



**Third Report of  
KSV Restructuring Inc. as  
CCAA Monitor of  
Rosebud Creek Financial Corp., 957855  
Alberta Ltd. and  
Metro 360 General Partnership**

**March 22, 2021**

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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

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

THIRD REPORT OF KSV RESTRUCTURING INC.  
AS CCAA MONITOR

MARCH 22, 2021

## 1.0 Introduction

1. On April 6, 2020, Rosebud Creek Financial Corp. ("Rosebud") and 957855 Alberta Ltd. ("957") (jointly, the "Partners") each filed a Notice of Intention to Make a Proposal ("NOI") 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"). KSV Restructuring Inc.<sup>1</sup> ("KSV") was appointed the proposal trustee ("Proposal Trustee") in the NOI Proceedings.
2. On June 17, 2020, the Partners brought an application before the Ontario Superior Court of Justice (Commercial List) (the "Court") to have the NOI Proceedings taken up and continued under the *Companies' Creditors Arrangement Act* ("CCAA"). Pursuant to a Court order made on June 17, 2020 (the "Initial Order"), the Partners were granted protection under the CCAA, and KSV was appointed monitor (in such capacity, the "Monitor"). A copy of the Initial Order is attached as Appendix "A".
3. Rosebud and 957 are holding companies and the partners of Metro 360 General Partnership ("Metro"). Pursuant to the Initial Order, the stay of proceedings granted to Rosebud and 957 was extended to Metro. The stay of proceedings presently expires on March 31, 2021 pursuant to a Court order made on December 4, 2020.
4. 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"). As a result of the TNG Transaction (as defined and described below), Metro's business is now focused on the distribution of consumer-packaged goods ("CPG"), such as food products, music and consumer electronic accessories.

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<sup>1</sup> Effective August 31, 2020, KSV Kofman Inc. changed its name to KSV Restructuring Inc.

5. The principal purpose of these proceedings has been to create a stabilized environment to allow Metro to:
  - a) complete the inventory return process resulting from the TNG Transaction, as more fully detailed below;
  - b) facilitate a restructuring of Metro's business around its CPG business and on various businesses in which Metro has an equity interest (the "Investments");
  - c) continue to grow the Investments, which are integral to a plan of arrangement (the "Plan") that Metro intends to present to its creditors; and
  - d) provide Metro with the opportunity to prepare a Plan to present to its creditors.
6. Pursuant to a Court order made on September 16, 2020 (the "Claims Procedure Order"), the Monitor is working with Metro and the Partners (collectively, the "CCAA Entities") to carry out a claims process (the "Claims Procedure") to solicit and determine claims against the CCAA Entities and their directors and officers. As more fully discussed in Section 4 below, substantially all disputed claims have been resolved.

## 1.1 Purposes of this Report

1. The purposes of this report ("Report") are to:
  - a) provide background information about the CCAA Entities and these proceedings;
  - b) provide an update on the Claims Procedure being carried out by the Monitor in accordance with the Claims Procedure Order;
  - c) summarize the status of three HST/GST reassessments dated October 19, 2020 totalling approximately \$6.7 million issued by Canada Revenue Agency ("CRA") (collectively, the "HST/GST Reassessments"), the three Notices of Objection filed by Metro on January 13, 2021 (the "Notices of Objection") and the status of discussions between CRA and Metro in respect thereof;
  - d) report on Metro's cash flow projection for the period April 1, 2021 to June 30, 2021 (the "Cash Flow Forecast")<sup>2</sup>;
  - e) discuss the reasons to extend the stay of proceedings from March 31, 2021 to June 30, 2021; and
  - f) recommend that the Court issue an order, *inter alia*:
    - i. extending the stay of proceedings to June 30, 2021; and
    - ii. approving this Report and the Monitor's activities described herein.

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<sup>2</sup> As the Partners are inactive, the Cash Flow Forecast represents the operations of Metro.

## 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 reflects the projected ongoing impact of Covid-19 on Metro's business and operations. Consumer, supply chain, governmental and other macro-economic factors related to Covid-19 may have a material affect on Metro's business and on the Investments. The full impact of Covid-19 is unknown and cannot be determined at this time.

## 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 the remaining 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. Daniel Shapiro is the CCAA Entities' 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.
3. At the outset of these proceedings, Metro completed a sale (the "TNG Transaction") of the Literature Business to Great Pacific Enterprises Inc. d/b/a TNG ("TNG"). The TNG Transaction was approved by the Court on April 7, 2020 and closed on April 8, 2020. The TNG Transaction was integral to maximizing the value of the Literature Business and saving hundreds of jobs for individuals who found employment with TNG.

4. Prior to the TNG Transaction, Metro's core business was the Literature Business, which had been operated by the Shapiro family since the early 1930s. 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. The majority of Metro's former employees were offered new jobs by TNG.
5. Several years ago, Metro began to diversify by wholesaling consumer packaged goods, including food products, music, consumer electronic accessories and As-Seen-On-TV ("ASOTV") products.
6. Rosebud and/or Metro own equity interests in the Investments, 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"). Metro and/or Rosebud do not have a controlling interest in the Investments; however, Metro provides all of the Investments with back-office support and Metro's management is responsible for guiding the growth and strategic decision-making of these businesses. A summary of the Investments is as follows:
  - a) Well: On a fully diluted basis, Metro and Rosebud own 17.29% and 4.22% of Well's equity, respectively. Well is a manufacturer and distributor of cold pressed juices, kombucha and ready-to-drink alcoholic beverages. In 2020, Well secured shelf space at the LCBO. It has also secured new contracts to produce PC Organic juices for Loblaws across Canada and is in the process of finalizing an arrangement with two major US grocery chains, which are expected to launch in the near term. Management expects these and other opportunities will materially grow Well's sales. Additional information about Well and its recent initiatives is provided in Section 3 of this Report and in the affidavit of Mr. Shapiro sworn on March 22, 2021 (the "Affidavit") in respect of this motion.
  - b) Spectral: Metro and Well own an 8% and 36% equity interest in Spectral, respectively. Spectral has developed a cost-efficient turnkey greenhouse model that Metro's management believes has the potential to reposition how Canadian grocery retailers source produce and sell leafy greens. The greenhouse model allows for produce to be grown and distributed within Canada on a cost-efficient basis, ensuring freshness, reducing the carbon footprint and maintaining price competitiveness.
  - c) Handfuel: Metro owns a 50% equity interest in Handfuel, a manufacturer of flavourful and nutritious food products across Canada, such as fruit and nut snack mix products. Handfuel's products are sold in major grocery store chains and high-end grocers, such as Pusateri's. Handfuel has also recently secured a listing with a major US grocer.

- d) Swift Work Wellness: Metro's interests in Swift Work Wellness consist of a 27% holding in All Day Nutritionals U.S. ("All Day US"), the U.S. parent, and a 45% interest in All Day Nutritionals Canada, the Canadian subsidiary of All Day US. 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 due to the Covid-19 pandemic.
- 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 sold at the check-out counter of grocers and retailers. RS2 also owns, manages and sells a cover analyzer database to publishers which allows publishers to assess the title performance of their own and competing titles. Metro recently advised the Monitor that it is in the process of selling its interest in RS2 to TNG for \$183,000 as this business has limited growth prospects given the trend away from magazines and because Metro has exited the Literature Business. Court approval will not be sought for this transaction as the proceeds are less than the thresholds requiring Court approval under the Initial Order, being \$200,000 in any one transaction or \$400,000 in the aggregate.<sup>3</sup> The Monitor understands that TNG already performs the accounting function for RS2 and that TNG is the only major magazine distributor in Canada and, accordingly, is the only viable buyer for this asset. Based on RS2's most recent internal financial statements as at December 27, 2020, RS2 is essentially a break-even business and the book value of Metro's interest was approximately \$112,000. Accordingly, the sale price represents a premium to book value of over 50%.
7. 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.
8. Metro presently employs 27 employees, including three who have been retained until June 30, 2021 to assist with the wind-down of the Literature Business. Metro's workforce is not unionized. Metro maintains a defined contribution pension plan. Management has advised the Monitor that it is current on its obligations under the pension plan.
9. Bank of Nova Scotia ("BNS") claims to have a secured guarantee from Rosebud and Metro for advances made to entities related to Mr. Shapiro. A security opinion has not yet been performed by the Monitor's legal counsel, Bennett Jones LLP, on the BNS security.

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<sup>3</sup> The aggregate threshold is also not triggered by this transaction as the only other disposition that the Monitor is aware of involved the sale of the Ontario Newspaper Services business for \$75,000, as detailed in Section 2.1(4) of this Report.

10. The continuing CPG business, the Investments and the benefits of the TNG Transaction are expected to generate material recoveries for creditors in these proceedings through a Plan to be filed by the CCAA Entities in due course. Metro expects these recoveries will substantially exceed the amounts creditors would realize in a bankruptcy or wind-down of the CPG business.
11. Additional information about the CCAA Entities is included in the affidavits sworn by Mr. Shapiro in these proceedings, as well as in the Monitor's reports to Court, the Proposal Trustee's reports to Court and KSV's pre-filing report to Court, which was filed by KSV as proposed Monitor. Accordingly, the information in those documents has not been repeated in this Report, unless required. Court materials filed in the CCAA and NOI Proceedings are available on the Monitor's website at <https://www.ksvadvisory.com/insolvency-cases/case/metro360>.

## 2.1 TNG Transaction

1. The TNG Transaction: i) reduced disruption in the distribution of books and periodicals to retailers across Canada; ii) generated value for Metro's business where it would otherwise not have been possible as the Covid-19 pandemic was impairing Metro's ability to provide Literature Business services to retailers; iii) materially reduced vendor claims; iv) maximized the value of Metro's accounts receivable and inventory by eliminating operational disruption; and v) preserved nearly three hundred jobs for employees who were offered employment by TNG.
2. The purchase price under the TNG Transaction was \$925,000, payable in five monthly installments. All amounts payable by TNG have been received.
3. The value of the TNG Transaction to Metro significantly exceeds the purchase price of \$925,000. In this regard, returning unsold inventory to publishers for full credit is critical to Metro and is a key benefit of the TNG Transaction. At the time of the TNG Transaction, the book value of the unsold inventory was estimated to be approximately \$35 million<sup>4</sup>. Based on Metro's internal financial statements, inventory returns have reduced Metro's accounts payable by over \$32 million<sup>5</sup> between the date the TNG Transaction was completed and the date of this Report. The inventory return process has been substantially completed.
4. The only portion of the Literature Business not conveyed to TNG under the TNG Transaction was Metro's newspaper division, Ontario Newspaper Services ("ONS"). In September 2020, the ONS business and assets (primarily a customer list) were sold to Roltek International Inc. ("Roltek") for \$75,000, subject to adjustment. Court approval was not required for this transaction as the proceeds were less than the thresholds requiring Court approval under the Initial Order. Roltek is not related to the CCAA Entities or Mr. Shapiro, and no related parties have an interest in Roltek. Metro consulted with the Monitor prior to completing this transaction.

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<sup>4</sup> Based on Metro's internal, unaudited financial statements dated March 31, 2020.

<sup>5</sup> Returns processed for credit from publishers represent a combination of inventory owned by Metro and inventory returned by retailers which was sold by Metro on consignment.



### 3.0 Well

1. Of the Investments, Well is in the most advanced stage – it has continued to position itself for significant growth over the past year. Well’s performance and strategic initiatives are detailed in the Affidavit and accordingly, these initiatives are only summarized below.
2. Well has been able to grow its business on a year-over-year basis notwithstanding the Covid-19 pandemic. Well recently launched its ready-to-drink products in LCBO stores and a line of juices exclusively for Loblaws under the PC Organic brand to be offered for sale in Loblaws stores across Canada. Well has finalized a major contract with a national US retailer that has the potential to be transformational for Well's business. It is expected that this contract will start to generate revenue in the near term. Well continues to project significant sales growth due to these and other initiatives, including securing shelf space at major retailers, such as FarmBoy, Walmart and others. Well is also working to close, or has closed, very significant private label opportunities with some of Canada’s most recognized companies, including Starbucks.
3. In order to increase its manufacturing capacity and position itself for its anticipated growth, Well undertook the following initiatives.

a) Filling Line

Well sourced a new high-speed fill line for its core juice products, a high-speed labeler and case labeler (the “Filling Line”). In order to purchase the Filling Line, Well required an advance of approximately \$202,000 from Metro, which was to be partially repaid upon receipt of a \$100,000 grant (the “Grant”) from Her Majesty the Queen in Right of Ontario, as represented by the Minister of Agriculture, Food and Rural Affairs (the “Province”). Metro funded this amount in late July 2020 pursuant to a secured promissory note (the “Promissory Note”). This was disclosed to the Court orally at the CCAA application on June 17, 2020, in the Monitor’s first report to Court dated September 9, 2020 (the “First Report”) and in Mr. Shapiro’s affidavit sworn September 9, 2020.

