERSHIP**

BANKRUPTCY PROCEDURE ORDER

THIS MOTION, made by 957855 Alberta Ltd. (formerly NewsWest Inc.) ("**Alberta HoldCo**") and Rosebud Creek Financial Corp. ("**Rosebud HoldCo**" and, together with Alberta HoldCo, the "**Partners**"), as the partners of the Metro 360 General Partnership ("**Metro 360**"), for an order: (i) if necessary, abridging the time for service and filing of the Notice of Motion and the Motion Record and dispensing with further service thereof; (ii) permitting the consolidation of the Partners' *Bankruptcy and Insolvency Act*, R.S.C. 1985 c. B-3 ("**BIA**") proposal proceedings ("**Proposal Proceedings**") for administration purposes, including, without limitation, the preparation and filing of motions and reports to creditors, the Proposal Trustee, and this Court, as may be required by the BIA; (iii) approving a first priority administration charge in the aggregate of \$300,000; (iv) extending the stay of proceedings resulting from the filing by the Partners' respective notices of an intention to make a proposal pursuant to section 50.4(1) of the BIA to

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Metro 360; (v) approving the granting of an extension of the time to file a proposal and the corresponding stay of proceedings to and including June 19, 2020; and (vi) authorizing Metro 360 and/or the Partners to complete the sale of redundant or non-material residual assets without Order of this Court for proceeds not exceeding \$200,000 in any one transaction or \$400,000 in the aggregate, was heard this day by videoconference call in light of the COVID-19 crisis.

ON READING the affidavit of Daniel P. Shapiro sworn April 6, 2020 (the "**Shapiro Affidavit**"), the first report (the "**First Report**") of KSV Kofman Inc. in its capacity as the proposal trustee (the "**Proposal Trustee**"), and on hearing the submissions of counsel for the Proposal Trustee, counsel for Metro 360 and the Partners, and those other parties present as indicated on the counsel sheet, and on reading the affidavit of service of Andrew Harnes sworn April 6, 2020:

SERVICE

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

ADMINISTRATIVE CONSOLIDATION

2. **THIS COURT ORDERS** that the Proposal Proceedings are hereby administratively consolidated (but not substantively consolidated) and are hereby authorized and directed to continue under the following joint title of proceedings:

Estate / Court File No.: 31-2636843

Estate / Court File No.: 31-2636818

**IN THE MATTER OF THE PROPOSAL OF METRO 360 GENERAL
PARTNERSHIP AND THE PARTNERS THEREOF**

3. **THIS COURT ORDERS** that, with respect to materials required to be filed with this Court, all further materials in the Proposal Proceedings shall be filed with the Commercial List Office only in Alberta HoldCo's estate, bearing Estate / Court File No.: 31-2636843.

ADMINISTRATION CHARGE

4. **THIS COURT ORDERS** that the Proposal Trustee, Bennett Jones LLP ("**Bennett Jones**"), as counsel to the Proposal Trustee, and Goodmans LLP ("**Goodmans**"), as counsel to Metro 360 and the Partners, shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, by Metro 360 and/or the Partners, as the case may be, as part of the costs of these proceedings, both before and after the making of this Order in respect of these proceedings and related matters. Metro 360 and the Partners are hereby authorized to pay the accounts of the Proposal Trustee, Bennett Jones and Goodmans on a monthly basis, provided that the accounts as paid are passed from time to time, and for this purpose the accounts are hereby referred to a judge of the Ontario Superior Court of Justice (Commercial List) at Toronto, Ontario.

5. **THIS COURT ORDERS** that the Proposal Trustee, Bennett Jones and Goodmans shall be entitled to the benefit of and are hereby granted a charge (the "**Administration Charge**") on the current and future assets, undertakings and properties of Metro 360 and the Partners, of every nature and kind whatsoever (including all real and personal property), and wherever situate including all proceeds thereof (collectively, the "**Property**"), which charge shall not exceed an aggregate amount of \$300,000, as security for their professional fees and disbursements incurred

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at their standard rates and charges, both before and after the making of this Order with respect to and incidental to the Proposal Proceedings, including the reasonable fees and disbursements of the Proposal Trustee, Bennett Jones, and Goodmans incurred in preparation of the filing of the Partners' respective notices of intention to make a proposal pursuant to section 50.4(1) of the BIA. The Administration Charge shall have the priority set out in paragraph 7 herein.

6. **THIS COURT ORDERS** that the filing, registration or perfection of the Administration Charge shall not be required and that the Administration Charge shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Administration Charge coming into existence, notwithstanding any such failure to file, register, record or perfect.

7. **THIS COURT ORDERS** that the Administration Charge shall constitute a charge on the Property in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, "**Encumbrances**") in favour of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being "**Persons**" and each being a "**Person**").

8. **THIS COURT ORDERS** that the beneficiaries of the Administration Charge may set down a date on notice to all parties to vary the terms of this Order and to seek additional relief as appropriate from the Court with respect to the Administration Charge.

9. **THIS COURT ORDERS** that except by further order of the Court, Metro 360 and the Partners shall not grant any Encumbrances over any Property that ranks in priority to, or *pari*

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passu, with the Administration Charge unless Metro 360 or the Partners, as the case may be, obtains the prior written consent of each of the beneficiaries of the Administration Charge.

10. **THIS COURT ORDERS** that the Administration Charge shall not be rendered invalid or unenforceable and the rights and remedies of the beneficiaries thereto shall not otherwise be limited or impaired in any way by: (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to the BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an “**Agreement**”) which binds Metro 360 or the Partners, and notwithstanding any provision to the contrary in any Agreement:

- a. the creation of the Administration Charge shall not create or be deemed to constitute a breach by Metro 360 or the Partners of any Agreement to which they are a party;
- b. none of the Proposal Trustee, Bennett Jones or Goodmans shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the creation of the Administration Charge; and
- c. the payments made by Metro 360 and/or the Partners, as the case may be, pursuant to this Order and the granting of the Administration Charge do not and will not

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constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

EXTENSION OF THE STAY OF PROCEEDINGS TO METRO 360

11. **THIS COURT ORDERS** that the stay of proceedings applicable to the Partners pursuant to section 69 of the BIA is hereby extended to apply, *mutatis mutandis*, to Metro 360 and all of its current and future assets, businesses, undertakings and properties of every nature and kind whatsoever, and wherever situate, including all proceeds thereof.

EXTENSION OF PROTECTIONS TO METRO 360

12. **THIS COURT ORDERS** that the protections provided to the Partners pursuant to section 65.1 of the BIA are hereby extended to apply, *mutatis mutandis*, to Metro 360.

EXTENSION OF TIME TO MAKE A PROPOSAL

13. **THIS COURT ORDERS** that the time within which to make a proposal pursuant to section 62(1) of the BIA and the corresponding stay of proceedings provided for in section 69 of the BIA, be and are hereby extended in accordance with section 50.4(9) of the BIA to and including June 19, 2020.

