June 10, 2020

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

and

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

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ESTATE/COURT FILE NO.: 31-2636843

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

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

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

JUNE 10, 2020

1.0 Introduction

1. This report ("Report") has been prepared by KSV Kofman Inc. ("KSV") in its capacities as (i) proposal trustee ("Proposal Trustee") in connection with Notices of Intention to Make a Proposal ("NOI") filed on April 6, 2020 by Rosebud Creek Financial Corp. ("Rosebud") and 957855 Alberta Ltd. ("957") pursuant to Section 50.4(1) of the *Bankruptcy and Insolvency Act,* R.S.C. 1985, c. B-3, as amended ("BIA") (the "NOI Proceedings"), and (ii) proposed monitor in the proposed proceedings of Rosebud and 957 under the *Companies' Creditors Arrangement Act* ("CCAA") (the "CCAA Proceedings").

2. Rosebud and 957 (jointly, the "Partners") are holding companies and the partners of Metro 360 General Partnership ("Metro"). Prior to the commencement of the NOI Proceedings, Metro's business was primarily focused on wholesaling and distributing books and magazines to thousands of retailers across Canada (the "Literature Business").

3. The principal purpose of these proceedings is to create a stabilized environment to allow Metro to:

   a) complete a transaction for the Literature Business with Great Pacific Enterprises Inc. d/b/a TNG (the "Purchaser"), which was approved by the Court on April 7, 2020 and closed on April 8, 2020 (the "Transaction");

   b) facilitate a restructuring of its business around its consumer-packaged goods business (the "CPG Business") so that it can continue to operate that business on a going-concern basis; and

   c) provide Metro with the opportunity to prepare a restructuring plan to its creditors.

4. Pursuant to an Order of the Ontario Superior Court of Justice (Commercial List) (the "Court") made on April 7, 2020 (the "April 7th Order"), the stay of proceedings that was automatically granted to Rosebud and 957 upon filing their NOIs was extended to Metro. The stay of proceedings expires on June 19, 2020. A copy of the April 7th Order is attached as Appendix "A".

5. No proposal has been filed with respect to any of the Partners and/or Metro.

1.1 Purposes of this Report

1. The purposes of this Report are to:

   a) provide background information about the Partners, Metro and the NOI Proceedings;

   b) discuss the rationale for converting the NOI Proceedings to proceedings under the CCAA in accordance with Section 11.6 of the CCAA;

   c) provide KSV's qualifications to act as Monitor in the proposed CCAA Proceedings;

   d) discuss the rationale for including the following provisions in the proposed Initial Order (the "Initial Order"):

      i. an administration charge in the amount of $300,000 (the "Administration Charge") in favour of Metro's counsel, Goodmans LLP ("Goodmans"), KSV as proposed monitor, and Bennett Jones LLP ("Bennett Jones"), as counsel to KSV as proposed monitor;

      ii. a $300,000 charge in favour of the directors and officers of the Partners (the "D&O Charge");

      iii. a $180,000 charge (the "KERP Charge") in favour of three employees that Metro is proposing to include in a key employee retention plan (the "KERP");

      iv. extending the stay of proceedings to Metro (which is not a CCAA applicant), consistent with the extension of the stay of proceedings to Metro in the NOI Proceedings;

      v. granting the Partners and Metro a stay of proceedings to June 26, 2020;

   e) report on the Partners' and Metro's cash flow projection for the period June 15, 2020 to September 18, 2020 (the "Cash Flow Forecast")[1];

   f) summarize the anticipated next steps in these proceedings; and

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

g) recommend that the Court issue the Initial Order, *inter alia*:

i. continuing the NOI Proceedings under the CCAA;

ii. extending the stay of proceeding to Metro, as is presently the case in the NOI Proceedings;

iii. granting the Administration Charge, the D&O Charge and the KERP Charge;

iv. declaring, upon continuance of these proceedings under the CCAA, that the BIA proposal provisions shall have no further application to the Partners;

v. sealing the Confidential Appendix to this Report; and

vi. approving the Proposal Trustee's activities and reports since the commencement of these proceedings, including this Report.

1.2 Currency

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

1.3 Restrictions

1. In preparing this Report, KSV has relied upon unaudited financial information prepared by, and discussions with, Metro's management. KSV has not audited, reviewed or otherwise verified the accuracy or completeness of this information in a manner that would comply with Generally Accepted Assurance Standards pursuant to the *Chartered Professional Accountants of Canada Handbook*.