In accordance with the Promissory Note, any funds received under the Grant were to be used to repay Well’s obligation owing to Metro under the Promissory Note. The balance of the Promissory Note, together with interest payable thereon, is to be repaid before the maturity date, being June 19, 2021.

In January 2021, Well received the Grant monies from the Province of approximately \$100,000; however, those proceeds were required to fund Well’s working capital requirements at the time and, accordingly, on January 27, 2021, Metro extended to March 31, 2021 the repayment terms for the Grant monies under the Promissory Note. Metro has advised the Monitor that it intends to provide Well with a further extension until June 30, 2021 for the repayment of the amounts owing under the Promissory Note.

Given the *de minimus* amount owing under the Promissory Note, and the security provided by Well in favour of Metro, the Monitor believes this is an appropriate use of this capital, particularly in light of the importance of the Well business to the overall restructuring of Metro and the formulation of a Plan.

As at the date of this Report, the Monitor understands that Well is finalizing a commitment letter with its lender to increase its operating line, which funding is required to finance Well's ongoing growth initiatives.

b) Convertible Debenture Offering

As discussed in the First Report, in July 2020, Well raised \$1,104,065 by issuing a secured convertible debenture (the "Debenture"). Metro's total investment in the offering was \$500,000, comprised of \$310,260 in the Debenture and \$189,640 in Well's common shares. The Debenture has an interest rate of 5% and is subordinate to Well's only secured creditor, Toronto Dominion Bank. Investors have the right at any time prior to the two-year maturity date of the Debenture to convert the principal and accrued interest into shares of Well at a conversion rate of \$3.50/share. The rationale for the Monitor's support for this transaction was provided in its First Report, a copy of which is provided in Appendix "B", without appendices.

4. Additional information on Well's growth initiatives was set out in the Monitor's Second Report to Court dated November 30, 2020, a copy of which, without appendices, is attached as Appendix "C".
5. The Affidavit summarizes the recent progress made by certain of the other Investments, including Handfuel, and accordingly, that information is not repeated in this Report.

## 4.0 Claims Procedure<sup>6</sup>

1. The Monitor's administration of the Claim Procedure has included the following:
  - a) compiling a list of Known Creditors from the CCAA Entities' books and records;
  - b) working with the CCAA Entities to send, on or around September 17, 2020, the Proof of Claim Document Package to all Known Creditors;
  - c) working with the CCAA Entities to send, on or around September 17, 2020, the Employee Claim Package to all Terminated Employees;
  - d) arranging for a notice to be published on September 21 and 28, 2020 in *The Globe and Mail* (National Edition);
  - e) posting the Proof of Claim Document Package on the Monitor's website;
  - f) logging Proofs of Claim upon receipt;
  - g) logging Notices of Dispute upon receipt;
  - h) corresponding extensively with Known Creditors, including providing them with claim forms upon request, providing guidance on completing Proofs of Claim and responding to their enquiries, including to provide periodic updates on the status of these proceedings;

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<sup>6</sup> Capitalized terms in this section of the Report have the meanings provided to them in the Claims Procedure Order.

- i) assisting the CCAA Entities to address the issues arising from the HST/GST Assessments, as described in Section 5 below;
- j) assisting the CCAA Entities in the claims reconciliation process; and
- k) issuing Notices of Revision or Disallowance (“NORDs”), as required.

#### 4.1 Proofs of Claim

1. The following table summarizes the current status of claims in the Claims Procedure, before considering any potential tax claims, which are discussed in Section 5 below.

<b>Creditor</b>	<b>Number of Claims</b>	<b>Amount (\$000s)</b>
Trade vendor and other claims	959	13,836
Related party claims	3	10,898
Employee claims	85	2,494
Late-filed claims	67	1,547
<b>Total</b>	<b>1,114</b>	<b>28,775</b>

2. In respect of the claims filed in the Claims Procedure:
  - a) Metro, with the assistance of the Monitor, reconciled each Proof of Claim to Metro’s books and records. Metro worked directly with creditors to reconcile and revise any material discrepancies in the Proofs of Claim. That exercise resulted in a \$645,000 reduction to the amount of trade vendor claims, for which creditors filed amended Proofs of Claim with the Monitor. There are additional creditors who have agreed to reduce their claims by approximately \$80,000 who are expected to file amended Proofs of Claim in the near term. There are also additional discrepancies of approximately \$1.5 million which Metro is continuing to reconcile with certain significant publisher creditors. The discrepancies between the initial Proofs of Claim filed and Metro’s books and records are largely related to inventory returns which had not been reflected in the creditors’ books and records at the time of filing their Proofs of Claim;
  - b) pursuant to the Claims Procedure Order, employee claims were to be addressed using a “negative response” mechanism, whereby the claims of Terminated Employees were calculated by Metro (totalling approximately \$2.5 million), sent to each of the 85 Terminated Employees and admitted, subject to the filing of a Notice of Dispute by the Terminated Employees. Seven Notices of Dispute were filed with the Monitor totalling approximately \$400,000. The Monitor worked with its legal counsel (in Alberta and Ontario) to review the Notices of Dispute, which resulted in the Monitor issuing seven NORDs which generally reflected the Termination Claims, as originally calculated by Metro. As at the date of this Report, all but one of the NORDs have been resolved. The amount in dispute in the one unresolved Termination Claim is approximately \$16,000, which the Monitor expects will be resolved shortly;

- c) as at the date of this Report, there have been 67 claims filed after the Claims Bar Date for a total of approximately \$1.5 million. These are comprised of claims filed by publishers, trade creditors and retailers with credit balances resulting from the inventory return process. The Monitor understands that these claims have been adequately proven, are reflected in Metro's books and records, and would have been admitted if filed prior to the Claims Bar Date, and accordingly, these claims will be admitted in the Claims Procedure in accordance with Paragraph 6 of the Claims Procedure Order, which provides the Monitor, in consultation with the CCAA Entities, with authority to waive strict compliance with the requirements of the Claims Procedure Order, including in respect of the date when the forms are delivered;
  - d) related party claims were filed by CMMI Canadian Mass Media Inc., Shapiro Capital Corp. and Mr. Shapiro for approximately \$2.8 million, \$6.4 million and \$1.7 million, respectively. The Monitor has performed due diligence on these claims and will report to the creditors thereon when a Plan is filed;
  - e) CRA filed a "placeholder" claim pending its determination of its claims;
  - f) no secured claims were filed; and
  - g) no D&O Proofs of Claim were filed.
3. The Monitor, in consultation with Metro, intends to continue to administer the Claims Procedure, particularly to complete the reconciliation process and to follow up with creditors to file amended Proofs of Claim resulting therefrom.

## 5.0 HST/GST Reassessments

1. On October 19, 2020, CRA issued the HST/GST Reassessments following an HST/GST audit it performed on Metro. Of the \$6.7 million of HST/GST reassessed, approximately \$4.5 million related to a reversal by CRA of input tax credits ("ITCs") claimed by Metro on its accounts payable that were outstanding when the NOI Proceedings were commenced, and/or on the date of the Initial Order. The balance of the HST/GST Reassessments represents items for which CRA required further supporting documentation.
2. As set out in the First Report, it continues to appear to the Monitor that it was premature for CRA to issue the HST/GST Reassessments since the amount of ITCs to be reversed, if any, is subject to the outcome of these proceedings, including a Plan that Metro intends to submit to its creditors. For example, if the Plan contemplates full repayment to creditors, there would be no basis to reverse any ITCs claimed by Metro because all suppliers would be paid in full. Furthermore, after discussing the matter with Metro and its counsel, it appears that Metro has effectively recaptured most of those ITCs by recording in its post-filing HST returns the reversal of HST charges when Literature Business inventory was returned to the various suppliers.

3. Since the update on these tax matters provided by the Monitor in its First Report:
  - a) on January 13, 2021, Metro filed the Notices of Objection with CRA;
  - b) on February 25, 2021, Metro was advised that an appeals officer was assigned to the file by CRA; and
  - c) on March 15, 2021, representatives of Metro and its legal counsel, Goodmans LLP (“Goodmans”), participated in a meeting with the CRA Appeals Officer. The Monitor understands that the meeting was productive. Metro will be providing CRA with additional information which CRA requires before CRA is in a position to take any steps in respect of the HST/GST Reassessments and/or the Notice of Objection process.
4. As of the date of this Report, this matter is ongoing. Metro, the Monitor and Goodmans intend to continue to work with CRA to resolve the HST/GST Reassessments as expeditiously as possible. Given the magnitude of the HST/GST Reassessments, these issues require resolution before a Plan can be filed in these proceedings.

## 6.0 Cash Flow Forecast

1. As at March 17, 2021, Metro had a cash balance of approximately \$10.6 million, of which approximately \$10.4 million is invested in a money market fund.
2. With the Monitor’s assistance, Metro prepared the Cash Flow Forecast for the period April 1, 2021 to June 30, 2021 (the “Period”). As noted above, since the Partners are inactive, the Cash Flow Forecast represents only the Metro business. The Cash Flow Forecast and the CCAA Entities’ statutory report on the cash flow prepared pursuant to Section 10(2)(b) of the CCAA are attached as Appendix “D”.
3. The Cash Flow Forecast reflects that Metro is projected to have sufficient liquidity to operate in the normal course during the Period, including to fund payroll and other operating expenses.
4. Based on the Monitor’s review of the Cash Flow Forecast, the assumptions appear reasonable. The Monitor’s statutory report on the Cash Flow Forecast is attached as Appendix “E”.

## 7.0 Stay Extension

1. The CCAA Entities are seeking an extension of the stay of proceedings from March 31, 2021 to June 30, 2021.
2. The Monitor is supportive of this request for the following reasons:
  - a) in the Monitor’s view, the CCAA Entities are acting in good faith and with due diligence;
  - b) it will enable the Monitor and the CCAA Entities to complete the administration of the Claims Procedure in accordance with the Claims Procedure Order;

- c) it will provide additional time for the CCAA Entities to attempt to resolve the issues raised by CRA in the HST/GST Reassessments or to pursue the process to adjudicate the Notices of Objection;
- d) the Cash Flow Forecast reflects that Metro has sufficient liquidity to fund its business during the extension period;
- e) it will allow the CCAA Entities the opportunity to develop a Plan intended to provide recoveries to creditors well in excess of what they would realize in a liquidation of the CCAA Entities. The intention is to file the Plan as soon as possible once the HST/GST issues are resolved; and
- f) no creditor will be prejudiced if the extension is granted.

## 8.0 Conclusion and Recommendation

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

\* \* \*

All of which is respectfully submitted,

*KSV Restructuring Inc.*

**KSV RESTRUCTURING INC.,  
SOLELY IN ITS CAPACITY AS MONITOR OF  
THE PARTNERS AND METRO  
AND NOT IN ITS PERSONAL CAPACITY**

## **Appendix “A”**

ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST

THE HONOURABLE

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WEDNESDAY, THE 17<sup>TH</sup>

JUSTICE HAINEY

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DAY OF JUNE, 2020

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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

Applicants

INITIAL ORDER

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

ON READING the affidavit of Daniel P. Shapiro sworn June 10, 2020, and the Exhibits thereto (the "Shapiro Affidavit"), and the second report of KSV Kofman Inc. ("KSV"), in its capacity as the proposal trustee of the Applicants in the Proposal Proceedings (as defined below) (in such capacity, the "Proposal Trustee") and in its capacity as the proposed monitor of the Applicants under the CCAA, dated June 10, 2020 (the "Second Report"), and on hearing the submissions of counsel for the Applicants and Metro 360, counsel for the Proposal Trustee and those other parties appearing, no one else appearing although duly served as appears from the



affidavit of service of Andrew Harmes sworn June 14, 2020, and on reading the consent of KSV to act as the monitor of the Applicants (in such capacity, the “**Monitor**”),

### **SERVICE**

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

### **CONTINUANCE UNDER THE CCAA**

2. **THIS COURT ORDERS AND DECLARES** that the Applicants are companies to which the CCAA applies. Although not an applicant, Metro 360 (together with the Applicants, the “**CCAA Entities**” and each a “**CCAA Entity**”) shall have the benefit of the same protections and authorizations provided to the Applicants by this Order.