DISPOSAL OF NON-MATERIAL RESIDUAL ASSETS

14. **THIS COURT ORDERS** that Metro 360 and/or the Partners, as applicable, may explore opportunities for the sale of redundant or non-material residual assets that are not subject to the Transaction (as defined in the Shapiro Affidavit) (the “**Non-Material Residual Assets**”) and, with the prior approval of the Proposal Trustee, to enter into and complete any transaction for the Non-Material Residual Assets for proceeds not exceeding \$200,000 in any one transaction or

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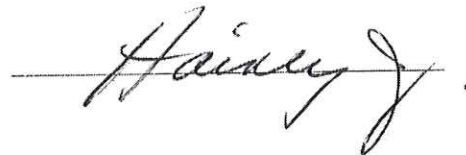
\$400,000 in the aggregate, provided that Metro 360 and/or the Partners, as applicable, shall seek this Court's approval for any transaction in respect of Non-Material Residual Assets in excess of such amount.

AID AND ASSISTANCE OF OTHER COURTS

15. **THIS COURT REQUESTS** the aid and recognition of any court or any judicial, regulatory, or administrative body in any province or territory of Canada and the Federal Court of Canada and any judicial, regulatory, or administrative tribunal or other court constituted pursuant to the Parliament of Canada or the legislature of any province and any court or any judicial, regulatory or administrative body of the United States and the states of other subdivisions of the United States and of any other nation or state to act in aid of and to be complementary to this Court in carrying out the terms of this Order.

GENERAL

16. **THIS COURT ORDERS** that any interested party may apply to this Court to vary or amend this Order on not less than seven days' notice to Metro 360, the Partners, the Proposal Trustee, and any other party or parties likely to be affected by the Order sought or upon such other notice as this Court may order.

A handwritten signature in cursive script, appearing to read "Hainy J.", is written over a horizontal line.

IN THE MATTER OF THE NOTICES OF INTENTION TO MAKE A PROPOSAL OF 957855 ALBERTA LTD.
(FORMERLY NEWSWEST INC.) AND ROSEBUD CREEK FINANCIAL CORP. IN RESPECT OF METRO
360 GENERAL PARTNERSHIP

Estate / Court File No.: 31-2636843
Estate / Court File No.: 31-2636818

ONTARIO

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

Proceeding commenced at Toronto

BANKRUPTCY PROCEDURE ORDER

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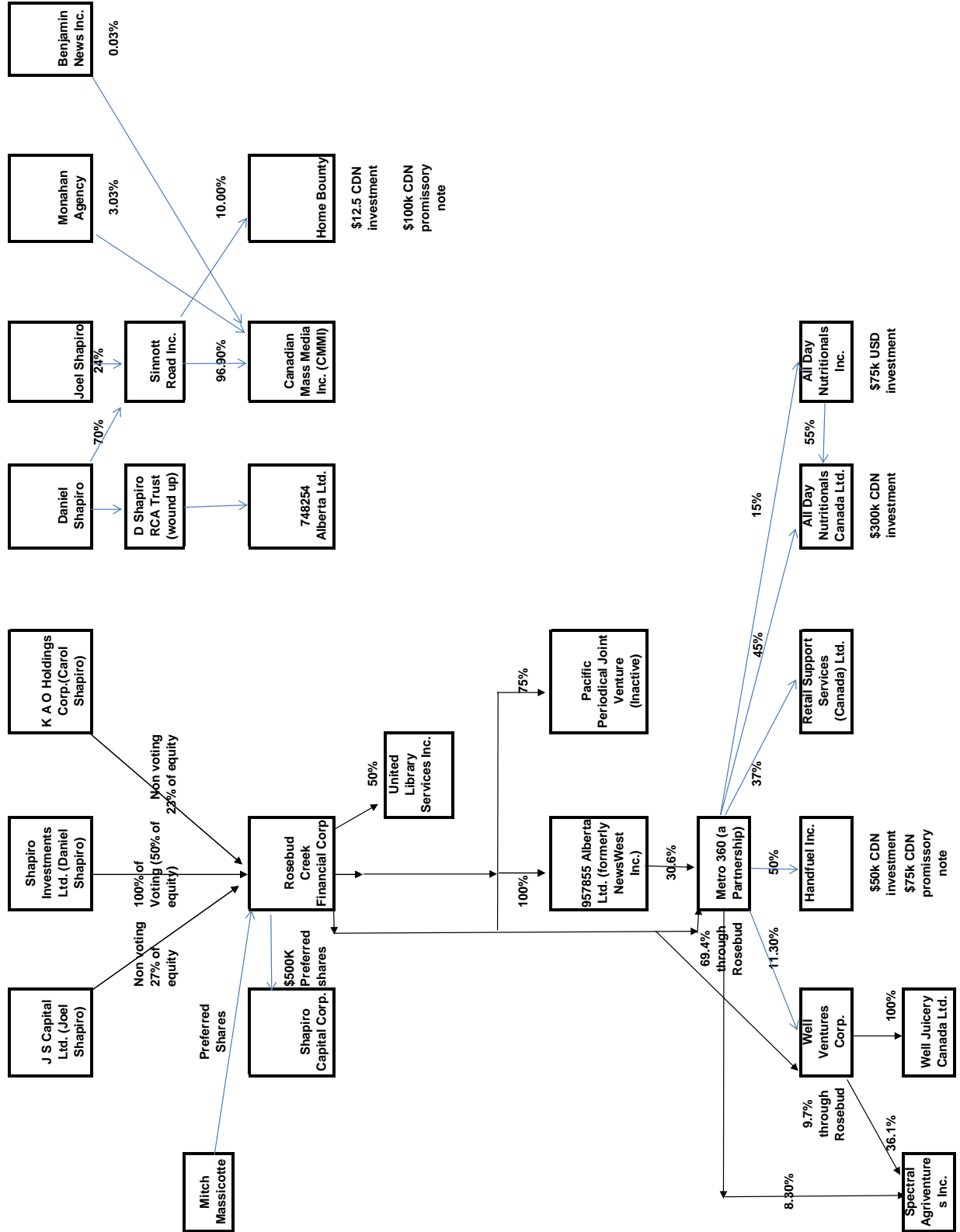
Tel: (416) 979-2211
Fax: (416) 979-1234

Lawyers for 957855 Alberta Ltd. (formerly NewsWest Inc.), Rosebud Creek Financial Corp., and Metro 360 General Partnership

Appendix “B”

Shapiro Family

Organization Chart



Appendix “C”



**First Report to Court of
KSV Kofman Inc. as
Proposal Trustee of
Rosebud Creek Financial Corp. and
957855 Alberta Ltd.
In respect of
Metro 360 General Partnership**

April 6, 2020

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ESTATE FILE NOS.: 31-2636818 AND 31-2636843

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

IN THE MATTER OF THE NOTICES OF INTENTION TO MAKE A
PROPOSAL OF 957855 ALBERTA LTD. (FORMERLY
NEWSWEST INC.) AND ROSEBUD CREEK FINANCIAL CORP.
IN RESPECT OF METRO 360 GENERAL PARTNERSHIP