2. KSV expresses no opinion or other form of assurance with respect to the financial information presented in this Report or relied upon in preparing this Report. Any party intending to rely on the financial information presented in this Report should perform its own diligence and any reliance placed by any party on the information presented herein shall not be considered sufficient for any purpose whatsoever.

3. An examination of the Cash Flow Forecast as outlined in the Chartered Professional Accountants of Canada Handbook has not been performed. Future oriented financial information relied upon in this Report is based upon management's assumptions regarding future events; actual results achieved may vary from this information and these variations may be material. KSV expresses no opinion or assurance on whether the Cash Flow Forecast will be achieved.

4. The Cash Flow Forecast in this Report reflects the estimated impact of Covid-19 on Metro's business and operations, as well as these proceedings. Consumer, supply chain, governmental and other macro-economic factors related to Covid-19 will affect Metro and the Partners and such changes may be material. The full impact of Covid-19 is unknown and cannot be quantified or determined at this time.

2.0 Executive Summary

1. Prior to the commencement of these proceedings, the Literature Business was Metro's primary line of business. The Literature Business involves wholesaling and distributing books and periodicals to retailers across Canada. A key aspect of this business is that retailers can return unsold books and periodicals to Metro, which Metro can then return to publishers for full credit, thereby reducing Metro's obligations to these parties. The remaining portion of the CPG Business (i.e. the portion that was not sold to the Purchaser) involves wholesaling and distributing confectionary products, music, electronic accessories and a line of items referred to as As-Seen-On-TV ("ASOTV") products. Metro is now focusing on growing the CPG Business. The CPG Business includes Metro's ownership interest in several investments, as further discussed below.

2. Pursuant to the terms of the Transaction, Metro sold the Literature Business to the Purchaser for $925,000, payable in five equal monthly instalments payable through August 2020. All payments to-date have been made when due. A major benefit of the Transaction is that the Purchaser agreed to facilitate the book and periodical return process that was formerly performed by Metro. Returns facilitated by the Purchaser to-date have resulted in approximately a $25 million reduction in Metro's vendor obligations. This process is ongoing and is expected to continue until the end of October 2020, resulting in further material reductions in the amounts owing by Metro to its vendors.

3. Metro's go-forward restructuring plan is based on growing the CPG Business, including certain investments in which it has an ownership interest, being Well Ventures Corp. ("Well"), Handfuel Inc. ("Handfuel"), All Day Nutritionals Canada Ltd. and All Day Nutritionals U.S. (jointly, "Swift Work Wellness"), Retail Support Services (Canada) Ltd. ("RS2") and Spectral Agriventures Inc. ("Spectral") (collectively, the "Investments"). Metro does not have a controlling interest in the Investments; however, the Investments are reliant on Metro as its management provides all back-office support and is responsible for growing these businesses. A summary of the Investments is as follows:

   a) Well is a distributor of beverage products. Well recently secured shelf space at the LCBO and Loblaws and is finalizing an arrangement with a major US grocery chain. Management expects these opportunities will materially grow Well's sales by the end of 2020. Well also has an ownership interest in Spectral, which developed a cost-efficient turnkey greenhouse model which has the potential to reposition how Canadian grocery retailers source produce and leafy greens.

   b) Handfuel is a manufacturer and distributor of high-end nutritional food products, including fruit and nut snack mix products. Handfuel has strong retailer contracts and is rolling out various products to all major grocery retailers in Canada and expects to receive a US listing from a major grocer in early 2021. Covid-19 has delayed new listings and promotional activity with certain retailers, a driver to the growth of the business.

c) Swift Work Wellness produces a liquid supplement designed to support immune system health, enhance focus and improve energy which is dispensed through a cooler system that is placed in workplace break rooms.

d) RS2 developed a database which allows publishers to assess specific title performance of their own and competing titles.

4. The proceeds from the wind-down of the Literature Business and the growth of the CPG Business, including the Investments, are expected to generate material recoveries for creditors in these proceedings through a plan of arrangement to be filed by the Partners in due course. Metro expects these recoveries will exceed the amounts creditors would realize in a bankruptcy or wind-down of the CPG Business. Management is working diligently to grow the CPG Business.

3.0 Background

1. The Partners are holding companies. Rosebud is an Ontario corporation which holds a 69.4% partnership interest in Metro and 957 is an Alberta corporation which holds a 30.6% partnership interest in Metro. Rosebud is also the sole shareholder of 957. To the extent Metro is unable to satisfy its obligations, the deficiency represents a pro-rata obligation of the Partners.