3. **THIS COURT ORDERS AND DECLARES** that effective June 17, 2020, the Applicants’ proceedings bearing Court File No. 31-2636843 (the “**Proposal Proceedings**”) commenced under Part III of the *Bankruptcy and Insolvency Act*, R.S.C. 1985 c. B-3, as amended (the “**BIA**”) are hereby taken up and continued under the CCAA and that, as of such date, the provisions of Part III of the BIA shall have no further application to the CCAA Entities, save that any and all steps, agreements and procedures validly taken, done or entered into by the CCAA Entities during the Proposal Proceedings shall remain valid and binding, notwithstanding the commencement of the CCAA proceedings, including, without limitation, the sale of any assets, property or undertaking of any of the CCAA Entities that was approved by the Court or otherwise permitted in the Proposal Proceedings, including, but not limited to (a) the TNG Transaction (as defined in the Shapiro Affidavit) and (b) any transaction entered into pursuant to paragraph 14 of the Bankruptcy Procedure Order of Hainey J. dated April 7, 2020 issued in the Proposal Proceedings (the “**Procedure Order**”).

### **PLAN OF ARRANGEMENT**

4. **THIS COURT ORDERS** that the CCAA Entities shall have the authority to file and may, subject to further order of this Court, file with this Court a plan of compromise or arrangement (hereinafter referred to as the “**Plan**”).

## **POSSESSION OF PROPERTY AND OPERATIONS**

5. **THIS COURT ORDERS** that the CCAA Entities shall remain in possession and control of their current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the “**Property**”). Subject to further Order of this Court, the CCAA Entities shall continue to carry on business in a manner consistent with the preservation of their business (the “**Business**”) and Property. The CCAA Entities are authorized and empowered to continue to retain and employ the employees, consultants, agents, experts, accountants, counsel and such other persons (collectively “**Assistants**”) currently retained or employed by them, with liberty to retain such further Assistants as they deem reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.

6. **THIS COURT ORDERS** that the CCAA Entities shall be entitled to continue to utilize their existing cash management system currently in place or replace it with another substantially similar cash management system (the “**Cash Management System**”) and that any present or future bank providing the Cash Management System shall not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by the CCAA Entities of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, shall be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as hereinafter defined) other than the CCAA Entities, pursuant to the terms of the documentation applicable to the Cash Management System, and shall be, in its capacity as provider of the Cash Management System, an unaffected creditor under the Plan with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.

7. **THIS COURT ORDERS** that the CCAA Entities shall be entitled but not required to pay the following expenses and satisfy the following obligations, whether incurred prior to or after this Order:

- (a) all 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 Assistants retained or employed by the CCAA Entities in respect of these proceedings, at their standard rates and charges;
- (c) any payment referred to in paragraphs 8(a) to 8(b) of this Order that: (i) was incurred during the Proposal Proceedings or that pertains to such period; or (ii) pertains to the period prior to the commencement of the Proposal Proceedings if, in the opinion of the CCAA Entities and with the consent of the Monitor, the supplier of the applicable good or service is critical to the Business and the ongoing operation of the CCAA Entities.

8. **THIS COURT ORDERS** that, except as otherwise provided to the contrary herein, the CCAA Entities shall be entitled but not required to pay all reasonable expenses incurred by the CCAA Entities in carrying on the Business in the ordinary course after this Order, and in carrying out the provisions of this Order and any other Order of this Court, which expenses shall include, without limitation:

- (a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors and officers insurance), maintenance and security services; and
- (b) payment for goods or services supplied or to be supplied to the CCAA Entities.

9. **THIS COURT ORDERS** that the CCAA Entities shall remit, in accordance with legal requirements, or pay:

- (a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, (iii) Quebec Pension Plan, and (iv) income taxes;

- (b) all goods and services or other applicable sales taxes (collectively, “Sales Taxes”) required to be remitted by the CCAA Entities in connection with the sale of goods and services by the CCAA Entities, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such Sales Taxes were accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order; and
- (c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by the CCAA Entities.

10. **THIS COURT ORDERS** that, except as specifically permitted herein, the CCAA Entities are hereby directed, until further Order of this Court: (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the CCAA Entities to any of their creditors as of this date; (b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of their Property; and (c) to not grant credit or incur liabilities except in the ordinary course of the Business or pursuant to this Order or any other Order of this Court.

## **RESTRUCTURING**

11. **THIS COURT ORDERS** that the CCAA Entities shall, subject to such requirements as are imposed by the CCAA, have the right to:

- (a) permanently or temporarily cease, downsize or shut down any of their Business or operations, and to dispose of redundant or non-material assets not exceeding \$200,000 in any one transaction or \$400,000 in the aggregate;
- (b) terminate the employment of such of their employees or temporarily lay off such of their employees as they deem appropriate; and

- (c) pursue all avenues of refinancing or restructuring of their Business or Property, in whole or part, subject to prior approval of this Court being obtained before any material refinancing,

all of the foregoing to permit the CCAA Entities to proceed with an orderly restructuring of the Business (the “**Restructuring**”).

12. **THIS COURT ORDERS** that until a real property lease is disclaimed in accordance with the CCAA, the CCAA Entities shall be entitled to pay, without duplication, all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable to the landlord under the lease, but, for greater certainty, excluding accelerated rent or penalties, fees or other charges arising as a result of the insolvency of the CCAA Entities or the making of this Order) or as otherwise may be negotiated between the CCAA Entities and the landlord from time to time (“**Rent**”), for the period commencing from and including the date of this Order, in accordance with past practice pursuant to the terms of the lease. On the date of the first of such payments, any Rent relating to the period commencing from and including the date of this Order shall also be paid.

13. **THIS COURT ORDERS** that the CCAA Entities shall provide each of the relevant landlords with notice of their intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the CCAA Entities’ entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the CCAA Entities, or by further Order of this Court upon application by the CCAA Entities on at least two (2) days notice to such landlord and any such secured creditors. If the CCAA Entities disclaim or resiliate the lease governing such leased premises in accordance with Section 32 of the CCAA, they shall not be required to pay Rent under such lease pending resolution of any such dispute (other than Rent payable for the notice period provided for in Section 32(5) of the CCAA), and the disclaimer or resiliation of the lease shall be without prejudice to the CCAA Entities’ claim to the fixtures in dispute.

14. **THIS COURT ORDERS** that if a notice of disclaimer or resiliation is delivered pursuant to Section 32 of the CCAA, then (a) during the notice period prior to the effective time of the disclaimer or resiliation, the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the CCAA Entities and the Monitor 24 hours' prior written notice, and (b) at the effective time of the disclaimer or resiliation, the relevant landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such landlord may have against the CCAA Entities in respect of such lease or leased premises, provided that nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.

#### **NO PROCEEDINGS AGAINST THE CCAA ENTITIES OR THE PROPERTY**

15. **THIS COURT ORDERS** that until and including June 26, 2020, or such later date as this Court may order (the "**Stay Period**"), no proceeding or enforcement process in any court or tribunal (each, a "**Proceeding**") shall be commenced or continued against or in respect of any of the CCAA Entities or the Monitor, or affecting the Business or the Property, except with the written consent of the applicable CCAA Entity and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of any of the CCAA Entities or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

#### **NO EXERCISE OF RIGHTS OR REMEDIES**

16. **THIS COURT ORDERS** that during the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being "**Persons**" and each being a "**Person**") against or in respect of any of the CCAA Entities or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the applicable CCAA Entity and the Monitor, or leave of this Court, provided that nothing in this Order shall (i) empower the CCAA Entities to carry on any business which the CCAA Entities are not lawfully entitled to carry on, (ii) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

### **NO INTERFERENCE WITH RIGHTS**

17. **THIS COURT ORDERS** that during the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, lease, sublease, licence or permit in favour of or held by any CCAA Entity (in each case whether written or oral), except with the written consent of the applicable CCAA Entity and the Monitor, or leave of this Court.

18. **THIS COURT ORDERS** that, until further Order of this Court, the Applicants shall not be deemed to have made an assignment based on their failure to file a proposal with the official receiver notwithstanding s. 50.4(8) of the BIA.

### **CONTINUATION OF SERVICES**

19. **THIS COURT ORDERS** that during the Stay Period, all Persons having oral or written agreements with the CCAA Entities or statutory or regulatory mandates for the supply of goods and/or services, including without limitation all computer software, communication and other data services, centralized banking services, payroll and benefits services, insurance, transportation services, utility or other services to the Business or the CCAA Entities, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the CCAA Entities, and that the CCAA Entities shall be entitled to the continued use of their current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the CCAA Entities in accordance with normal payment practices of the CCAA Entities or such other practices as may be agreed upon by the supplier or service provider and each of the CCAA Entities and the Monitor, or as may be ordered by this Court.

### **NON-DEROGATION OF RIGHTS**

20. **THIS COURT ORDERS** that, notwithstanding anything else in this Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of leased or licensed property or other valuable consideration provided on or after the date of this Order, nor shall any Person be under any obligation on or after the date of this Order to advance or re-

advance any monies or otherwise extend any credit to the CCAA Entities. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

### **PROCEEDINGS AGAINST DIRECTORS AND OFFICERS**

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

### **KEY EMPLOYEE RETENTION PROGRAM**

22. **THIS COURT ORDERS** that the key employee retention program (the “KERP”) described in the Shapiro Affidavit and in the Second Report is hereby authorized and approved, the CCAA Entities (or any other person that may be appointed on behalf of the CCAA Entities, and including, without limitation, any trustee, liquidator, receiver, interim receiver, receiver and manager or other person acting on behalf of any such person) is hereby authorized to perform the obligations under the KERP, including making all payments to the beneficiaries of the KERP (the “KERP Participants”) of amounts due and owing under the KERP in accordance with the terms and conditions of the KERP.

23. **THIS COURT ORDERS** that the CCAA Entities are hereby authorized to execute and deliver such additional documents as may be necessary to give effect to the KERP, subject to prior approval of such documents by the Monitor or as may be ordered by this Court.

24. **THIS COURT ORDERS** that the KERP Participants shall be entitled to the benefit of and are hereby granted a charge (the “KERP Charge”) on the Property, which charge shall not exceed the aggregate amount of \$180,000, as security for the obligations of the CCAA Entities to the KERP Participants under the KERP. The KERP Charge shall have the priority set out in paragraphs 37 and 39 herein.



## **DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE**

25. **THIS COURT ORDERS** that the Applicants shall indemnify their current and future directors and officers (the "D&Os") against obligations and liabilities that they may incur as directors or officers of the Applicants after the commencement of the within proceedings, including, without limitation, in respect of any failure to pay wages and source deductions, vacation pay, or other payments of the nature referred to in subparagraphs 7(a), 9(a), 9(b) or 9(c) of this Order except to the extent that, with respect to any director or officer, the obligation or liability was incurred as a result of such director's or officer's gross negligence or wilful misconduct.

26. **THIS COURT ORDERS** that the D&Os of the Applicants shall be entitled to the benefit of and are hereby granted a charge (the "Directors' Charge") on the Property, which charge shall not exceed an aggregate amount of \$300,000 as security for the indemnity provided in paragraph 24 of this Order. The Directors' Charge shall have the priority set out in paragraphs 37 and 39 herein.

## **APPOINTMENT OF MONITOR**

27. **THIS COURT ORDERS** that KSV is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the CCAA Entities with the powers and obligations set out in the CCAA or set forth herein and that the CCAA Entities and their shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the CCAA Entities pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.