FIRST REPORT OF KSV KOFMAN INC.
AS PROPOSAL TRUSTEE
APRIL 6, 2020

1.0 Introduction

1. This report (“Report”) has been prepared by KSV Kofman Inc. (“KSV”) in its capacity as proposal trustee (“Proposal Trustee”) in connection with Notices of Intention to Make a Proposal (“NOI”) filed on April 6, 2020 by Rosebud Creek Financial Corp. (“Rosebud”) and 957855 Alberta Ltd. (“957”) pursuant to Section 50.4(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (“BIA”).
2. Rosebud and 957 (collectively, the “Partners”) are holding companies and the partners of Metro 360 General Partnership (“Metro”), a partnership primarily focused on wholesaling and distributing books and magazines (the “Literature Business”) and newspapers to thousands of retailers across Canada.
3. The principal purpose of these proceedings is to create a stabilized environment to allow Metro to:
 - a) urgently complete a Transaction (as defined below) that will: i) prevent substantial disruption in the manner in which books and magazines are distributed to retailers across Canada; ii) generate value for this portion of Metro’s business where it would otherwise not be possible; iii) maximize the value of Metro’s accounts receivable and inventory; and iv) save nearly three hundred jobs, which is particularly critical in the current pandemic environment;
 - b) facilitate a restructuring of its business around its existing consumer packaged goods (“CPG”) business so that it may continue to operate that business on a going-concern basis; and
 - c) provide Metro with the opportunity to prepare a restructuring plan that is contemplated to result in material recoveries for its creditors.

1.1 Purposes of this Report

1. The purposes of this Report are to:
 - a) provide background information about the Partners, Metro and these proceedings;
 - b) summarize the terms of an asset purchase agreement dated April 3, 2020 (the “APA”) between Metro and Great Pacific Enterprises Inc., d/b/a TNG (the “Purchaser”), pursuant to which the Purchaser has agreed to purchase Metro’s customer list and certain other assets required to continue the Literature Business (the “Purchased Assets”) (the “Transaction”);
 - c) discuss the rationale for the Proposal Trustee’s recommendation that it is appropriate that the Transaction be approved and completed on an urgent basis;
 - d) summarize the terms of a Services Agreement dated April 3, 2020 (the “CMMI Services Agreement”) between the Purchaser and an affiliate of Metro, being CMMI Canadian Mass Media Inc. (“CMMI”);
 - e) discuss the rationale for:
 - i. extending the stay of proceedings and certain other relief in these NOI proceedings to Metro;
 - ii. a \$300,000 priority charge on all of the property of the Partners and Metro to secure the fees and disbursements of Metro’s counsel, Goodmans LLP, the Proposal Trustee and its counsel, Bennett Jones LLP (the “Administration Charge”);
 - iii. sealing the unredacted version of the APA;
 - iv. administratively consolidating the NOI proceedings of the Partners;
 - v. permitting Metro and/or the Partners to complete sales of redundant or non-material assets that are not subject to the Transaction with the prior approval of the Proposal Trustee and without further Court approval if they result in proceeds not exceeding \$200,000 in any one transaction or \$400,000 in the aggregate;
 - vi. extending the time for the Partners to file a proposal from May 6, 2020 to June 19, 2020;
 - f) summarize the anticipated next steps in these proceedings; and
 - g) recommend that the Court make orders, *inter alia*:
 - i. extending the stay of proceedings and certain other relief to Metro;
 - ii. approving the Transaction;

- iii. vesting in the Purchaser Metro's right, title and interest in and to the Purchased Assets, free and clear of all liens, charges, security interests and encumbrances;
- iv. granting the Administration Charge pursuant to Section 64.2 of the BIA;
- v. authorizing Metro to complete transactions for certain surplus assets with the consent of the Proposal Trustee but without further Court approval if the value of any single transaction is no more than \$200,000 or the aggregate of such transactions is no more than \$400,000;
- vi. sealing the unredacted version of the APA;
- vii. administratively consolidating the Partners' NOI proceedings; and
- viii. extending the time for the Partners to file a proposal to June 19, 2020.

1.2 Currency

1. All currency references in this Report are to Canadian dollars.

1.3 Restrictions

1. In preparing this Report, the Proposal Trustee has relied upon unaudited financial information prepared by Metro's management, its books and records and discussions with management. The Proposal Trustee has not audited, reviewed or otherwise verified the accuracy or completeness of the information in a manner that would comply with Generally Accepted Assurance Standards pursuant to the *Chartered Professional Accountants of Canada Handbook*.
2. The Proposal Trustee expresses no opinion or other form of assurance with respect to the financial information presented in this Report or relied upon by the Proposal Trustee in preparing this Report. Any party intending to rely on the financial information presented in this Report should perform its own diligence and any reliance placed by any party on the information presented herein shall not be considered sufficient for any purpose whatsoever.

2.0 Background

1. The Partners are holding companies. Rosebud is an Ontario corporation which holds a 69.4% partnership interest in Metro and 957 is an Alberta corporation which holds a 30.6% partnership interest in Metro. Rosebud is also the sole shareholder of 957. Rosebud also holds illiquid investments in other businesses.
2. Metro and its predecessors were founded by the Shapiro family; Daniel Shapiro is Metro's President and Chief Executive Officer. The head office of Metro and Rosebud is located in Toronto, Ontario. The registered office of 957 is in Calgary, Alberta. The corporate organizational chart is appended to the Affidavit of Daniel Shapiro filed in support of this motion (the "Affidavit").

3. Metro's core business is the Literature Business, having been commenced by the Shapiro family in the early 1940s. The distribution of books, magazines and newspapers in Canada is regulated pursuant to the *Paperback and Periodical Distributors Act, 1971* (the "PBDA"). As a result, foreign ownership is precluded as the PBDA requires that businesses engaged in the distribution of paperback and periodical publications meet certain Canadian ownership requirements.
4. The Metro business is approximately 100 years old. Metro represents the consolidation of at least fourteen predecessor companies with roots in Alberta, Saskatchewan, Manitoba, Ontario and Quebec. The consolidation of Metro and its predecessor entities over the years was driven by the industry's significant contraction, largely due to the internet and social media platforms. Density, sales volumes and cost reductions through consolidation were required for wholesalers and distributors to remain viable. Prior to industry consolidation, there were over 30 magazine and book wholesalers in Canada. Today, there are only two of any substance, being Metro and the Purchaser.
5. Revenue in the Literature Business has been declining at an average annual rate of approximately 10% over the last decade as retailer and consumer apathy for magazines and other periodicals has increased. At its peak, net sales for Metro and its predecessor companies' Literature Business were approximately \$470 million. Metro's net sales in its most recent fiscal year ended December 31, 2019 totalled approximately \$120 million.
6. The current pandemic crisis has accelerated the decline in Metro's business. Many book and substantially all magazine suppliers have discontinued providing Metro with new inventory. This portion of Metro's business is days from being completely discontinued.
7. Metro has approximately 350 employees, including approximately 290 merchandisers in the field that are responsible for stocking shelves and coordinating inventory returns at Metro's retail customers. Metro supplies to thousands of independent grocery and other retailers across Canada. Metro is also the service provider to an affiliated company, CMMI, which holds and manages customer accounts with certain big-box retailers, including Walmart and Costco.
8. CMMI is an affiliate of Metro. CMMI manages key national accounts for Metro, including Costco, Walmart, Circle K, Pharmasave and Rexall. CMMI has a small team that manages those accounts while Metro provides its core set of services (i.e. distribution and logistics). CMMI receives a small fee for providing these services. CMMI and Metro have operated in this fashion since approximately 1996.
9. Metro's Literature Business is complex – it entails, *inter alia*, the procurement of product, stocking of retailer shelves (largely on a consignment basis) and maintaining IT systems to track and account for product sales and returns.
10. Returning unsold inventory to publishers for full credit is critical to the Literature Business. All unsold periodicals and books can be returned for full credit, which materially reduces the amounts owing to publisher creditors. On average, nearly 75% of product distributed by Metro is returned as unsold or dated.