2. Metro and its predecessors were founded by the Shapiro family. Daniel Shapiro is Metro's President and Chief Executive Officer. The head office of Metro and Rosebud is located in Toronto, Ontario. The registered office of 957 is in Calgary, Alberta. The corporate organizational chart is attached as Appendix "B".

3. Metro's core business was the Literature Business, which was commenced by the Shapiro family in the early 1940s. At the time the NOIs were filed, Metro had approximately 350 employees, including approximately 290 merchandisers who were responsible for stocking the shelves of its retail customers with books and periodicals and coordinating inventory returns from these customers. Metro supplied to thousands of independent grocery and other retailers across Canada. Metro is a service provider to an affiliated company, CMMI Canadian Mass Media Inc. ("CMMI").

4. CMMI holds the supply agreements for and manages national big-box retail accounts in the Literature Business, including Costco, Walmart, Circle K, Pharmasave and Rexall (the "National Accounts"). Prior to the sale of the Literature Business, Metro provided distribution and logistics services to CMMI. CMMI received a small fee for its interest in the accounts. According to Metro's management, CMMI and Metro operated in this fashion since approximately 1996. Following completion of the Transaction, CMMI continues to hold and manage the National Accounts, but the Purchaser provides the services that were previously provided by Metro, save for certain accounting and IT functions which continue to be provided by Metro.

5. Several years ago, Metro began to diversify its Literature Business by wholesaling consumer packaged goods, including food products, music, consumer electronic accessories and ASOTV products. Rosebud and Metro own equity interests in the Investments, as follows:

   a) Well: Metro and Rosebud own 11.3% and 9.7% of Well's equity, respectively. Well is a manufacturer and distributor of cold pressed juices, kombucha and ready-to-drink alcoholic beverages.

   b) Spectral: Metro and Well own an 8% and 36% interest in Spectral, respectively. Spectral developed a cost-efficient turnkey greenhouse model which has the potential to reposition how Canadian grocery retailers source produce and leafy greens. The greenhouse model allows for produce to be grown and distributed within Canada on a cost-efficient basis, ensuring freshness, reducing carbon footprint and maintaining price competitiveness.

   c) Handfuel: Metro owns a 50% equity interest in Handfuel, a distributor of flavourful and nutritious food products across Canada, such as fruit and nut snack mix products. Handfuel's products are sold in high-end grocers, such as Pusateri's.

   d) Swift Work Wellness: Metro's interest in Swift Work Wellness consists of a 27% holding in All Day Nutritionals U.S., the U.S. parent, and a 45% interest in All Day Nutritionals Canada, the Canadian subsidiary. Swift Work Wellness produces a liquid supplement designed to support immune system health, enhance focus and improve energy. Swift Work Wellness' liquid supplement is dispensed through a cooler system and is marketed towards use in workplace break rooms as a means of improving workplace wellness and overall employee performance. The operations of this business have largely been suspended as a result of Covid-19.

   e) RS2: Metro owns 37% of RS2, which developed a methodology to collect, organize, analyze and sell retail sales data, with a specific focus on magazines. RS2 also owns, manages and sells a cover analyzer database to publishers which allows publishers to assess specific title performance of their own and competing titles.

6. In addition to the Investments, Rosebud owns a 50% interest in United Library Services Inc. ("ULS"). ULS is a Calgary based wholesale distributor of books to schools and libraries primarily in Western Canada.

7. Metro presently employs 43 employees, including 20 employees who have been retained until September 30, 2020 to assist with the wind-down of the Literature Business. (The majority of Metro's employees were offered new jobs by the Purchaser.) Metro's workforce is not unionized. Metro maintains a defined contribution pension plan. Management has advised the Proposal Trustee that it is current on its obligations under the pension plan.

8. Bank of Nova Scotia ("BNS") claims to have a secured guarantee from Rosebud and Metro for advances made to entities related to Mr. Shapiro. The Proposal Trustee's legal counsel, Bennett Jones LLP, has not provided a security opinion on the BNS security.

9. Additional information about the Partners, Metro and the Transaction are included in the Proposal Trustee's First Report to Court dated April 6, 2020 (the "First Report") and, accordingly, is not repeated in this Report. A copy of the First Report is attached as Appendix "C", without appendices.

10. Court materials in these proceedings are available on the Proposal Trustee's website at https://www.ksvadvisory.com/insolvency-cases/case/metro360.