28. **THIS COURT ORDERS** that the Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

- (a) monitor the CCAA Entities' receipts and disbursements;

- (b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein;
- (c) advise the CCAA Entities in their preparation of their cash flow statements;
- (d) advise the CCAA Entities in their development of the Plan and any amendments to the Plan;
- (e) assist the CCAA Entities, to the extent required by the CCAA Entities, with the holding and administering of creditors' or shareholders' meetings for voting on the Plan;
- (f) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the CCAA Entities to the extent that is necessary to adequately assess the CCAA Entities' business and financial affairs or to perform its duties arising under this Order;
- (g) assist the CCAA Entities with respect to the consideration, development and implementation of any Restructuring initiatives;
- (h) be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable, including the services or employees of its affiliates, respecting the exercise of its powers and performance of its obligations under this Order; and
- (i) perform such other duties as are required by this Order or by this Court from time to time.

29. **THIS COURT ORDERS** that the Monitor shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof.

30. **THIS COURT ORDERS** that nothing herein contained shall require the Monitor to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

31. **THIS COURT ORDERS** that that the Monitor shall provide any creditor of the CCAA Entities with information provided by the CCAA Entities in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by any of the CCAA Entities is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the applicable CCAA Entity may agree.

32. **THIS COURT ORDERS** that, in addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.

33. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor and counsel to the CCAA Entities shall be paid their reasonable fees and disbursements, in each case at their

standard rates and charges and whether incurred prior to, on or after the date hereof, by the CCAA Entities as part of the costs of these proceedings. The CCAA Entities are hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor and counsel for CCAA Entities in accordance with the payment terms agreed to with such professionals.

34. **THIS COURT ORDERS** that the Monitor and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Monitor and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

35. **THIS COURT ORDERS** that the Proposal Trustee and counsel to the Proposal Trustee shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, by the CCAA Entities as part of the costs of these proceedings. The CCAA Entities are hereby authorized and directed to pay any outstanding accounts of the Proposal Trustee and counsel to the Proposal Trustee.

#### **VALIDITY AND PRIORITY OF THE PROPOSAL ADMINISTRATION CHARGE**

36. **THIS COURT ORDERS** that the Administration Charge as defined in and created by the Procedure Order (the "**Proposal Administration Charge**"), shall continue to be in force and effect in these CCAA proceedings, as may be amended by this Order, and the Proposal Administration Charge shall have the priority set out in paragraphs 37 and 39 hereof.

37. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor and, for greater certainty, counsel to the CCAA Entities, shall be entitled to the benefit of the Proposal Administration Charge as security for their professional fees and disbursements incurred both before and after the granting of this Order at the standard rates and charges of the Monitor and such counsel.

#### **VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER**

38. **THIS COURT ORDERS** that the priorities of the Proposal Administration Charge, the Directors' Charge and the KERP Charge (collectively, the "**Charges**"), as among them, shall be as follows:

First – Proposal Administration Charge (to the maximum amount of

\$300,000);

Second – Directors' Charge (to the maximum amount of \$300,000); and

Third – KERP Charge (to the maximum amount of \$180,000).

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

40. **THIS COURT ORDERS** that each of the Charges shall constitute a charge on the Property and such Charges shall rank 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 Person, except for any secured creditor of the CCAA Entities who did not receive notice of the motion seeking this Order which was filed in the Proposal Proceedings.

41. **THIS COURT ORDERS** that the CCAA Entities shall be entitled on any subsequent motion on notice to those Persons likely to be affected thereby, to seek priority of the Charges ahead of any Encumbrance over which the Charges may have not obtained priority.

42. **THIS COURT ORDERS** that, except as otherwise expressly provided for herein, or as may be approved by this Court, the CCAA Entities shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the Charges, unless the CCAA Entities also obtains the prior written consent of the Monitor and the beneficiaries of the applicable Charges (collectively, the "**Chargees**"), or further Order of this Court.

43. **THIS COURT ORDERS** that the Charges shall not be rendered invalid or unenforceable and the rights and remedies of the Chargees 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 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 any of the CCAA Entities, and notwithstanding any provision to the contrary in any Agreement:

- (a) the creation of the Charges shall not create or be deemed to constitute a breach by the CCAA Entities of any Agreement to which any CCAA Entity is a party;
- (b) none of the Chargees 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 Charges; and
- (c) the payments made by the CCAA Entities pursuant to this Order and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

44. **THIS COURT ORDERS** that any Charge created by this Order over leases of real property in Canada shall only be a Charge in the CCAA Entities’ interest in such real property leases.

#### **SEALING**

45. **THIS COURT ORDERS** that the confidential appendix to the Second Report be sealed in its entirety, kept confidential and not form part of the public record, unless otherwise ordered by this Court.

#### **SERVICE AND NOTICE**

46. **THIS COURT ORDERS** that the Monitor shall (i) without delay, publish in *The Globe and Mail* (National Edition) a notice containing the information prescribed under the CCAA, (ii) within five days after the date of this Order, (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, in the prescribed manner, a notice to every known creditor who has a claim against the CCAA Entities of more than \$1,000, and (C) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims, and make

it publicly available in the prescribed manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder.

47. **THIS COURT ORDERS** that the E-Service Protocol of the Commercial List (the “**Protocol**”) is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at <http://www.ontariocourts.ca/scj/practice/practice-directions/Toronto/e-service-protocol/>) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that the Case Website established in connection with the Proposal Proceedings and referenced at the URL which follows shall constitute the Case Website for these CCAA proceedings in accordance with the Protocol: <https://www.ksvadvisory.com/insolvency-cases/case/metro360> (the “**Website**”).

48. **THIS COURT ORDERS** that the Monitor shall create, maintain and update as necessary a list of all Persons appearing in person or by counsel in these CCAA proceedings (the “**Service List**”). The Monitor shall post the Service List, as may be updated from time to time, on the Website, provided that the Monitor shall have no liability in respect of the accuracy of, or the timeliness or making any changes to, the Service List.

49. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol is not practicable, the CCAA Entities and the Monitor are at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile or other electronic transmission to the CCAA Entities’ creditors or other interested parties at their respective addresses as last shown on the records of the CCAA Entities and that any such service or distribution shall be deemed to be received; (a) if sent by courier, on the next business day following the date of forwarding thereof, (b) if delivered by personal delivery or facsimile or other electronic transmission, on the day so delivered, and (c) if sent by ordinary mail, on the third business day after mailing.

50. **THIS COURT ORDERS** that the CCAA Entities and the Monitor and their counsel are at liberty to serve or distribute this Order, any other materials and orders as may be reasonably required in these proceedings, including any notices, or other correspondence, by forwarding true copies thereof by electronic message to the CCAA Entities' creditors or other interested parties and their advisors. For greater certainty, any such distribution or service shall be deemed to be in satisfaction of a legal or judicial obligation, and notice requirements within the meaning of clause 3(c) of the *Electronic Commerce Protection Regulations*, Reg. 81000-2-175 (SOR/DORS).

51. **THIS COURT ORDERS** that, subject to further Order of this Court in respect of urgent motions, any interested party wishing to object to the relief sought in a motion brought by the CCAA Entities or Monitor in these CCAA proceedings shall, subject to further Order of this Court, provide the Service List with responding motion materials or a written notice (including by e-mail) stating its objection to the motion and the grounds for such objection by no later than 5:00 p.m. (Toronto time) on the date that is four (4) days prior to the date such motion is returnable (the "**Objection Deadline**"). The Monitor shall have the ability to extend the Objection Deadline after consulting with the CCAA Entities.

52. **THIS COURT ORDERS** that following the expiry of the Objection Deadline, counsel to the Monitor or counsel to the CCAA Entities shall inform the Court of the absence or the status of any objections to the motion and the judge having carriage of the motion (the "**Presiding Judge**") may determine:

- (a) whether a hearing is necessary;
- (b) whether such hearing will be in person, by telephone, by videoconference or by written submissions only; and/or
- (c) the parties from whom submissions are required,

(collectively, the "**Hearing Details**"), and any such determination by the Presiding Judge shall be communicated thereafter to the Service List. In the absence any determination by the Presiding Judge regarding the Hearing Details, a hearing will be held in the ordinary course on the date and manner specified in the notice of motion.



**GENERAL**

53. **THIS COURT ORDERS** that the CCAA Entities or the Monitor may from time to time apply to this Court to amend, vary or supplement this Order, or for advice and directions concerning the discharge of their respective powers and duties under this Order or the interpretation or application of this Order.

54. **THIS COURT ORDERS** that nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of any CCAA Entity, the Business or the Property.

55. **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.

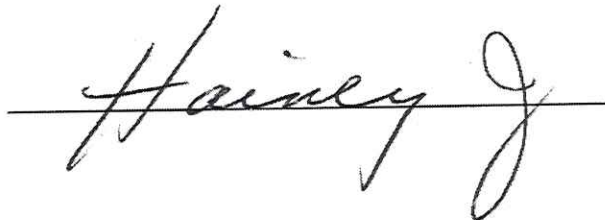
56. **THIS COURT ORDERS** that each of the CCAA Entities and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Monitor is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

57. **THIS COURT ORDERS** that any interested party (including the CCAA Entities and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to any other Person(s) likely to be affected by the order sought or upon such other notice, if any, as this Court may order; provided, however, that the Chargees shall be entitled to rely on this Order as issued and entered and on the Charges with respect to any fees and disbursements incurred until the date this Order may be amended, varied or stayed.

58. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. (Toronto time) on the date of this Order.

ENTERED AT / INSCRIT À TORONTO  
ON / BOOK NO:  
LE / DANS LE REGISTRE NO:

JUN 19 2020

A handwritten signature in black ink, appearing to read "Hainey J.", is written over a horizontal line.

PER / PAR:

A handwritten signature in blue ink, consisting of a stylized, cursive mark.

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

**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

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

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**INITIAL ORDER**

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

## **Appendix “B”**



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

September 9, 2020

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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

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

FIRST REPORT OF KSV RESTRUCTURING INC.  
AS CCAA MONITOR

SEPTEMBER 9, 2020

## 1.0 Introduction

1. On April 6, 2020, Rosebud Creek Financial Corp. ("Rosebud") and 957855 Alberta Ltd. ("957") (jointly, the "Partners") each filed a Notice of Intention to Make a Proposal ("NOI") 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"). KSV Restructuring Inc.<sup>1</sup> ("KSV") was appointed the proposal trustee ("Proposal Trustee") in the NOI Proceedings.
2. On June 17, 2020, the Partners brought an application before the Ontario Superior Court of Justice (Commercial List) (the "Court") to have the NOI Proceedings taken up and continued under the *Companies' Creditors Arrangement Act* ("CCAA"). Pursuant to a Court order made on June 17, 2020 (the "Initial Order"), the Partners were granted protection under the CCAA, and KSV was appointed monitor (in such capacity, the "Monitor"). A copy of the Initial Order is attached as Appendix "A".
3. Rosebud and 957 are holding companies and the partners of Metro 360 General Partnership ("Metro"). Pursuant to the Initial Order, the stay of proceedings granted to Rosebud and 957 was extended to Metro.
4. 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"). Following the Transaction (as defined and described below), it is now focussed on the distribution of consumer-packaged goods ("CPG").

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<sup>1</sup> Effective August 31, 2020, KSV Kofman Inc. ("Kofman") changed its name to KSV Restructuring Inc. ("Restructuring"). Kofman's mandates are now being performed as Restructuring.

5. 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 Metro’s business around its CPG business;
  - c) continue to grow certain businesses in which Metro has an ownership interest (the “Investments”), which are integral to a plan of arrangement that Metro intends to present to its creditors; and
  - d) provide Metro with the opportunity to prepare a restructuring plan to present to its creditors.