11. Several years ago, Metro began to diversify its Literature Business by adding CPG items, including food products, music, consumer electronic accessories and a line of items referred to as As-Seen-On-TV (“ASOTV”) products. Annual sales generated from these products totalled approximately \$15 million in fiscal 2019. Metro intends to restructure its business around its CPG business.
12. Metro’s workforce is not unionized. Metro maintains a defined contribution pension plan and has advised the Proposal Trustee that it is current on its obligations under the pension plan.
13. Additional information about the Partners, Metro and the Transaction is included in the Affidavit. Court materials in these proceedings are available on the Proposal Trustee’s website at <https://www.ksvadvisory.com/insolvency-cases/case/metro360>.

2.1 Financial Position

1. Rosebud has a number of illiquid business investments and the Partners have no third-party debt. To the extent Metro is unable to satisfy its obligations, the partnership’s deficiency represents a pro-rata obligation of the Partners. A discussion of Rosebud’s illiquid investments is provided in the Affidavit and has not been repeated in this Report.
2. Metro’s most recent unaudited financial statements as at February 22, 2020 are provided in Appendix “A”. The balance sheet reflects negative working capital of approximately \$17.5 million and a Partners’ deficiency of approximately \$6.1 million.

2.1.1 Assets

1. A summary of Metro’s significant working capital assets as at February 22, 2020 is provided below.

Unaudited	\$000s
Cash	32
Accounts receivable	13,050
Inventory	33,017
Total	46,099

2. A discussion of each of the assets (other than cash) is provided below:
 - a) Accounts receivable – these are owing from Metro’s retail customer base, comprised of approximately 4,500 independent grocery and other retailers across Canada.
 - b) Inventory – represents inventory which is sold to retailers on a consignment basis that is presently on store shelves (referred to as scanned based technology (“SBT”) inventory) with a book value of approximately \$22.7 million and inventory at Metro’s warehouses in Scarborough, Calgary and Thunder Bay with a book value of approximately \$10.3 million.

3. As referenced in the Affidavit, Metro has certain illiquid business investments, which in due course will be further reviewed by the Proposal Trustee.

2.1.2 Liabilities

1. The Partners have no third-party liabilities other than their respective share of Metro's deficiency.
2. Pursuant to Section 142 of the BIA, the joint property of the Partners (being, the Metro partnership) shall be applicable in the first instance in payment of their joint debts, and the separate property of each partner shall be applicable in the first instance in payment of its separate debts.
3. Toronto Dominion Bank ("TD") provides Metro with a \$4 million operating line facility. As of the date of these proceedings, there are no amounts owing under this facility.
4. A summary of Metro's unsecured creditors as at February 22, 2020 is provided in the table below.

Unaudited	\$000s
Publisher accounts payable	51,053
Accounts payable and accrued liabilities	9,960
Provision for sales returns	3,571
Total	64,584

5. The amounts owing to publishers are expected to decline materially through the return of SBT and other inventory. As referred to above and in the Affidavit, approximately 75% of inventory is generally returned, and as discussed below, the APA contemplates that the Purchaser will facilitate these product returns in the normal course. This is a key benefit of the Transaction.
6. The obligations reflected above exclude "off balance sheet" obligations, including employee claims. According to Metro's books and records, Metro's accrued and unpaid vacation pay obligation presently totals approximately \$650,000. Severance and termination obligations have not been quantified.
7. Each creditor of the Partners, including the creditors of Metro, will receive a copy of the NOI package from the Proposal Trustee.

3.0 Urgency

1. The global COVID-19 pandemic has accelerated the decline in Metro's business:
 - distribution of magazine, newspaper and certain genres of books has effectively ceased;
 - hundreds of Metro's retail customers ceased operating in March and more are likely to do so in the coming weeks; and

- many merchandisers and other employees are either in quarantine or refusing to work, resulting in missed deliveries, the inability to place new product on shelves and the inability to return dated inventory to publishers.
2. On April 1, 2020, Comag Marketing Group LLC (“Comag”), Metro’s magazine supplier, issued a Notice of Termination to Metro as a result of non-payment. Comag claims to be owed approximately US\$19.8 million. Comag is the sole supplier of magazines in North America and, accordingly, Metro is no longer able to provide customers with magazines. Magazine sales (approximately \$9.9 million) represent approximately 63% of Metro’s year-to-date revenue for the period ended February 22, 2020. Additionally, there are five major book publishers and at least four of them are now refusing to supply Metro.
 3. Metro is without the liquidity and/or supply source to continue to operate. It was unable to pay its trade vendor obligations in March. Metro will run out of product shortly. Metro has recently laid off approximately 20 employees. Further layoffs appear inevitable.
 4. Based on the foregoing, Metro is effectively unable to continue to operate its Literature Business. It requires a stay of proceedings to immediately complete the proposed Transaction, following which it intends to scale down its business, restructure around its CPG business and, in due course, formulate a restructuring plan for its creditors.

4.0 Stay of Proceedings

1. It is presently unclear whether the contemplated restructuring will require conversion to a proceeding under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36 (“CCAA”). As such, the Partners have each filed NOIs and are seeking to extend the stay to Metro rather than Metro filing its own NOI, so that such proceedings can be continued under the CCAA if determined to be necessary or desirable. A partnership cannot be an applicant under the CCAA; however, pursuant to case law, the stay of proceedings and other protections in a CCAA can be extended to a partnership. Also, if Metro were to file an NOI, it may not be able to exit the BIA process, and could be forced to liquidate at the end of the BIA’s six-month period for proposals. By not filing an NOI, Metro retains the flexibility to continue its restructuring process into the CCAA, if necessary and appropriate.
2. The Proposal Trustee understands that Metro is a party to hundreds of contracts pursuant to which termination provisions may be triggered as a result of the commencement of insolvency proceedings. Certain of these contracts are required for Metro to continue to carry on business in the ordinary course, including the CPG business, which is contemplated to continue post-filing. Extending the stay of proceedings to Metro will prevent the termination of these contracts.
3. As a result of the risks identified above, and in order to best position Metro to formulate a viable restructuring plan, the Proposal Trustee believes that extending the stay of proceedings to Metro is in the best interests of its stakeholders and the success of these proceedings.