3.1 Transaction

1. As detailed in the First Report, the Transaction: i) reduced disruption in the distribution of books and periodicals to retailers across Canada; ii) generated value for this portion of Metro's business where it would otherwise not have been possible as Metro's operations were severely impacted by Covid-19; iii) maximized the value of Metro's accounts receivable and inventory; and iv) preserved nearly three hundred jobs by transitioning most of the Literature Business employees to the Purchaser.

2. The Transaction was approved pursuant to an Approval and Vesting Order made on April 7, 2020 and closed on April 8, 2020.

3. The purchase price under the Transaction was $925,000, payable in five monthly installments. All amounts payable to-date under the Transaction have been received. The value of the Transaction accruing to Metro and its stakeholders significantly exceeds the purchase price. Returning unsold inventory to publishers for full credit is critical to the Literature Business and is a key benefit of the Transaction. At the time of the Transaction, the book value of the unsold inventory was estimated to be approximately $35 million[2]; returns have reduced accounts payable by approximately $25 million to-date. The inventory return process is expected to continue until at least the end of October 2020.

4.0 Update on Metro's and the Partners' Activities

1. Metro's and the Partners' activities since the commencement of these proceedings are detailed in the Affidavit of Daniel Shapiro filed in support of this motion and summarized as follows:

    a) working with the Purchaser to coordinate the inventory return process;

    b) working with the Proposal Trustee at the outset of these proceedings to draft a communication plan to employees, suppliers and customers;

    c) addressing employee issues, including reducing headcount to parallel the wind-down of the Literature Business;

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

d) operating the CPG Business, including dealing with challenges presented by the Covid-19 pandemic;

e) dealing with hundreds of retailers with credit balances resulting from the inventory return process and working with the Proposal Trustee to communicate with these stakeholders;

f) communicating with CPG suppliers to secure goods and services during these proceedings;

g) corresponding regularly with representatives of the Proposal Trustee regarding numerous issues in these proceedings; and

h) attending weekly update calls with the Proposal Trustee to discuss Metro's business and operations and the restructuring process generally.

4.1 Cash Flow

1. As at June 4, 2020, Metro's cash balance was approximately $11.1 million, of which approximately $10.9 million was invested in a money market fund.

2. The table below reflects Metro's actual cash flow for the period April 6, 2020 to May 29, 2020 compared to the projection filed with the Court on April 6, 2020.

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

3. The Proposal Trustee notes the following:

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

b) accounts receivable collections are net of a $500,000 setoff claim applied by CMMI. Prior to the commencement of the NOI proceedings, Metro collected approximately $500,000 owing to CMMI. As CMMI collects monies in the normal course that are due to Metro, CMMI set off against this amount. Metro provided the Proposal Trustee with documentation supporting CMMI's setoff claim; and

c) certain new CPG contracts that are expected to contribute to the growth of the CPG Business may need to be completed in an entity related to Metro (Sinnott Road Inc.) as certain counterparties have expressed concerns about entering into agreements with Metro while it is subject to an insolvency proceeding. The Proposal Trustee has advised Metro and Sinnott Road Inc. that any profit generated from these contracts will need to be transferred to Metro upon approval of a plan of arrangement. The Proposal Trustee is monitoring these relationships. To date, no such arrangements have been completed since the commencement of these proceedings.

5.0 Conversion of the NOI Proceedings to the CCAA Proceedings

1. The NOI proceedings were commenced on an urgent basis due to the impact of Covid-19 on Metro's business and the need to complete the Transaction, which could only be completed in an insolvency process. The First Report and the Affidavit of Daniel Shapiro sworn April 6, 2020 referenced that the NOI proceedings may need to be continued under the CCAA.

2. Should the Court approve the conversion, the Initial Order contemplates that KSV would be appointed as monitor in the CCAA Proceedings. KSV's qualifications to act as monitor are summarized below.

   a) KSV is a licensed trustee within the meaning of subsection 2(1) of the BIA. KSV is not subject to any of the restrictions set out in Section 11.7(2) of the CCAA with respect to its appointment as monitor.

   b) KSV has consented to act as monitor in these proceedings should the Court grant the Initial Order. A copy of KSV's consent to act as monitor is attached as Appendix "D".

   c) As KSV is presently the Proposal Trustee and is familiar with Metro's business and operations, it is logical for it be appointed monitor.