## 1.1 Purposes of this Report

1. The purposes of this report (“Report”) are to:
  - a) provide background information about the Partners, Metro and these proceedings;
  - b) summarize the proposed claims procedure (the “Claims Procedure”) for soliciting and determining claims against the Partners and Metro (collectively, the “CCAA Entities”) and the directors and officers of the CCAA Entities;
  - c) report on the CCAA Entities’ cash flow projection for the period September 8, 2020 to December 11, 2020 (the “Cash Flow Forecast”)<sup>2</sup>;
  - d) discuss the reasons to extend the stay of proceedings from September 18, 2020 to December 11, 2020; and
  - e) recommend that the Court issue an order, *inter alia*:
    - i. extending the Stay Period (as defined in the Initial Order) from September 18, 2020 to December 11, 2020;
    - ii. approving the Claims Procedure and authorizing the Partners, Metro and the Monitor to carry out the Claims Procedure on the basis set out in the proposed order (the “Claims Procedure Order”); and
    - iii. approving the Monitor’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.

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<sup>2</sup> As the Partners are inactive, the Cash Flow Forecast represents the operations of Metro.



### 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 reflects the estimated impact of Covid-19 on Metro's business and operations. Consumer, supply chain, governmental and other macro-economic factors related to Covid-19 may have a material affect on Metro's business and on the Investments. The full impact of Covid-19 is unknown and cannot be determined at this time.
5. **This Report summarizes and discusses the Claims Procedure. Interested parties are strongly encouraged to read the Claims Procedure Order in its entirety. To the extent there are inconsistencies between this Report and the Claims Procedure Order, the Claims Procedure Order shall prevail. All details of the Claims Procedure have not been reproduced or discussed in this Report.**

### 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. To the extent Metro is unable to satisfy its obligations, the deficiency represents a pro-rata obligation of the Partners.
2. 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. Until completing the Transaction, Metro's core business was the Literature Business, which has been operated by the Shapiro family since the early 1930s. 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.

4. The last remaining portion of the Literature Business is Metro's newspaper division, Ontario Newspaper Services ("ONS"), which Metro is in the process of selling. The proceeds of a transaction for the ONS business are expected to be less than the thresholds requiring Court approval under the Initial Order.
5. Several years ago, Metro began to diversify its Literature Business by wholesaling consumer packaged goods, including food products, music, consumer electronic accessories and As-Seen-On-TV ("ASOTV") products.
6. Rosebud and Metro own equity interests in the Investments, 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"). Metro and/or Rosebud do not have a controlling interest in the Investments; however, the Investments are reliant on Metro as its management provides all back-office support; Metro's management is also integral to growing these businesses. A summary of the Investments is as follows:
  - a) Well: Metro and Rosebud presently own 17.29%<sup>3</sup> and 44.22% of Well's equity on a fully diluted basis, respectively. Well is a manufacturer and distributor of cold pressed juices, kombucha and ready-to-drink alcoholic beverages. Earlier this year, Well secured shelf space at the LCBO. It recently secured shelf space at Loblaws and is finalizing an arrangement with a major US grocery chain, which is expected to launch in the coming weeks. Management expects these opportunities will materially grow Well's sales by the end of 2020 and thereafter.
  - b) Spectral: Metro and Well own an 8% and 36% interest in Spectral, respectively. Spectral developed a cost-efficient turnkey greenhouse model that Metro's management believes 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 the carbon footprint and maintaining price competitiveness.
  - c) Handfuel: Metro owns a 50% equity interest in Handfuel, a manufacturer of flavourful and nutritious food products across Canada, such as fruit and nut snack mix products. Handfuel's products are sold in all major grocery store chains and 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 due to the Covid-19 pandemic.

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<sup>3</sup> As discussed below, Metro recently participated in an offering by Well of convertible debentures which, upon conversion, will increase its equity interest in this business to this amount.

- 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.
- 7. Metro is now focusing on growing the CPG business, including the Investments.
- 8. 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.
- 9. Metro presently employs 39 employees, including 9 who have been retained 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 Monitor that it is current on its obligations under the pension plan.
- 10. Bank of Nova Scotia ("BNS") claims to have a secured guarantee from Rosebud and Metro for advances made to entities related to Mr. Shapiro. A security opinion has not yet been performed by Monitor's legal counsel, Bennett Jones LLP, on the BNS security.
- 11. 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 CCAA Entities in due course. Metro expects these recoveries will substantially exceed the amounts creditors would realize in a bankruptcy or wind-down of the CPG business.
- 12. Additional information about the Partners, Metro and the Transaction are included in the Proposal Trustee's reports to Court and KSV's pre-filing report to Court, which was filed by KSV as proposed Monitor. Accordingly, that information is not repeated in this Report. Court materials filed in the CCAA and NOI Proceedings are available on the Monitor's website at <https://www.ksvadvisory.com/insolvency-cases/case/metro360>.

## 2.1 Transaction

- 1. As detailed in the Proposal Trustee's first report to Court dated April 6, 2020, 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 the Covid-19 pandemic was impairing Metro's ability to provide its services to retailers; iii) reduced vendor claims (as discussed in 2.1.4 below); iv) maximized the value of Metro's accounts receivable and inventory; and v) preserved nearly three hundred jobs through offers of employment by the Purchaser of the Literature Business.
- 2. The Transaction was approved pursuant to an Approval and Vesting Order made on April 7, 2020 and it closed on April 8, 2020.

3. The purchase price under the Transaction was \$925,000, payable in five monthly installments. All amounts payable by the Purchaser under the Transaction have been received.
4. The value of the Transaction accruing to Metro significantly exceeds the \$925,000 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 million<sup>4</sup>; returns have reduced accounts payable owing to publishers by over \$34 million to-date<sup>5</sup>. The inventory return process is almost complete.

### 3.0 Well

1. As noted, Well is a manufacturer and distributor of cold pressed juices, kombucha and ready-to-drink alcoholic beverages. Well has been able to grow its business on a year-over-year basis notwithstanding the Covid-19 pandemic. Earlier this year, Well launched its ready-to-drink products in LCBO stores and its juices in Loblaws stores across Canada. Well is finalizing a major contract with a national US retailer that, if completed, may be transformational for Well's business. Well continues to project significant sales growth as a result of these initiatives.
2. In order to increase its manufacturing capacity and position itself for its anticipated growth, Well recently undertook the following two initiatives.

- a) Filling Line

Well sourced a new high-speed fill line for its core juice products, a high-speed labeler and case labeler (the "Filling Line"). In order to purchase the Filling Line, Well required an advance of approximately \$202,000 from Metro, while it awaits receipt of a \$100,000 grant dated May 12, 2020 (the "Grant") from Her Majesty The Queen in Right of Ontario, as represented by the Minister of Agriculture, Food and Rural Affairs (the "Province"). Metro funded this amount in late July 2020 pursuant to a secured promissory note (the "Promissory Note"). This was disclosed to the Court orally at the Partners' CCAA application on June 17, 2020.

In accordance with the Promissory Note, any funds received under the Grant will immediately be used to repay Well's obligation owing to Metro under the Promissory Note. The balance of the Promissory Note, together with interest payable thereon, is expected to be repaid before the maturity date, being June 19, 2021.

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<sup>4</sup> Based on Metro's internal, unaudited financial statements dated March 31, 2020.

<sup>5</sup> Returns processed for credit from publishers represent a combination of inventory owned by Metro and inventory owned by retailers which was sold on consignment by Metro.

#### b) Convertible Debenture Offering

In July 2020, Well raised \$1,104,065 by issuing a secured convertible debenture (the “Debenture”), of which \$310,360 was subscribed for by Metro. The Debenture has an interest rate of 5% and is subordinate to Well’s only secured creditor, Toronto Dominion Bank (“TD Bank”), in respect of an operating line of credit. Investors have the right at any time prior to the two-year maturity date of the Debenture to convert the principal and accrued interest into shares of Well at a conversion rate of \$3.50/share. The Monitor considered this to be an appropriate use of capital for the following reasons:

- Metro has sufficient liquidity to fund this investment without affecting its ability to continue to operate during these proceedings. Metro’s cash balance exceeds \$11.8 million as at the date of this Report;
- the Debenture is subordinate only to TD Bank. TD Bank’s operating line appears well collateralized;
- the pricing of the Debenture was favourable to the investors in it and participating in the Debenture prevented Metro’s equity interest in Well from being diluted if investors convert to equity;
- the amount invested is estimated to equal a \$0.02 dividend to creditors<sup>6</sup>, whereas the growth of Well’s business is projected to generate recoveries far greater than this;
- the growth of the Well business is integral to the CCAA Entities’ restructuring plan;
- despite the Covid-19 pandemic, the Well business has had a number of successes during this year and it has achieved year-over-year sales growth; and
- allowing Metro’s interest in Well to be diluted would be counter to the interests of Metro’s creditors.

## 4.0 Claims Procedure<sup>7</sup>

1. Metro and the Partners, in consultation with the Monitor, have developed the Claims Procedure to solicit and determine any and all Prefiling Claims, D&O Claims, Restructuring Period Claims, and/or Termination Claims of Terminated Employees, each as defined in the proposed Claims Procedure Order and described below.
2. The key terms and provisions of the Claims Procedure are summarized in the following sections of this Report.

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<sup>6</sup> Estimated based on the following calculation: funds used to participate in the offering (\$500,000) / estimated claims pool based on Metro’s books and records (\$25 million).

<sup>7</sup> Capitalized terms in this section have the meaning provided to them in the Claims Procedure Order unless otherwise defined herein.

## 4.1 Notice to Creditors

1. The Claims Procedure requires a notice (the “Notice to Creditors”) to be published twice in *The Globe and Mail* (National Edition) by the Monitor as soon as practicable after the date of the Claims Procedure Order.
2. The Monitor will post the Notice to Creditors, the Proof of Claim Document Package, the dispute notices for Termination Claims and the Claims Procedure Order on its website as soon as possible. The Proof of Claim Document Package includes the Instruction Letter, a Proof of Claim form, a D&O Proof of Claim form, a D&O Claim Instruction Letter and any other materials the Monitor considers appropriate.
3. The CCAA Entities will send a Proof of Claim Document Package to each Known Creditor of the CCAA Entities within 10 Business Days following the granting of the Claims Procedure Order.
4. The Monitor will work with the CCAA Entities to ensure that the list of Known Creditors includes:
  - a) all creditors according to the CCAA Entities’ books and records;
  - b) any party that commenced a legal proceeding against the CCAA Entities, including their directors and officers, provided that the Monitor has notice of such legal proceeding; and
  - c) any party who has contacted the Monitor during these proceedings about amounts that may be owing to them by the CCAA Entities and/or the process in which they may file a claim.

## 4.2 Filing a Proof of Claim

1. Any Creditor that intends to file a Prefiling Claim or D&O Claim relating to the Prefiling Period is required to deliver to the Monitor a Proof of Claim or a D&O Proof of Claim, as applicable, prior to 5:00 p.m. (Toronto time) on October 30, 2020 (the “Claims Bar Date”), being approximately 45 days from the granting of the proposed Claims Procedure Order.
2. Any Creditor that intends to file a Restructuring Period Claim or a D&O Claim relating to the Restructuring Period shall file a Proof of Claim or a D&O Proof of Claim, as applicable, prior to the Restructuring Period Claims Bar Date, being the later of the Claims Bar Date and the date that is 35 business days after the Monitor sends a Proof of Claim Document Package with respect to a Restructuring Period Claim.
3. Any Creditor that does not file a Proof of Claim prior to the Claims Bar Date or the Restructuring Claims Bar Date, as applicable, shall not be entitled to attend or vote at a Meeting in respect of such Claim, shall not be entitled to receive any distribution in respect of such Claim pursuant to a Plan or otherwise and shall be forever extinguished and barred from making or enforcing any Claim.