4. The proposed “Bankruptcy Procedure Order” contemplates that the protections provided to the Partners pursuant to section 65.1 of the BIA shall be extended to Metro. The extension of these protections is required in order to avoid disruption in Metro’s business during its restructuring process. Metro’s vendors are required to continue to provide goods and services to Metro, provided that no supplier is required to extend further credit to Metro.

5.0 Transaction¹

1. The key terms and conditions of the APA include the following:
 - a) Purchaser: TNG is an entity in the Jim Pattison Group, which is a Vancouver-based conglomerate with interests in media, automotive dealerships, grocery store chains, magazine distribution, food service specialty packaging, advertising, real estate development, fishing, forest products, financial services and entertainment. The Purchaser is the only other mass market book and magazine distributor in Canada of any note.
 - b) Purchase Price: \$925,000 payable in five equal monthly installments of \$185,000. The Purchaser is entitled to set off against such monthly installments any amounts owed to or claimed against the Purchaser under any agreement between the parties. Metro has advised that it is not aware of any potential setoff claims in this regard (or any agreements with the Purchaser other than the APA that could give rise to any claims).
 - c) Purchased Assets: Metro’s right, title and interest in:
 - (i) all customer and title records of Metro, including all distribution records, customer name files and title files including publisher listings, in each case for those customers located where such customers operate in Canada;
 - (ii) all magazine racks located in customer locations; and
 - (iii) the goodwill of Metro for the customer locations where such customers operate in Canada that relates to the distribution and sale of books and magazines.
 - d) Excluded Assets: all assets other than the Purchased Assets, including Metro’s accounts receivable, inventory, trade names, trademarks or other intellectual property and Metro’s leasehold interests in any real estate.
 - e) Accounts Receivable Collections and Inventory Returns: the APA requires the Purchaser to assist Metro in the collection of accounts receivable and the sell-through of inventory on customer shelves, including leaving Metro’s merchandise on customer shelves through the normal expiration of a product’s life cycle so that premature returns are minimized to the extent reasonably practicable and picking up merchandise returns from customers at no cost to Metro. In addition, the Purchaser shall pick up in accordance with industry practice all of Metro’s merchandise that remains in the field after closing and

¹ Defined terms in this section of the Report have the meanings provided to them in the APA.

return it for proper credit from publishers, national distributors or other vendors. The Purchaser and Metro will share equally all costs of any programming needed to separate returns. The Purchaser will deliver all required reports to Metro on a weekly basis. Exhibit B to the APA details the inventory return and accounts receivable collection process and procedures to be carried out by the parties.

The product return provisions of the APA are critical to Metro as they will allow Metro to reduce its obligations to publisher creditors. An orderly inventory return protocol is particularly significant in this industry as nearly 75% of inventory is returned to vendors for full credit. The Purchaser's assistance to coordinate product returns from the retailers to the publishers is expected to reduce accounts payable by millions of dollars.

- f) Assumed Liabilities: the only liabilities being assumed by the Purchaser under the APA are those that arise from and after closing under the customer agreements listed in Schedule D to the APA. The APA states that the Purchaser is not assuming any pre-closing liabilities, including any employee obligations, notwithstanding whether the employees are hired by the Purchaser following the closing of the Transaction.
 - g) Conditions Precedent: the terms of the APA are generally consistent with standard insolvency transactions, i.e. to be completed on an "as is, where is" basis with minimal representations, warranties and conditions. The only remaining material condition is Court approval, which is to be sought within three business days of the filing of the NOIs. Closing is to occur within two business days of Court approval.
2. A redacted version of the APA is attached to the Affidavit. The only redacted portions of the APA are the schedules which set out Metro's customer list, the customer contracts being assumed by the Purchaser and the names and salary information of transferred employees. The unredacted version of the APA is attached as Confidential Appendix "1" to this Report.
 3. The Proposal Trustee recommends that the unredacted version of the APA be filed with the Court on a confidential basis and remain sealed pending further order of the Court as the redactions contain sensitive information, including sensitive personal information, that does not need to be disclosed. The Proposal Trustee does not believe that any stakeholder will be prejudiced if the information is sealed or redacted.

5.1 Recommendation

1. The Proposal Trustee believes the Transaction is appropriate for the following reasons:
 - a) absent the Transaction, Metro will not be able to sell its Literature Business, and it will be liquidated for nominal or no value;

- b) it contemplates an immediate sale to the only potential buyer, being the Purchaser, given that the Purchaser and Metro are the only two mass market book, magazine and newspaper distributors in Canada. Additionally, this industry is regulated pursuant to the PBDA such that there are Canadian content and ownership restrictions that would preclude a non-Canadian buyer from performing Metro's business;
 - c) it is expected to preserve employment for a substantial number of Metro's employees across Canada (approximately 290 employees will be offered employment with the Purchaser), whereas the alternative – liquidation – would result in their immediate termination;
 - d) it is projected to enhance accounts receivable collections as retailers will have a continued and uninterrupted source of supply, which will reduce the number of setoff claims that would result if supply was disrupted. Additionally, the Purchaser will facilitate the return of inventory on shelves in the normal course, which will materially reduce Metro's accounts payable obligations and enhance the prospects of a successful restructuring;
 - e) a distribution to unsecured creditors is expected in these proceedings. The Transaction both enhances recoveries and minimizes claims as accounts payable owing to inventory suppliers will be significantly reduced through the product return process discussed herein;
 - f) the Purchaser uses the same logistics system as Metro which will further provide for a streamlined transition of the Literature Business and enable it to meet customer requirements and make timely shipments to over 4,500 customers across Canada;
 - g) it will allow Metro to immediately downsize its business and focus on restructuring around its CPG business;
 - h) the current COVID-19 pandemic has had a significant and catastrophic impact on Metro's ability to continue the Literature Business. It is only through the Transaction that Metro will be able to re-establish a supply line to its existing retail customers in order to continue to operate its remaining business lines;
 - i) the Proposal Trustee understands that legal counsel to both Metro and the Purchaser are of the view that the Transaction is compliant with Competition Bureau regulatory matters and does not trigger notification requirements in that regard; and
 - j) even absent the COVID-19 crisis, conducting a sale process for Metro's business would be a waste of time. The outcome of such a process would be a sale to the Purchaser, and if that failed, a liquidation of the business. Metro and the Purchaser are the only two businesses in Canada that perform the services covered by the APA, and foreign companies are precluded from providing book, magazine and newspaper distribution in Canada.
2. Based on the foregoing, the Proposal Trustee recommends that this Honourable Court approve the Transaction.