3. The Initial Order also contemplates, *inter alia*, the following:

   a) an Administration Charge[3] to protect the fees and disbursements of the Partners' legal counsel and those of the Monitor and its counsel;

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

b) a D&O Charge to protect the directors and officers from personal liability in the event Metro's business is discontinued for any reason and it is unable to pay amounts for which the Directors and Officers would be personally liable, including, primarily wages, source deductions and sales taxes. The proposed quantum of the charge ($300,000) is based on the Cash Flow Forecast, which reflects Metro's potential exposure for a bi-weekly payroll (approximately $110,000), monthly HST remittances (approximately $100,000) and a contingency ($90,000) for accrued vacation pay and any other potential director obligations. The D&O Charge is prospective only; and

c) the KERP, which is for a small number of Metro's employees. The KERP is in the maximum amount of $180,000. Metro is seeking approval of the KERP and the creation of an equivalent Court-ordered charge to secure the payments due under the KERP. It is contemplated that the KERP Charge will rank subordinate to the Administration Charge and the D&O Charge but in priority to all other encumbrances.

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

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

5.1 Cash Flow Forecast

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

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

3. The Cash Flow Forecast reflects that Metro is projected to have sufficient funding to operate in the normal course during the Period, including to fund payroll and other operating expenses.

4. Based on KSV's review of the Cash Flow Forecast, the assumptions appear reasonable. KSV's statutory report on the Cash Flow Forecast, filed as proposed Monitor in these proceedings, is attached as Appendix "F".

5.2 Recommendation

1. The Proposal Trustee recommends that the Court issue the Initial Order for the following reasons:

   a) the Proposal Trustee is of the view that Metro, the Partners and their Management are acting in good faith and with due diligence;

   b) Metro requires the benefit of the stay of proceedings in the CCAA. Extending the stay of proceedings to Metro will allow it to continue to operate without disruption by stakeholders. In the Proposal Trustee's opinion, there is no prejudice to any stakeholder by extending the stay to Metro, it is consistent with the relief granted to Metro in the NOI Proceedings and it is consistent with the overall purpose of these restructuring proceedings;

   c) the inventory return process needs to be completed (or substantially completed) before amounts owing by Metro to publisher creditors can be determined. Converting the NOI Proceedings to CCAA Proceedings will allow Metro and its Management the time needed to complete the inventory return process. At least three to five more months is required to complete this process;

   d) Management continues to work on growing the Investments. Covid-19 has affected each of these businesses to varying degrees. It may take several months to further consider the long-term prospects of these businesses, which is critical to determining the structure of a plan of arrangement;

   e) beyond the initial stay period granted under the Initial Order, the duration of stay extensions under the CCAA are not prescribed, nor is the total length of the stay, unlike the NOI provisions of the BIA (which prescribe each extension to a maximum of 45 days and limit the total stay period to six months). Accordingly, a BIA proposal process may require more Court attendances than in a CCAA, and the conversion to CCAA will be needed in any event if the formation of a restructuring plan requires more than six months in total;

   f) a CCAA plan is likely to be made if the NOI Proceeding is converted to proceedings under the CCAA;

   g) the Cash Flow Forecast reflects that Metro has sufficient liquidity to continue to operate during the extension period;

h) the D&O Charge is reasonable in the Proposal Trustee's view as the D&O Charge is prospective only, the continued involvement of the directors and officers is critical to the continuation of Metro's business and the Investments and Metro does not maintain a directors and officers insurance policy that would otherwise provide the required protections. The Proposal Trustee believes that it is unlikely that this charge will be called upon given Metro's significant cash balance;

i) the KERP will reduce the risk of key employees resigning during the restructuring process, which is in the interest of the restructuring. The involvement of the KERP employees should benefit all stakeholders as it will assist to maximize recoveries. The KERP employees have agreed not to file a claim in a future claims process, except for unpaid wages and vacation pay;

j) the proposed Administration Charge is reasonable in the Proposal Trustee's view and it already exists in the same amount pursuant to the April 7th Order; and

k) the Proposal Trustee is not aware of any prejudice to stakeholders by any of the relief sought by the Partners and Metro.

2. Metro is also requesting an order sealing the KERP letters, which are attached as Confidential Appendix "1" to this Report, which contain personal information for the KERP employees. Personal information should be sealed to protect the privacy of the KERP employees. The Proposal Trustee does not believe any stakeholder will be prejudiced if the KERP information is sealed.