### **4.3 Claims Process for Terminated Employees**

1. The Claims Procedure provides for a “negative notice” process for employee severance and termination claims. The CCAA Entities, in consultation with the Monitor and with the assistance of legal counsel, have calculated the Termination Claims by deeming each Terminated Employee’s notice period to be the greater of the Terminated Employee’s entitlement (a) under applicable employment standards legislation, (b) any contractual arrangement in effect between any of the CCAA Entities and the Terminated Employee, and (c) common law severance, calculated based on a Terminated Employee’s position, years of service and age, among other factors.
2. The CCAA Entities will send an Employee Claim Package to each Terminated Employee within 10 Business Days following the granting of the Claims Procedure Order, which will provide a Termination Claim Statement for the applicable Terminated Employee that will set out the individual Termination Claim, as well as the Terminated Employee’s personal information used in the calculation of the Termination Claim.
3. The Termination Claim Statement included in the Employee Claim Package will be prepared by the CCAA Entities, in consultation with the Monitor. The Termination Claim Statement shall state the amount of such Terminated Employee’s Termination Claim for voting and distribution purposes. No further action is required by a Terminated Employee if they agree with the quantum of their Termination Claim as set out in a Termination Claim Statement.
4. In the event that any other Employee of the CCAA Entities becomes a Terminated Employee after the date of the Claims Procedure Order, the Monitor shall, with the assistance of the CCAA Entities, prepare a Termination Claim Statement consistent with paragraph 4.3.1 above and shall deliver an Employee Claim Package to such newly Terminated Employee.
5. Any Terminated Employee who disputes the Termination Claim set forth in the Termination Claim Statement or wishes to assert an additional Claim in relation to the CCAA Entities other than the Termination Claim, must deliver a Notice of Dispute to the Monitor so that it is received by the Monitor by no later than 5:00 p.m. on the day that is the later of (i) the Claims Bar Date, and (ii) thirty-five (35) days after the date on which the Monitor sends an Employee Claims Package to such newly Terminated Employee under paragraph 4.3.4 above (the "Terminated Employee Claims Bar Date").
6. Any Terminated Employee that does not deliver a Notice of Dispute in respect of a Termination Claim Statement, or an Amended Termination Claim Statement, if applicable, on or before the relevant Terminated Employee Claims Bar Date shall be forever barred from disputing the amount of the Termination Claim.

### **4.4 Determination of Claims**

1. The proposed Claims Procedure Order provides that:
  - a) the Monitor, in consultation with the CCAA Entities, shall review all Proofs of Claim and D&O Proofs of Claim received on or before the Claims Bar Date, or Restructuring Period Claims Bar Date, as applicable, and shall accept, revise or reject each Claim set out therein for voting and/or distribution purposes.

- b) in the case of D&O Claims, the Monitor shall, in consultation with the CCAA Entities and applicable Directors and Officers named in respect of such D&O Claim, accept, revise or reject such D&O Claim, provided the Monitor shall not accept or revise any portion of the D&O Claim absent consent of the applicable Directors and Officers or further Order of the Court.
2. If the Monitor intends to revise or reject a Proof of Claim or D&O Proof of Claim filed in accordance with the Claims Procedure Order, the Monitor shall send a Notice of Revision or Disallowance (“NORD”) of the Claim to the Creditor.
3. Any Creditor who disputes the NORD shall deliver a Notice of Dispute to the Monitor by 5:00p.m. (Eastern Time) on the day which is 21 days after the date on which the creditor is deemed to have received the NORD. Should the Creditor fail to deliver a Notice of Dispute by that date, the Creditor shall be deemed to accept the nature and amount of its Claim as such Claim is set out in the NORD. (The process for disputing Employee Claims is summarized in section 4.3.5 above).
4. Upon receipt of a Notice of Dispute, the Monitor, in consultation with the CCAA Entities, shall: (a) attempt to consensually resolve the Claim, or (b) refer the dispute to the Claims Officer in these CCAA proceedings to determine the nature and/or amount of the Claim for voting and/or distribution purposes under the Plan.
5. The Claims Procedure Order contemplates that the Honourable Frank Newbould will be the Claims Officer, and such other Persons as may be appointed by the Court from time to time on application of the CCAA Entities or the Monitor. The Monitor understands that legal counsel to the CCAA Entities has discussed the proposed appointment with the Honourable Frank Newbould and he has consented to act as Claims Officer in these proceedings, subject to Court approval.
6. Any determination made by the Claims Officer may be appealed by the Monitor, the Creditor, the CCAA Entities, and/or the applicable Directors and Officers in respect of any D&O Claims, within 10 days of such party being deemed to have received a notice of the Claims Officer's determination of the value of the Claim, failing which the Claims Officer's determination shall be final and binding on the applicable parties and there shall be no further right of appeal. Any determination by the Court of a disputed Claim is subject to each party's rights of appeal.

#### **4.5 Excluded Claims**

1. Excluded Claims under the proposed Claims Procedure Order are limited to Claims secured by the Court-ordered charges (as defined in the Initial Order), being the Administration Charge (\$300,000), Directors' Charge (\$300,000) and KERP Charge (\$180,000).



## 4.6 Recommendation re: Claims Procedure

1. The Monitor believes the Claims Procedure is reasonable and appropriate for the following reasons:
  - a) the administration of a Claims Procedure is necessary for the CCAA Entities to develop a plan of compromise or arrangement within the CCAA proceedings that can be presented to creditors, with a view to maximizing value and eventually having the CCAA Entities emerge from creditor protection;
  - b) the proposed notices, dispute resolution provisions and timelines set out in the Claims Procedure Order are consistent with those typically approved by this Court and, in the Monitor's view, allow a reasonable time and process for the identification of Claims;
  - c) in the Monitor's view, the Claims Bar Date, being approximately 45 days following the return of this motion, is sufficient for creditors to file a Proof of Claim and D&O Proof of Claim (as applicable) with the Monitor. The Monitor has been in contact with a large number of creditors and advised of the pending Claims Procedure;
  - d) in the Monitor's view, the basis on which the Claims Procedure proposes to address Employee Claims, being the highest amount owing under applicable employment standards legislation, contractual arrangements or estimated common law entitlement, is fair and reasonable, treats these employee claims consistently and should assist to minimize the number of disputed employee claims and streamline the Claims Procedure generally; and
  - e) retaining a Claims Officer provides an efficient mechanism to determine disputed claims.

## 5.0 Cash Flow Forecast

1. As at September 4, 2020, Metro's cash balance was approximately \$11.8 million, of which approximately \$11.6 million was invested in a money market fund.
2. With the Monitor's assistance, Metro prepared the Cash Flow Forecast for the period September 8, 2020 to December 11, 2020 (the "Period"). As noted above, since the Partners are inactive, the Cash Flow Forecast represents the operations of Metro.
3. The Cash Flow Forecast and the CCAA Entities' statutory report on the cash flow prepared pursuant to Section 10(2)(b) of the CCAA are attached as Appendix "C".
4. 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.
5. Based on the Monitor's review of the Cash Flow Forecast, the assumptions appear reasonable. The Monitor's statutory report on the Cash Flow Forecast is attached as Appendix "D".

## 6.0 Stay Extension

1. The CCAA Entities are seeking an extension of the stay of proceedings from September 18, 2020 to December 11, 2020.
2. The Monitor is supportive of this request for the following reasons:
  - a) in the Monitor's view, the CCAA Entities are acting in good faith and with due diligence;
  - b) it will allow for Metro to complete the administration of its inventory return process for the Literature Business, which has substantially reduced the vendor claims in these proceedings;
  - c) it will enable the Monitor and the CCAA Entities to carry out the proposed Claims Procedure in accordance with the proposed Claims Procedure Order;
  - d) the Cash Flow Forecast reflects that there is sufficient funding in place for the extension period;
  - e) it will allow the CCAA Entities the opportunity to develop a plan of arrangement which is intended to provide recoveries to creditors well in excess of what they would realize in a liquidation of the CCAA Entities; and
  - f) no creditor will be prejudiced if the extension is granted.

## 7.0 Conclusion and Recommendation

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

\* \* \*

All of which is respectfully submitted,

*KSV Restructuring Inc.*

**KSV RESTRUCTURING INC.  
SOLELY IN ITS CAPACITY AS MONITOR OF  
THE PARTNERS AND NOT IN ITS PERSONAL CAPACITY**

## **Appendix “C”**



**Second Report of  
KSV Restructuring Inc. as  
CCAA Monitor of  
Rosebud Creek Financial Corp.,  
957855 Alberta Ltd. and  
Metro 360 General Partnership**

November 30, 2020

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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

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

SECOND REPORT OF KSV RESTRUCTURING INC.  
AS CCAA MONITOR

NOVEMBER 30, 2020

## 1.0 Introduction

1. On April 6, 2020, Rosebud Creek Financial Corp. ("Rosebud") and 957855 Alberta Ltd. ("957") (jointly, the "Partners") each filed a Notice of Intention to Make a Proposal ("NOI") 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"). KSV Restructuring Inc.<sup>1</sup> ("KSV") was appointed the proposal trustee ("Proposal Trustee") in the NOI Proceedings.
2. On June 17, 2020, the Partners brought an application before the Ontario Superior Court of Justice (Commercial List) (the "Court") to have the NOI Proceedings taken up and continued under the *Companies' Creditors Arrangement Act* ("CCAA"). Pursuant to a Court order made on June 17, 2020 (the "Initial Order"), the Partners were granted protection under the CCAA, and KSV was appointed monitor (in such capacity, the "Monitor"). A copy of the Initial Order is attached as Appendix "A".
3. Rosebud and 957 are holding companies and the partners of Metro 360 General Partnership ("Metro"). Pursuant to the Initial Order, the stay of proceedings granted to Rosebud and 957 was extended to Metro.
4. 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"). As at result of the TNG Transaction (as defined and described below), Metro's business is now focused on the distribution of consumer-packaged goods ("CPG"), such as food products, music and consumer electronic accessories.

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<sup>1</sup> Effective August 31, 2020, KSV Kofman Inc. changed its name to KSV Restructuring Inc.

5. The principal purpose of these proceedings is to create a stabilized environment to allow Metro to:
  - a) complete the inventory return process resulting from the TNG Transaction, as more fully detailed below;
  - b) facilitate a restructuring of Metro's business around its CPG business and on various businesses in which Metro has an equity interest (the "Investments");
  - c) continue to grow the Investments, which are integral to a plan of arrangement (the "Plan") that Metro intends to present to its creditors; and
  - d) provide Metro with the opportunity to prepare a Plan to present to its creditors.
6. Pursuant to a Court order made on September 16, 2020 (the "Claims Procedure Order"), the Monitor is working with Metro and the Partners (collectively, the "CCAA Entities") to carry out a claims process (the "Claims Procedure") to solicit and determine claims against the CCAA Entities and their directors and officers.

## 1.1 Purposes of this Report

1. The purposes of this report ("Report") are to:
  - a) provide background information about the CCAA Entities and these proceedings;
  - b) provide an update on the Claims Procedure being carried out by the Monitor in accordance with the Claims Procedure Order;
  - c) summarize three HST reassessments dated October 19, 2020 totalling approximately \$6.7 million issued by Canada Revenue Agency ("CRA") (collectively, the "HST Reassessments") and the status of discussions among CRA, Metro and the Monitor in respect thereof;
  - d) report on Metro's cash flow projection for the period November 30, 2020 to March 31, 2021 (the "Cash Flow Forecast")<sup>2</sup>;
  - e) discuss the reasons to extend the stay of proceedings from December 11, 2020 to March 31, 2021;
  - f) summarize the fees and disbursements of the Monitor and its counsel, Bennett Jones LLP ("Bennett Jones"), from June 1, 2020 to October 31, 2020, and seek approval of same; and

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<sup>2</sup> As the Partners are inactive, the Cash Flow Forecast represents the operations of Metro.

- g) recommend that the Court issue an order, *inter alia*:
  - i. extending the stay of proceedings from December 11, 2020 to March 31, 2021;
  - ii. approving the fees and disbursements of the Monitor and Bennett Jones for the period from June 1, 2020 to October 31, 2020; and
  - iii. approving the Monitor'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 reflects the estimated impact of Covid-19 on Metro's business and operations. Consumer, supply chain, governmental and other macro-economic factors related to Covid-19 may have a material affect on Metro's business and on the Investments. The full impact of Covid-19 is unknown and cannot be determined at this time.