6.0 CMMI Services Agreement

1. In conjunction with the execution of the APA, CMMI and the Purchaser have entered into the CMMI Services Agreement. The CMMI Services Agreement is not subject to Court approval but is discussed as it is related to the APA. The CMMI Services Agreement provides that the Purchaser will provide certain services for CMMI that were formerly performed by Metro. This is important because the Purchaser will be acquiring Metro's employees or systems on which CMMI relies. It also facilitates the Transaction, which produces value for creditors.
2. The key attributes of the CMMI Services Agreement are as follows:
 - a) CMMI is appointing the Purchaser as its service agent in all regions in Canada in which Metro previously acted as CMMI's service agent for the regions in which Metro operates;
 - b) the Services to be performed are detailed in the CMMI Services Agreement, including maintaining a billing and EDI infrastructure to support the purchase and sale transactions with CMMI retail customers, cash split and reconciliation functions, mass market book purchasing services, ensuring CMMI customers receive appropriate product assortment and allocations, logistics and merchandising services;
 - c) CMMI is to change the signing authorities for the bank accounts used in the collection of accounts receivable (by EFT) from its large retail accounts. This is required for the Purchaser to perform certain of the Services, including maintaining billing and accounting systems for CMMI. To the extent the Purchaser collects any amounts that are owing to CMMI in respect of newspaper revenues in error, the Purchaser is obligated to forward those funds to CMMI within seven days;
 - d) the fees/commissions payable by each party under the agreement are as follows:
 - CMMI is to pay the Purchaser a monthly fee of \$25,000; and
 - the Purchaser is to pay CMMI a monthly commission of 2% of all revenue generated by CMMI's merchandising assignments, sales of electronics, music, ASOTV products and any other product or service sold by CMMI to its customers (other than books and magazines) and collected by the Purchaser;
 - e) the term is 18 months, which automatically renews for up to two additional one-year terms unless either party delivers a termination notice within 120 days of expiry of the applicable term; and
 - f) it provides the Purchaser with a first right of refusal for the CMMI business.

3. On an overall basis, the CMMI Services Agreement will benefit Metro as it will assist to minimize disruption at the major retailers (which are customers of CMMI serviced by Metro) by providing the Purchaser with the systems and people which are critical to the uninterrupted performance of the Literature Business, which will, in turn, enhance Metro's accounts receivable collections, facilitate inventory returns to vendors for full credit and assist Metro to prepare a restructuring plan that is in the interest of its creditors.

7.0 Request for an Extension

1. The Partners are seeking an extension of the time to file a proposal with the Official Receiver from May 6, 2020 to June 19, 2020.
2. The Proposal Trustee supports the Partners' request for the following reasons:
 - a) the Proposal Trustee has been working with management for several weeks and is of the view that they are acting in good faith and with due diligence;
 - b) a viable proposal (or CCAA plan if the proceeding is converted) is likely to be made if the extension is granted;
 - c) the cash flow projection attached as Appendix "B" reflects that there is sufficient liquidity for Metro to continue to operate during the extension period;
 - d) no creditor would be materially prejudiced if the extension is granted;
 - e) it will allow the Proposal Trustee to work with Metro to advance a restructuring plan, which is in the interest of maximizing stakeholder recoveries; and
 - f) in the current COVID-19 environment where Court time is scarce and should be used for urgent matters, the Proposal Trustee does not believe it is a good use of the Court's time to hear a motion within the next 30 days solely for the purpose of extending the date by which a proposal needs to be filed.

8.0 Surplus Asset Sales

1. The Proposal Trustee understands that Metro is considering other nominal transactions for surplus assets. Metro is seeking authorization to complete any transaction for these surplus assets not exceeding \$200,000 in any one transaction or \$400,000 in the aggregate, with the prior approval of the Proposal Trustee, but without further approval of the Court.
2. The Proposal Trustee believes the relief sought is appropriate given that it will be working with Metro on these transactions and because it is sensitive to scheduling further motions in these proceedings for approval of immaterial transactions. Court approval for any transaction in excess of these thresholds would still be required.

9.0 Administration Charge

1. The Partners are seeking an Administration Charge over the assets of the Partners and Metro in the amount of \$300,000 in respect of the fees and disbursements of their counsel, the Proposal Trustee and its counsel. An Administration Charge is a common feature in restructuring proceedings. The professionals covered by the Administration Charge require the benefit of the Administration Charge to secure payment of their fees and expenses.
2. Absent approval of the Administration Charge, the professionals involved in these proceedings have no guarantee of payment and are unlikely to continue to act, which would likely cause these proceedings to come to an end. There are no secured creditors in these proceedings (other than TD, which has no amounts owing to it under its operating line facility), being the stakeholders who are required to be served before an Administration Charge is granted.

10.0 Administrative Consolidation

1. The Partners are seeking an order to consolidate the administration of their NOI proceedings into one estate.
2. As the consolidation is for administrative purposes only, each of the Partners would remain separate for the purpose of a claims process, filing a proposal or making distributions to creditors.
3. The Partners and the Proposal Trustee believe that administratively consolidating the proceedings is appropriate as:
 - a) the Partners are inactive holding companies with no business operations or assets other than their respective partnership interests in Metro and certain illiquid CPG business investments;
 - b) it will facilitate the orderly administration of these proceedings;
 - c) the Partners have common ownership and management; and
 - d) it will reduce costs, including by filing materials in one proceeding only.

11.0 Anticipated Next Steps in these Proceedings

1. Subject to Court approval, the Proposal Trustee's next steps in these proceedings will include the following:
 - a) working with Metro, the Purchaser and their respective legal counsel to close the Transaction and facilitate the corresponding post-closing service agreements;
 - b) assisting Metro to wind-down its publication distribution business, including in respect of accounts receivable collections and inventory sales/returns;

- c) working with Metro to complete other non-core asset sales which are presently being considered; and
- d) assisting in the preparation of a restructuring plan to be presented to creditors in due course.

12.0 Conclusion and Recommendation

1. Based on the foregoing, the Proposal Trustee respectfully recommends that this Honourable Court make an order granting the relief detailed in Section 1.1(1)(g) of this Report.

* * *

All of which is respectfully submitted,



KSV KOFMAN INC.

**SOLELY IN ITS CAPACITY AS TRUSTEE UNDER THE
NOTICES OF INTENTION TO MAKE A PROPOSAL OF
THE PARTNERS AND NOT IN ITS PERSONAL CAPACITY**

Appendix “D”

Court File No.: _____

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

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

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF 957855 ALBERTA LTD. (FORMERLY
NEWSWEST INC.) AND ROSEBUD CREEK FINANCIAL
CORP. IN RESPECT OF METRO 360 GENERAL
PARTNERSHIP**

Applicants

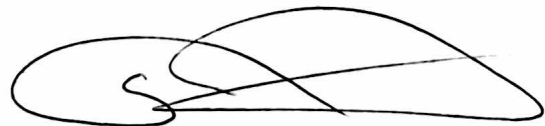
MONITOR'S CONSENT

KSV Kofman Inc. hereby consents to act as Court-appointed monitor of 957855 Alberta Ltd. (formerly NewsWest Inc.) and Rosebud Creek Financial Corp. as the partners of the Metro 360 General Partnership in respect of these proceedings.