3. As required under the CCAA, the proposed Initial Order contemplates a stay of proceedings against the Partners and Metro for an initial period of 10 days (until June 26, 2020). The Partners and Metro are requesting an endorsement extending the stay of proceedings to September 18, 2020 without a further hearing should no stakeholder request a hearing prior to June 22, 2020. The Proposal Trustee is supportive of this request given the NOI Proceedings have been ongoing since April 6, 2020, no party has raised any opposition to the relief granted in the April 7th Order and this motion is being brought on seven days notice to all parties on the Service List. Granting this relief avoids the cost of a further Court attendance within 10 days for the sole purpose of extending the stay of proceedings.

6.0 Proposal Trustee's Activities

1. The Proposal Trustee's activities since the commencement of these proceedings have included:

a) corresponding regularly with Metro's management regarding various matters in these proceedings, including in connection with the closing of the Transaction;

b) preparing a stakeholder communication strategy, including for employees, vendors, customers and retailers;

c) corresponding with certain of Metro's employees and suppliers;

d) corresponding with retailers regarding the inventory return process;

e) mailing a notice to creditors of Metro and the Partners, as required pursuant to the BIA;

f) assisting Metro regarding the KERP;

g) reviewing correspondence between BNS' legal counsel and Metro;

h) considering issues in respect of the Investments;

i) monitoring Metro's receipts and disbursements;

j) assisting Metro to determine employee claims and considering issues in respect thereof;

k) corresponding with Goodmans and Bennett Jones regarding various matters in these proceedings;

l) posting Court materials on the Proposal Trustee's website; and

m) drafting the First Report and this Report.

7.0 Next Steps in these Proceedings

1. Subject to Court approval, the anticipated next steps in these proceedings will include the following:

   a) completing the wind-down of the Literature Business;

   b) focusing on growing Metro's CPG Business;

   c) developing and, subject to Court approval, implementing a claims procedure;

   d) considering the value of the Investments since a portion of those interests, if and when realized upon, is expected to be a significant source of recovery for Metro's creditors under a plan of arrangement; and

   e) preparing a restructuring plan to be presented to creditors in due course.

8.0 Creditor Notification

1. The proposed Initial Order requires the Monitor to:

   a) publish without delay a notice in the national edition of *The Globe and Mail* newspaper containing the information prescribed under the CCAA; and

   b) within five days of the issuance of the Initial Order to:

      i. make the Initial Order publicly available in the manner prescribed under the CCAA;

      ii. send, in the prescribed manner, a notice to every known creditor who has a claim against the Partners/Metro of more than $1,000 advising that the order is publicly available; and

      iii. prepare a list, showing the names and addresses of those creditors (other than employees), and the estimated amounts of those claims, and make it publicly available in the prescribed manner.

2. If appointed Monitor, KSV will also post the Initial Order and all motion materials on its website in accordance with the *E-Service Protocol*. It is presently doing so in its capacity as Proposal Trustee.

9.0 Conclusion and Recommendation

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

* * *

All of which is respectfully submitted,

KSV Kofman Inc

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

Appendix “A”

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

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

THE HONOURABLE MR.	)	TUESDAY, THE 7TH
	)	
JUSTICE HAINEY	)	DAY OF APRIL, 2020

SUPERIOR COURT OF JUSTICE
COUR SUPERIEURE DE JUSTICE

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

BANKRUPTCY PROCEDURE ORDER

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

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

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

SERVICE

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

ADMINISTRATIVE CONSOLIDATION

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

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

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

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

ADMINISTRATION CHARGE

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

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

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

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

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

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

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

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

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

a. the creation of the Administration Charge shall not create or be deemed to constitute a breach by Metro 360 or the Partners of any Agreement to which they are a party;

b. none of the Proposal Trustee, Bennett Jones or Goodmans shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the creation of the Administration Charge; and

c. the payments made by Metro 360 and/or the Partners, as the case may be, pursuant to this Order and the granting of the Administration Charge do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

EXTENSION OF THE STAY OF PROCEEDINGS TO METRO 360

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

EXTENSION OF PROTECTIONS TO METRO 360

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

EXTENSION OF TIME TO MAKE A PROPOSAL

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

DISPOSAL OF NON-MATERIAL RESIDUAL ASSETS

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

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

AID AND ASSISTANCE OF OTHER COURTS

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

GENERAL

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

Hainey J.