## 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 the remaining 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. Daniel Shapiro is Metro's President and Chief Executive Officer and of each of the Partners. The head office of Metro and Rosebud is located in Toronto, Ontario. The registered office of 957 is in Calgary, Alberta.
3. At the outset of these proceedings, Metro completed a sale (the "TNG Transaction") of the Literature Business to Great Pacific Enterprises Inc. d/b/a TNG (the "Purchaser"). The TNG Transaction was approved by the Court on April 7, 2020. The TNG Transaction was integral to maximizing the value of the Literature Business and saving hundreds of jobs for individuals that found employment with the Purchaser.
4. Prior to the TNG Transaction, Metro's core business was the Literature Business, which had been operated by the Shapiro family since the early 1930s. 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. The majority of Metro's former employees were offered new jobs by the Purchaser.
5. Several years ago, Metro began to diversify by wholesaling consumer packaged goods, including food products, music, consumer electronic accessories and As-Seen-On-TV ("ASOTV") products.
6. Rosebud and/or Metro own equity interests in the Investments, 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"). Metro and/or Rosebud do not have a controlling interest in the Investments; however, Metro provides all of the Investments with back-office support and Metro's management is responsible for guiding the growth and strategic decision-making of these businesses. A summary of the Investments is as follows:
  - a) Well: On a fully diluted basis, Metro and Rosebud own 17.29% and 4.22% of Well's equity, respectively. Well is a manufacturer and distributor of cold pressed juices, kombucha and ready-to-drink alcoholic beverages. Earlier this year, Well secured shelf space at the LCBO. It recently secured a contract to produce PC Organic juices for Loblaws Canada-wide and is finalizing an arrangement with two major US grocery chains, which are expected to launch in the near term. As well, FarmBoy will be launching Well products in the next few months. Management expects these and other opportunities will materially grow Well's sales. Additional information about Well and its recent initiatives is provided in Section 3 of this Report.
  - b) Spectral: Metro and Well own an 8% and 36% equity interest in Spectral, respectively. Spectral has developed a cost-efficient turnkey greenhouse model that Metro's management believes has the potential to reposition how Canadian grocery retailers source produce and sell leafy greens. The greenhouse model allows for produce to be grown and distributed within Canada on a cost-efficient basis, ensuring freshness, reducing the carbon footprint and maintaining price competitiveness.

- c) Handfuel: Metro owns a 50% equity interest in Handfuel, a manufacturer of flavourful and nutritious food products across Canada, such as fruit and nut snack mix products. Handfuel's products are sold in all major grocery store chains and high-end grocers, such as Pusateri's. Handfuel has also secured a listing with a major US grocer to be shipped next year.
  - d) Swift Work Wellness: Metro's interests in Swift Work Wellness consist of a 27% holding in All Day Nutritionals U.S. ("All Day US"), the U.S. parent, and a 45% interest in All Day Nutritionals Canada, the Canadian subsidiary of All Day US. 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 due to the Covid-19 pandemic.
  - 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 the title performance of their own and competing titles.
7. Metro is focused on growing the CPG business and the Investments.
  8. 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.
  9. Metro presently employs 31 employees, including six who have been retained until the end of the year to assist with the wind-down of the Literature Business. Metro's workforce is not unionized. Metro maintains a defined contribution pension plan. Management has advised the Monitor that it is current on its obligations under the pension plan.
  10. Bank of Nova Scotia ("BNS") claims to have a secured guarantee from Rosebud and Metro for advances made to entities related to Mr. Shapiro. A security opinion has not yet been performed by the Monitor's legal counsel, Bennett Jones, on the BNS security.
  11. The continuing CPG business, the Investments and the benefits of the TNG Transaction are expected to generate material recoveries for creditors in these proceedings through a Plan to be filed by the CCAA Entities in due course. Metro expects these recoveries will substantially exceed the amounts creditors would realize in a bankruptcy or wind-down of the CPG business.
  12. Additional information about the CCAA Entities and the TNG Transaction are included in the Monitor's reports to Court, the Proposal Trustee's reports to Court and KSV's pre-filing report to Court, which was filed by KSV as proposed Monitor. Accordingly, that information in those reports has not been repeated in this Report. Court materials filed in the CCAA and NOI Proceedings are available on the Monitor's website at <https://www.ksvadvisory.com/insolvency-cases/case/metro360>.

## 2.1 TNG Transaction

1. As detailed in the Proposal Trustee's first report to Court dated April 6, 2020, the TNG Transaction: i) reduced disruption in the distribution of books and periodicals to retailers across Canada; ii) generated value for Metro's business where it would otherwise not have been possible as the Covid-19 pandemic was impairing Metro's ability to provide Literature Business services to retailers; iii) materially reduced vendor claims; iv) maximized the value of Metro's accounts receivable and inventory by eliminating operational disruption; and v) preserved nearly three hundred jobs for employees who were offered employment by the Purchaser.
2. The TNG Transaction was approved pursuant to an Approval and Vesting Order made on April 7, 2020 and it closed on April 8, 2020.
3. The purchase price under the TNG Transaction was \$925,000, payable in five monthly installments. All amounts payable by the Purchaser have been received.
4. The value of the TNG Transaction to Metro significantly exceeds the purchase price of \$925,000. In this regard, returning unsold inventory to publishers for full credit is critical to Metro and is a key benefit of the TNG Transaction. At the time of the TNG Transaction, the book value of the unsold inventory was estimated to be approximately \$35 million<sup>3</sup>. Based on Metro's internal financial statements, inventory returns have reduced Metro's accounts payable by approximately \$32 million<sup>4</sup> between the date the TNG Transaction was completed and the date of this Report. The inventory return process is almost complete.
5. The only portion of the Literature Business not conveyed to the Purchaser under the TNG Transaction was Metro's newspaper division, Ontario Newspaper Services ("ONS"). In September 2020, the ONS business and assets (primarily a customer list) were sold to Roltek International Inc. ("Roltek") for \$75,000, subject to adjustment. Court approval was not required for this transaction as the proceeds were less than the thresholds requiring Court approval under the Initial Order, being \$200,000 in any one transaction or \$400,000 in the aggregate. Roltek is not related to the CCAA Entities or Mr. Shapiro, and no related parties have an interest in Roltek. Metro consulted with the Monitor prior to completing this transaction.

## 3.0 Well

1. Well is a manufacturer and distributor of cold pressed juices, sparkling lemonades, nitro infused coffee drinks, kombucha and ready-to-drink alcoholic beverages. Well has been able to grow its business on a year-over-year basis notwithstanding the Covid-19 pandemic. Earlier this year, Well launched its ready-to-drink products in LCBO stores and a line of juices exclusively for Loblaws under the PC Organic brand to be offered for sale in Loblaws stores across Canada. Well is finalizing a major contract with a national US retailer that, if completed, may be transformational for Well's business. It is expected that this contract will start to generate revenue early in 2021. Well continues to project significant sales growth as a result of these and other

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<sup>3</sup> Based on Metro's internal, unaudited financial statements dated March 31, 2020.

<sup>4</sup> Returns processed for credit from publishers represent a combination of inventory owned by Metro and inventory returned by retailers which was sold by Metro on consignment.

initiatives, including securing shelf space at major retailers, such as FarmBoy, Walmart and others, which are expected to launch in the next few months. Well is also working to close two very significant private label opportunities with some of Canada's most recognized companies.

2. In order to increase its manufacturing capacity and position itself for its anticipated growth, Well has recently undertaken the following initiatives.

- a) Filling Line

Well sourced a new high-speed fill line for its core juice products, a high-speed labeler and case labeler (the "Filling Line"). In order to purchase the Filling Line, Well required an advance of approximately \$202,000 from Metro, while it awaits receipt of a \$100,000 grant (the "Grant") from Her Majesty The Queen in Right of Ontario, as represented by the Minister of Agriculture, Food and Rural Affairs (the "Province"). Metro funded this amount in late July 2020 pursuant to a secured promissory note (the "Promissory Note"). This was disclosed to the Court orally at the CCAA application on June 17, 2020, in the Monitor's first report to Court dated September 9, 2020 (the "First Report") and in Mr. Shapiro's affidavit sworn September 9, 2020.

In accordance with the Promissory Note, any funds received under the Grant will immediately be used to repay Well's obligation owing to Metro under the Promissory Note. The balance of the Promissory Note, together with interest payable thereon, is expected to be repaid before the maturity date, being June 19, 2021. As at the date of this Report, Well is continuing to follow up with the Province on the funds claimed under the Grant. The Monitor understands that the cause of the delay is due to, at least in part, Well needing to resubmit the Grant application in October 2020.

- b) Convertible Debenture Offering

As discussed in the Monitor's First Report, in July 2020, Well raised \$1,104,065 by issuing a secured convertible debenture (the "Debenture"). Metro's total investment in the offering was \$500,000, comprised of \$310,260 in the Debenture and \$189,640 in Well's common shares. The Debenture has an interest rate of 5% and is subordinate to Well's only secured creditor, Toronto Dominion Bank ("TD Bank"). Investors have the right at any time prior to the two-year maturity date of the Debenture to convert the principal and accrued interest into shares of Well at a conversion rate of \$3.50/share. The rationale for the Monitor's support for this transaction was provided in its First Report, a copy of which is provided in Appendix "B", without appendices.

- c) Well Spirits Corp.

In order to position itself for the anticipated and substantial growth of its spirits business, Well incorporated a new subsidiary, Well Spirits Corp. ("Well Spirits"), in September 2020. Well is the 100% shareholder of Well Spirits. The Monitor has been advised that Well Spirits was incorporated to, among other things, provide flexibility for Well to potentially explore, in due course, a transaction for the spirits business.

## 4.0 Claims Procedure<sup>5</sup>

1. The Claims Procedure was described and addressed in the First Report and, accordingly, that information is not repeated in this Report.
2. In accordance with the Claims Procedure Order, the Monitor:
  - a) compiled a list of Known Creditors from the CCAA Entities' books and records;
  - b) worked with the CCAA Entities to send, on or around September 17, 2020, the Proof of Claim Document Package to all Known Creditors;
  - c) worked with the CCAA Entities to send, on or around September 17, 2020, the Employee Claim Package to all Terminated Employees;
  - d) arranged for a notice to be published on September 21 and 28, 2020 in *The Globe and Mail* (National Edition);
  - e) posted the Proof of Claim Document Package on the Monitor's website;
  - f) logged Proofs of Claim upon receipt; and
  - g) logged Notices of Dispute upon receipt.

### 4.1 Proofs of Claim

1. A summary of the claims filed on or prior to the Claims Bar Date of October 30, 2020 is reflected in the table below.

<b>Creditor</b>	<b>Number of Claims</b>	<b>Amount (\$000s)</b>
Trade vendor and other claims	958	14,301
Employee claims	84	2,810
Related party claims	3	10,898
Total	1,045	28,009

2. In respect of the claims filed in the Claims Procedure:
  - a) the CCAA Entities, with the assistance of the Monitor, are in the process of reviewing and reconciling each Proof of Claim to the CCAA Entities' books and records. The CCAA Entities are working directly with creditors to reconcile and revise any material discrepancies in the Proofs of Claim. These discrepancies now total approximately \$2 million and appear to be largely related to inventory returns which had not been reflected in the creditors' books and records at the time of filing their Proofs of Claim. It is expected that the majority of the discrepancies will be resolved on a basis largely consistent with Metro's financial records;

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<sup>5</sup> Capitalized terms in this section of the Report have the meanings provided to them in the Claims Procedure Order.

- b) pursuant to the Claims Procedure Order, employee claims were to be addressed using a “negative response” mechanism, whereby the claims of Terminated Employees were calculated by Metro (totalling approximately \$2.4 million), sent to each of the 84 Terminated Employees and admitted, subject to the filing of a Notice of Dispute by the Terminated Employees. As at the date of this Report, the Monitor has received six Notices of Dispute from Terminated Employees which, if accepted, would increase the aggregate Termination Claims from approximately \$2.4 million to approximately \$2.8 million;
  - c) related party claims were filed by CMMI Canadian Mass Media Inc., Shapiro Capital Corp. and Mr. Shapiro for approximately \$2.8 million, \$6.4 million and \$1.7 million, respectively;
  - d) CRA filed a “placeholder” claim pending its determination of its claims;
  - e) no secured claims were filed; and
  - f) no D&O Proofs of Claim were filed.
3. The Monitor, in consultation with the CCAA Entities, will continue to administer the Claims Procedure, including:
- a) overseeing the reconciliation process for the trade vendor claims;
  - b) reviewing the Notices of Dispute filed by six Terminated Employees;
  - c) performing diligence on the related party claims; and
  - d) determining the appropriate treatment for any late-filed claims. As at the date of this Report, there have been 32 claims filed after the Claims Bar Date for a total of approximately \$271,000. The Monitor intends to continue to separately track any claims filed after the Claims Bar Date and will make a recommendation to the Court on their proposed treatment on or around such time as the Plan is filed with the Court.