Dated as of June 9, 2020

KSV Kofman Inc.

Per:



Name: DAVID SIERADZKI
Title: MANAGING DIRECTOR

For Discussion Purposes Only
DRAFT: 1 - June 9, 2020

Court File No.: _____

**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 957855
ALBERTA LTD. (FORMERLY NEWSWEST INC.) AND ROSEBUD CREEK FINANCIAL
CORP. IN RESPECT OF METRO 360 GENERAL PARTNERSHIP**

Applicants

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

MONITOR'S CONSENT

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Lawyers for 957855 Alberta Ltd. (formerly
NewsWest Inc.), Rosebud Creek Financial Corp.,
and Metro 360 General Partnership.

Appendix “E”

Metro 360 General Partnership
Projected Statement of Cash Flows
 For the Period Ending September 18, 2020
 (Unaudited; \$CAD)

Note	Week Ending													
	19-Jun-20	26-Jun-20	03-Jul-20	10-Jul-20	17-Jul-20	24-Jul-20	31-Jul-20	07-Aug-20	14-Aug-20	21-Aug-20	28-Aug-20		04-Sep-20	11-Sep-20
Receipts														
1														
2	415,000	374,000	333,000	305,000	282,000	264,000	197,000	186,000	176,000	169,000	169,000	178,000	174,000	159,000
3	-	185,000	-	-	-	-	185,000	-	-	-	-	-	-	-
4	-	-	144,000	-	-	-	138,000	-	-	-	-	138,000	-	-
	415,000	559,000	477,000	305,000	282,000	264,000	520,000	186,000	176,000	169,000	505,000	178,000	174,000	159,000
Total Receipts														
Disbursements														
5	20,000	101,000	-	-	146,000	-	126,000	-	138,000	-	118,000	-	138,000	-
6	110,000	110,000	152,000	152,000	152,000	152,000	88,000	88,000	88,000	88,000	88,000	125,000	125,000	125,000
7	-	-	15,000	-	-	-	-	15,000	-	-	-	15,000	-	-
8	-	-	-	-	-	140,000	-	-	-	75,000	-	-	-	70,000
9	20,000	16,000	5,000	23,000	19,000	19,000	9,000	23,000	15,000	16,000	9,000	27,000	19,000	19,000
10	-	-	-	-	106,000	-	-	-	96,000	-	-	-	-	79,000
	150,000	227,000	172,000	175,000	423,000	311,000	223,000	126,000	337,000	179,000	215,000	167,000	282,000	293,000
	265,000	332,000	305,000	130,000	(141,000)	(47,000)	297,000	60,000	(161,000)	(10,000)	290,000	11,000	(108,000)	(134,000)
	-	75,000	-	-	-	150,000	-	-	-	-	75,000	-	-	50,000
	265,000	257,000	305,000	130,000	(141,000)	(197,000)	297,000	60,000	(161,000)	(10,000)	215,000	11,000	(108,000)	(184,000)
	11,873,295	12,138,295	12,395,295	12,700,295	12,830,295	12,689,295	12,492,295	12,789,295	12,849,295	12,688,295	12,678,295	12,893,295	12,904,295	12,796,295
	265,000	257,000	305,000	130,000	(141,000)	(197,000)	297,000	60,000	(161,000)	(10,000)	215,000	11,000	(108,000)	(184,000)
	12,138,295	12,395,295	12,700,295	12,830,295	12,689,295	12,492,295	12,789,295	12,849,295	12,688,295	12,678,295	12,893,295	12,904,295	12,796,295	12,612,295
	3,394,000	555,000	420,000	159,000	787,000	1,643,000	45,000	285,000	239,000	281,000	3,260,000	1,089,000	350,000	739,000
	4,369,000													
Net Cash Flow														
	11,873,295	12,138,295	12,395,295	12,700,295	12,830,295	12,689,295	12,492,295	12,789,295	12,849,295	12,688,295	12,678,295	12,893,295	12,904,295	12,796,295
	265,000	257,000	305,000	130,000	(141,000)	(197,000)	297,000	60,000	(161,000)	(10,000)	215,000	11,000	(108,000)	(184,000)
	12,138,295	12,395,295	12,700,295	12,830,295	12,689,295	12,492,295	12,789,295	12,849,295	12,688,295	12,678,295	12,893,295	12,904,295	12,796,295	12,612,295
	11,873,295	12,138,295	12,395,295	12,700,295	12,830,295	12,689,295	12,492,295	12,789,295	12,849,295	12,688,295	12,678,295	12,893,295	12,904,295	12,796,295
	11,873,295	12,138,295	12,395,295	12,700,295	12,830,295	12,689,295	12,492,295	12,789,295	12,849,295	12,688,295	12,678,295	12,893,295	12,904,295	12,796,295
Net Cash Flow Before the Undemoted														
11	-	-	-	-	-	150,000	-	-	-	-	75,000	-	-	50,000
	-	-	-	-	-	150,000	-	-	-	-	75,000	-	-	50,000
	-	-	-	-	-	150,000	-	-	-	-	75,000	-	-	50,000
	-	-	-	-	-	150,000	-	-	-	-	75,000	-	-	50,000
	11,873,295	12,138,295	12,395,295	12,700,295	12,830,295	12,689,295	12,492,295	12,789,295	12,849,295	12,688,295	12,678,295	12,893,295	12,904,295	12,796,295
	265,000	257,000	305,000	130,000	(141,000)	(197,000)	297,000	60,000	(161,000)	(10,000)	215,000	11,000	(108,000)	(184,000)
	12,138,295	12,395,295	12,700,295	12,830,295	12,689,295	12,492,295	12,789,295	12,849,295	12,688,295	12,678,295	12,893,295	12,904,295	12,796,295	12,612,295
	11,873,295	12,138,295	12,395,295	12,700,295	12,830,295	12,689,295	12,492,295	12,789,295	12,849,295	12,688,295	12,678,295	12,893,295	12,904,295	12,796,295
	11,873,295	12,138,295	12,395,295	12,700,295	12,830,295	12,689,295	12,492,295	12,789,295	12,849,295	12,688,295	12,678,295	12,893,295	12,904,295	12,796,295

The above financial projections are based on management's assumptions detailed in Appendix "1-1".
 The note references correspond to the assumption numbers shown in Appendix "1-1".

Purpose and General Assumptions

1. The purpose of the projection is to present a forecast of the cash flow of Metro 360 General Partnership ("Metro") for the period June 15, 2020 to September 18, 2020 (the "Period"). Neither Rosebud Creek Financial Corp. or 957855 Alberta Ltd. is projected to have active business operations and/or cash flow activity during the Period.

Hypothetical

2. Represents projected collections of accounts receivables.

Most Probable

3. The purchase price under the court-approved transaction with Great Pacific Enterprises Inc. dba TNG is payable in monthly installments.
4. Reflects projected receipts from the Canada Emergency Wage Subsidy ("CEWS") program.
5. Reflects payment of gross payroll, including benefits.
6. Reflects payments to vendors in respect of Metro's continuing CPG operations.
7. Reflects payment of rent and utilities at Metro's head office.
8. Reflects payments to shipping and logistics providers.
9. Reflects payment of operating costs, including IT contractors, travel, phone charges, bank charges and software.
10. Metro is projected to be in a HST payable position on a monthly basis.
11. Reflects estimated professional costs for the Monitor, its counsel and Metro's counsel.