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

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

ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND INSOLVENCY)
COMMERCIAL LIST
Proceeding commenced at Toronto

BANKRUPTCY PROCEDURE ORDER

GOODMANS LLP
Barristers & Solicitors
333 Bay Street, Suite 3400
Toronto, Canada M5H 2S7

Brendan O'Neill LSO#: 43331J
boneill@goodmans.ca

Andrew Harmes LSO#: 73221A
aharmes@goodmans.ca

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

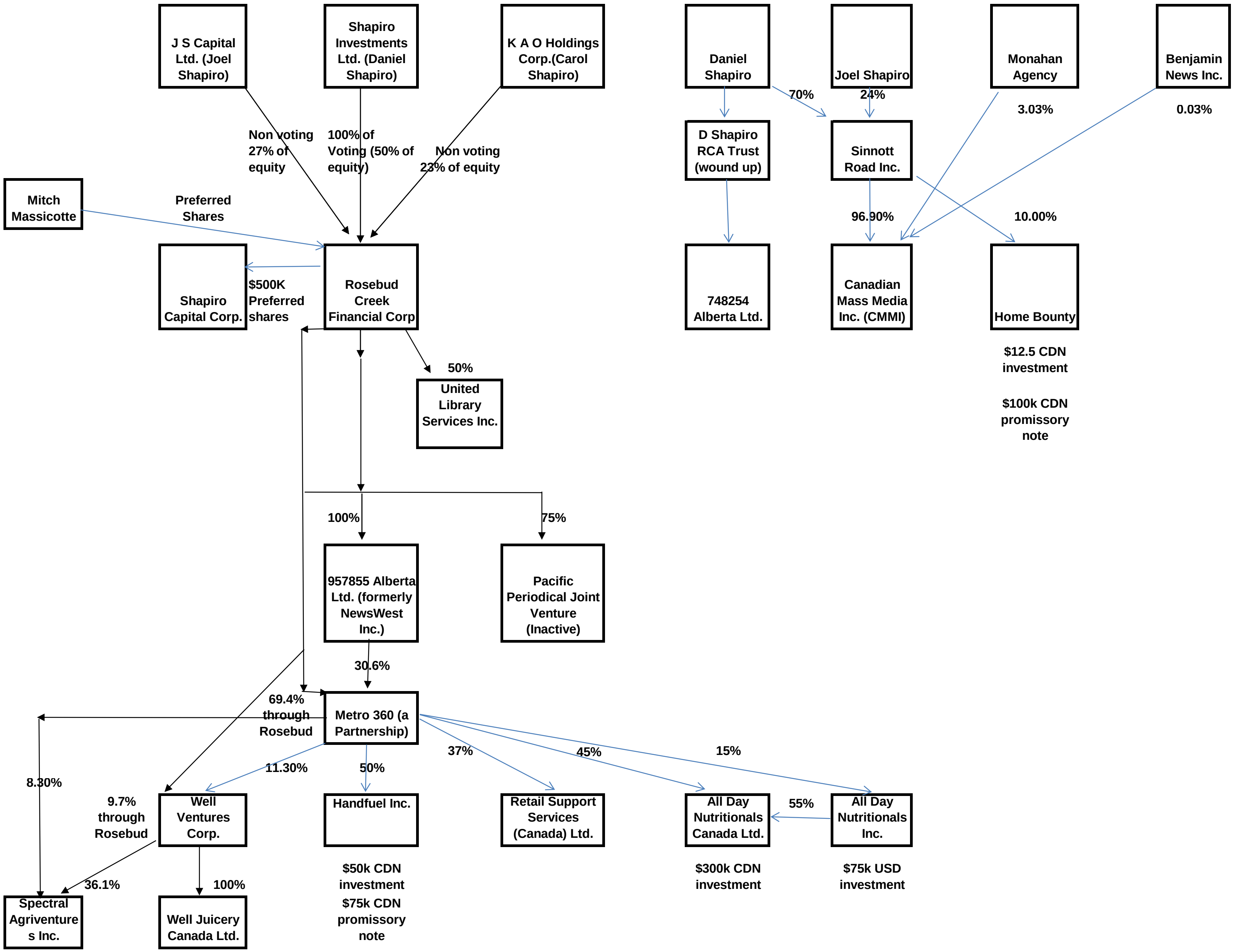
Lawyers for 957855 Alberta Ltd. (formerly NewsWest Inc.), Rosebud Creek Financial Corp., and Metro 360 General Partnership

7049663

Appendix “B”

Shapiro Family

Organization Chart



Appendix “C”

ksv advisory inc.