## 5.0 HST Reassessments

1. On October 19, 2020, CRA issued the HST Reassessments following an HST audit it performed on Metro. Of the \$6.7 million of HST reassessed, approximately \$4.5 million relates to input tax credits (“ITCs”) claimed by Metro on accounts payable that remain unpaid. The balance of the HST Reassessments represents items for which CRA requires further supporting documentation.
2. It appears to the Monitor that it was premature for CRA to issue the HST Reassessments since the amount of ITCs to be reversed, if any, is subject to the outcome of these proceedings, including a Plan that Metro intends to submit to its creditors. For example, if the Plan contemplates full repayment to creditors (which is the present intention), there would be no basis to reverse any ITCs claimed by Metro because all suppliers would be paid in full.

3. Metro must file a Notice of Objection by January 17, 2021, which is 90 days from the date of the HST Reassessments, if the HST Reassessments are not reversed prior to that date.
4. In order to understand the reasons for the HST Reassessments, Metro requested that its counsel, Goodmans LLP (“Goodmans”), and the Monitor engage with CRA. In this regard:
  - a) representatives of Goodmans, the Monitor and CRA participated in conference calls on October 22, 2020 and November 16, 2020; and
  - b) on October 23, 2020, Goodmans sent an email to CRA setting out Metro’s position on the HST Reassessments.
5. As of the date of this Report, this matter is ongoing. Metro, the Monitor and Goodmans intend to continue to work with CRA and respond to its concerns and issues.

## **6.0 Cash Flow Forecast**

1. As at November 24, 2020, Metro had a cash balance of approximately \$10.7 million. Approximately \$10.5 million is invested in a money market fund.
2. With the Monitor’s assistance, Metro prepared the Cash Flow Forecast for the period November 30, 2020 to March 31, 2021 (the “Period”). As noted above, since the Partners are inactive, the Cash Flow Forecast represents the Metro business.
3. The Cash Flow Forecast and the CCAA Entities’ statutory report on the cash flow prepared pursuant to Section 10(2)(b) of the CCAA are attached as Appendix “C”.
4. The Cash Flow Forecast reflects that Metro is projected to have sufficient liquidity to operate in the normal course during the Period, including to fund payroll and other operating expenses.
5. Based on the Monitor’s review of the Cash Flow Forecast, the assumptions appear reasonable. The Monitor’s statutory report on the Cash Flow Forecast is attached as Appendix “D”.

## **7.0 Stay Extension**

1. The CCAA Entities are seeking an extension of the stay of proceedings from December 11, 2020 to March 31, 2021.
2. The Monitor is supportive of this request for the following reasons:
  - a) in the Monitor’s view, the CCAA Entities are acting in good faith and with due diligence;
  - b) it will allow Metro to complete its inventory return process for the Literature Business, which has substantially reduced the vendor claims in these proceedings and will continue to do so – this process will enhance creditor recoveries;

- c) it will enable the Monitor and the CCAA Entities to progress the Claims Procedure in accordance with the Claims Procedure Order;
- d) the Cash Flow Forecast reflects that Metro has sufficient liquidity to fund its business during the extension period;
- e) it will allow the CCAA Entities the opportunity to develop a Plan intended to provide recoveries to creditors well in excess of what they would realize in a liquidation of the CCAA Entities. The objective is to file the Plan prior to March 31, 2021; and
- f) no creditor will be prejudiced if the extension is granted.

## 8.0 Professional Fees

1. The fees (excluding disbursements and HST) of the Monitor and Bennett Jones from June 1, 2020 to October 31, 2020 total approximately \$212,000 and \$62,600, respectively.
2. The average hourly rates for KSV and Bennett Jones for the referenced billing periods were \$459.84 and \$701.86, respectively.
3. Detailed invoices in respect of the fees and disbursements of the Monitor and Bennett Jones are provided in appendices to the affidavits (the "Fee Affidavits") filed by KSV and Bennett Jones attached as Appendices "E" and "F", respectively.
4. As set out in the Fee Affidavits, the fees of the Monitor and Bennett Jones for the referenced billing periods include those incurred to perform the following activities:
  - a) assisting Goodmans and Bennett Jones with the Court materials to convert the Partners' NOI Proceedings to proceedings under the CCAA;
  - b) drafting the report of the proposed Monitor dated June 10, 2020, the First Report and this Report and dealing with the issues detailed therein and herein;
  - c) carrying out the Monitor's obligations under the Initial Order and all Court orders issued over the course of these proceedings;
  - d) monitoring the business and operations of Metro;
  - e) dealing with Metro's management concerning the Investments, including their capitalization issues; and
  - f) carrying out the Claims Procedure in accordance with the Claims Procedure Order.
5. The Monitor is of the view that the hourly rates charged by Bennett Jones are consistent with the rates charged by corporate law firms practicing in the area of corporate insolvency and restructuring in the Toronto market, and that the overall fees charged by Bennett Jones and the Monitor are reasonable and appropriate in the circumstances.



## 9.0 Conclusion and Recommendation

1. Based on the foregoing, the Monitor 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 Restructuring Inc.*

**KSV RESTRUCTURING INC.,  
SOLELY IN ITS CAPACITY AS MONITOR OF  
THE PARTNERS AND METRO, AND NOT IN ITS PERSONAL CAPACITY**

## **Appendix “D”**

Metro 360 General Partnership  
**Projected Statement of Cash Flows**  
For the Period Ending June 25, 2021  
(Unaudited; \$CAD)

	Note	02-Apr-21	09-Apr-21	16-Apr-21	23-Apr-21	30-Apr-21	Week Ending						Total		
							07-May-21	14-May-21	21-May-21	28-May-21	04-Jun-21	11-Jun-21	18-Jun-21	25-Jun-21	
<i>Receipts</i>															
	1														
Operating Receipts	2	118,901	118,901	118,901	118,901	118,901	156,250	156,250	156,250	156,250	161,750	161,750	161,750	161,750	1,866,503
CEWS subsidy	3	-	-	89,000	85,000	85,000	-	-	-	85,000	-	-	-	75,000	419,000
CERS subsidy	4	-	-	16,000	8,000	5,200	-	-	-	5,200	-	-	-	5,200	39,600
Cross charges (Well/CMMI)	5	-	-	-	-	80,772	-	-	-	80,772	-	-	-	85,772	247,315
Proceeds from sale of RS2 business	6	-	-	-	-	-	-	-	-	183,000	-	-	-	-	183,000
Sinnott Road recovery		-	-	-	-	5,000	-	-	-	5,000	-	-	-	10,000	20,000
<b>Total Receipts</b>		<b>118,901</b>	<b>118,901</b>	<b>223,901</b>	<b>211,901</b>	<b>294,872</b>	<b>156,250</b>	<b>156,250</b>	<b>156,250</b>	<b>515,222</b>	<b>161,750</b>	<b>161,750</b>	<b>161,750</b>	<b>337,722</b>	<b>2,775,418</b>
<i>Disbursements</i>															
Payroll and Benefits		-	113,954	-	93,954	-	92,118	20,000	92,118	-	92,118	20,000	92,118	-	616,382
Payments to CPG Suppliers	7	98,750	98,750	98,750	98,750	98,750	102,226	102,226	102,226	102,226	107,598	107,598	107,598	107,598	1,333,046
Rent and Occupancy Costs	8	-	-	7,272	-	-	-	7,272	-	-	-	7,272	-	-	21,816
HST Payments		-	-	-	-	35,457	-	-	-	36,250	-	-	-	36,822	108,529
Other Operating Costs	9	9,400	8,833	576	14,366	9,037	18,233	576	14,366	9,037	18,233	576	14,366	9,037	126,636
Logistics	10	-	-	53,505	-	-	-	56,250	-	-	-	58,230	-	-	167,985
<b>Total Operating disbursements</b>		<b>108,150</b>	<b>221,537</b>	<b>160,103</b>	<b>207,070</b>	<b>143,244</b>	<b>212,577</b>	<b>186,324</b>	<b>208,710</b>	<b>147,513</b>	<b>217,949</b>	<b>193,676</b>	<b>214,082</b>	<b>153,457</b>	<b>2,374,394</b>
<b>Net Cash Flow before the Undemoted</b>		<b>10,751</b>	<b>(102,636)</b>	<b>63,797</b>	<b>4,831</b>	<b>151,628</b>	<b>(56,327)</b>	<b>(30,074)</b>	<b>(52,460)</b>	<b>367,709</b>	<b>(56,199)</b>	<b>(31,926)</b>	<b>(52,332)</b>	<b>184,265</b>	<b>401,024</b>
Professional Fees		-	-	-	-	-	60,000	-	-	200,000	-	-	-	200,000	460,000
<b>Net Cash Flow</b>		<b>10,751</b>	<b>(102,636)</b>	<b>63,797</b>	<b>4,831</b>	<b>151,628</b>	<b>(116,327)</b>	<b>(30,074)</b>	<b>(52,460)</b>	<b>167,709</b>	<b>(56,199)</b>	<b>(31,926)</b>	<b>(52,332)</b>	<b>(15,735)</b>	<b>(58,976)</b>
Opening Cash balance		10,241,937	10,252,687	10,150,051	10,213,848	10,218,679	10,370,307	10,253,980	10,223,906	10,171,445	10,339,154	10,282,954	10,251,028	10,198,696	10,241,937
Net Cash Flow		10,751	(102,636)	63,797	4,831	151,628	(116,327)	(30,074)	(52,460)	167,709	(56,199)	(31,926)	(52,332)	(15,735)	(58,976)
<b>Closing cash balance</b>		<b>10,252,687</b>	<b>10,150,051</b>	<b>10,213,848</b>	<b>10,218,679</b>	<b>10,370,307</b>	<b>10,253,980</b>	<b>10,223,906</b>	<b>10,171,445</b>	<b>10,339,154</b>	<b>10,282,954</b>	<b>10,251,028</b>	<b>10,198,696</b>	<b>10,182,961</b>	<b>10,182,961</b>

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 March 29, 2021 to June 25, 2021 (the "Period"). Neither Rosebud Creek Financial Corp. or 957855 Alberta Ltd. is projected to have business activity during the Period.

### **Hypothetical**

2. Represents projected collections of accounts receivable.

### **Most Probable**

3. Reflects projected receipts from the Canada Emergency Wage Subsidy program.
4. Reflects projected receipts from the Canada Emergency Rent Subsidy program.
5. Represents charges for back-office support provided by Metro to CMMI and Well, related entities.
6. Represents the proceeds of a transaction for Metro's interest in RS2, as summarized in the Monitor's Third Report to Court.
7. Reflects payments to vendors for Metro's CPG operations.
8. Reflects payment of rent and utilities at Metro's head office.
9. Reflects payment of operating costs, including IT contractors, travel, phone charges, bank charges and software.
10. Reflects payments to Metro's merchandisers and logistics service providers.

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

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

**MANAGEMENT'S REPORT ON CASH FLOW STATEMENT**  
(paragraph 10(2)(b) of the CCAA)

The management of Metro 360 General Partnership ("Metro") has developed the assumptions and prepared the attached statement of projected cash flow as of the 22nd day March, 2021 for the period March 29, 2021 to June 25, 2021 ("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 22nd day of March, 2021.



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

Per: Daniel Shapiro

## **Appendix “E”**

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

**MONITOR'S REPORT ON CASH FLOW STATEMENT**  
(paragraph 23(1)(b) of the CCAA)

The attached statement of projected cash-flow of Metro 360 General Partnership ("Metro") as of the 22nd day March, 2021, consisting of a weekly projected cash flow statement for the period March 29, 2021 to June 25, 2021 ("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 22nd day of March, 2021.

*KSV Restructuring Inc.*

**KSV RESTRUCTURING INC.  
SOLELY IN ITS CAPACITY AS MONITOR OF  
THE PARTNERS AND NOT IN ITS PERSONAL CAPACITY**