ESTATE/COURT FILE NO.:31-2636843

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

IN THE MATTER OF THE PROPOSAL OF METRO 360 GENERAL PARTNERSHIP AND THE
PARTNERS THEREOF

Metro 360 General Partnership ("Metro") has developed the assumptions and prepared the attached statement of projected cash flow as of the 9th day June, 2020 for the period June 15, 2020 to September 18, 2020 ("Cash Flow"). All such assumptions are disclosed in the notes to the Cash Flow. Neither Rosebud Creek Financial Corp. or 957855 Alberta Ltd. is projected to have any business operations and/or cash flow activity during the Cash Flow period.

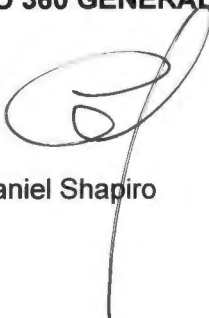
The hypothetical assumptions are reasonable and consistent with the purpose of the Cash Flow as described in Note 1 to the Cash Flow, and the probable assumptions are suitably supported and consistent with the plans of Metro and provide a reasonable basis for the Cash Flow.

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

The Cash Flow has been prepared solely for the purpose outlined in Note 1 using a set of hypothetical and probable assumptions set out therein. Consequently, readers are cautioned that the Cash Flow may not be appropriate for other purposes.

Dated at Toronto, Ontario this 9th day of June, 2020.

ROSEBUD CREEK FINANCIAL CORP. AND
957855 ALBERTA LTD. IN RESPECT OF
METRO 360 GENERAL PARTNERSHIP

A handwritten signature in black ink, appearing to read 'Daniel Shapiro', is written over the typed name. The signature is stylized with a large loop at the top and a long vertical stroke extending downwards.

Per: Daniel Shapiro

Appendix “F”

ESTATE/COURT FILE NO.:31-2636843

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

IN THE MATTER OF THE PROPOSAL OF METRO 360 GENERAL PARTNERSHIP AND THE
PARTNERS THEREOF

The attached statement of projected cash-flow of Metro 360 General Partnership ("Metro") as of the 9th day June, 2020, consisting of a weekly projected cash flow statement for the period June 15, 2020 to September 18, 2020 ("Cash Flow") has been prepared by the management of Metro for the purpose described in Note 1, using the probable and hypothetical assumptions set out in the notes to the Cash Flow. Neither Rosebud Creek Financial Corp. nor 957855 Alberta Ltd. is projected to have any business operations and/or cash flow activity during the Cash Flow period.

Our review consisted of inquiries, analytical procedures and discussions related to information supplied by the management and employees of Metro. 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 Cash Flow. We have also reviewed the support provided by management for the probable assumptions and the preparation and presentation of the Cash Flow.

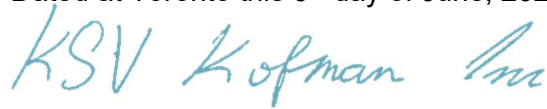
Based on our review, nothing has come to our attention that causes us to believe that, in all material respects:

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

Since the Cash Flow 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 Cash Flow will be achieved. We express no opinion or other form of assurance with respect to the accuracy of any financial information presented in this report, or relied upon in preparing this report.

The Cash Flow has been prepared solely for the purpose described in Note 1 and readers are cautioned that it may not be appropriate for other purposes.

Dated at Toronto this 9th day of June, 2020.



KSV KOFMAN INC.
SOLELY IN ITS CAPACITY AS PROPOSED CCAA MONITOR
OF THE PARTNERS
AND NOT IN ITS PERSONAL CAPACITY

4

Court File No.: CV-20-00642783-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE MR.)	FRIDAY, THE 26 TH
)	
JUSTICE HAINEY)	DAY OF JUNE, 2020

**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 957855 ALBERTA LTD.
(FORMERLY NEWSWEST INC.) AND ROSEBUD CREEK
FINANCIAL CORP. IN RESPECT OF METRO 360
GENERAL PARTNERSHIP**

Applicants

STAY EXTENSION ORDER

THIS MOTION, made by 957855 Alberta Ltd. (formerly NewsWest Inc.) (“**Alberta HoldCo**”) and Rosebud Creek Financial Corp. (“**Rosebud HoldCo**” and, together with Alberta HoldCo, the “**Applicants**”), being the partners of the Metro 360 General Partnership (“**Metro 360**” and, together with the Applicants, the “**CCAA Entities**”), pursuant to the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”), was heard this day in writing at Toronto, Ontario.

ON READING the affidavit of Daniel P. Shapiro sworn June 10, 2020 (without exhibits), the second report of KSV Kofman Inc., in its capacity as the proposal trustee of the Applicants in the Applicants’ proceedings under Part III of the *Bankruptcy and Insolvency Act*, R.S.C. 1985 c. B-3 bearing Court File No. 31-2636843, and in its capacity as the proposed monitor of the Applicants under the CCAA (in its current capacity, the “**Monitor**”), dated June 10, 2020 (without the confidential appendix thereto, which has been sealed by this Court), and upon being advised by counsel for the CCAA Entities that no party has provided written notice

- 2 -

of objection in accordance with this Court's Endorsement dated June 17, 2020 although duly served as appears from the affidavit of service of ● sworn June ●, 2020:

SERVICE AND DEFINITIONS

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

2. **THIS COURT ORDERS** that capitalized terms used herein and not otherwise defined have the meanings given to them in the Initial Order of this Court made in the within proceedings dated June 17, 2020.

EXTENSION OF THE STAY PERIOD

3. **THIS COURT ORDERS** that the Stay Period be and is hereby extended to and including 11:59 p.m. (Toronto time) on September 18, 2020, and that all other terms of the Initial Order shall remain in full force and effect during the Stay Period.

GENERAL

4. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, the United States or any other foreign jurisdiction, to give effect to this Order and to assist the CCAA Entities, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the CCAA Entities and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the CCAA Entities and the Monitor and their respective agents in carrying out the terms of this Order.

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 957855 ALBERTA LTD. (FORMERLY NEWSWEST INC.) AND ROSEBUD CREEK FINANCIAL CORP. IN RESPECT OF METRO 360 GENERAL PARTNERSHIP

Court File No.: CV-20-00642783-00CL

Applicants

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

STAY EXTENSION ORDER

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**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 957855
ALBERTA LTD. (FORMERLY NEWSWEST INC.) AND ROSEBUD CREEK FINANCIAL
CORP. IN RESPECT OF METRO 360 GENERAL PARTNERSHIP**

Court File No.: CV-20-00642783-00CL

Applicants

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

MOTION RECORD
(Motion returnable June 26, 2020)

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Corp., and Metro 360 General Partnership