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

April 6, 2020

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Appendices

Confidential Appendices

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

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

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

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

1.0 Introduction

1. This report ("Report") has been prepared by KSV Kofman Inc. ("KSV") in its capacity as proposal trustee ("Proposal Trustee") in connection with Notices of Intention to Make a Proposal ("NOI") filed on April 6, 2020 by Rosebud Creek Financial Corp. ("Rosebud") and 957855 Alberta Ltd. ("957") pursuant to Section 50.4(1) of the *Bankruptcy and Insolvency Act,* R.S.C. 1985, c. B-3, as amended ("BIA").

2. Rosebud and 957 (collectively, the "Partners") are holding companies and the partners of Metro 360 General Partnership ("Metro"), a partnership primarily focused on wholesaling and distributing books and magazines (the "Literature Business") and newspapers to thousands of retailers across Canada.

3. The principal purpose of these proceedings is to create a stabilized environment to allow Metro to:

   a) urgently complete a Transaction (as defined below) that will: i) prevent substantial disruption in the manner in which books and magazines are distributed to retailers across Canada; ii) generate value for this portion of Metro's business where it would otherwise not be possible; iii) maximize the value of Metro's accounts receivable and inventory; and iv) save nearly three hundred jobs, which is particularly critical in the current pandemic environment;

   b) facilitate a restructuring of its business around its existing consumer packaged goods ("CPG") business so that it may continue to operate that business on a going-concern basis; and

   c) provide Metro with the opportunity to prepare a restructuring plan that is contemplated to result in material recoveries for its creditors.

1.1 Purposes of this Report

1. The purposes of this Report are to:

   a) provide background information about the Partners, Metro and these proceedings;

   b) summarize the terms of an asset purchase agreement dated April 3, 2020 (the "APA") between Metro and Great Pacific Enterprises Inc., d/b/a TNG (the "Purchaser"), pursuant to which the Purchaser has agreed to purchase Metro's customer list and certain other assets required to continue the Literature Business (the "Purchased Assets") (the "Transaction");

   c) discuss the rationale for the Proposal Trustee's recommendation that it is appropriate that the Transaction be approved and completed on an urgent basis;

   d) summarize the terms of a Services Agreement dated April 3, 2020 (the "CMMI Services Agreement") between the Purchaser and an affiliate of Metro, being CMMI Canadian Mass Media Inc. ("CMMI");

   e) discuss the rationale for:

      i. extending the stay of proceedings and certain other relief in these NOI proceedings to Metro;

      ii. a $300,000 priority charge on all of the property of the Partners and Metro to secure the fees and disbursements of Metro's counsel, Goodmans LLP, the Proposal Trustee and its counsel, Bennett Jones LLP (the "Administration Charge");

      iii. sealing the unredacted version of the APA;

      iv. administratively consolidating the NOI proceedings of the Partners;

      v. permitting Metro and/or the Partners to complete sales of redundant or non-material assets that are not subject to the Transaction with the prior approval of the Proposal Trustee and without further Court approval if they result in proceeds not exceeding $200,000 in any one transaction or $400,000 in the aggregate;

      vi. extending the time for the Partners to file a proposal from May 6, 2020 to June 19, 2020;

   f) summarize the anticipated next steps in these proceedings; and

   g) recommend that the Court make orders, *inter alia*:

      i. extending the stay of proceedings and certain other relief to Metro;

      ii. approving the Transaction;

iii. vesting in the Purchaser Metro's right, title and interest in and to the Purchased Assets, free and clear of all liens, charges, security interests and encumbrances;

iv. granting the Administration Charge pursuant to Section 64.2 of the BIA;

v. authorizing Metro to complete transactions for certain surplus assets with the consent of the Proposal Trustee but without further Court approval if the value of any single transaction is no more than $200,000 or the aggregate of such transactions is no more than $400,000;

vi. sealing the unredacted version of the APA;

vii. administratively consolidating the Partners' NOI proceedings; and

viii. extending the time for the Partners to file a proposal to June 19, 2020.

1.2 Currency

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

1.3 Restrictions

1. In preparing this Report, the Proposal Trustee has relied upon unaudited financial information prepared by Metro's management, its books and records and discussions with management. The Proposal Trustee has not audited, reviewed or otherwise verified the accuracy or completeness of the information in a manner that would comply with Generally Accepted Assurance Standards pursuant to the *Chartered Professional Accountants of Canada Handbook*.

2. The Proposal Trustee expresses no opinion or other form of assurance with respect to the financial information presented in this Report or relied upon by the Proposal Trustee in preparing this Report. Any party intending to rely on the financial information presented in this Report should perform its own diligence and any reliance placed by any party on the information presented herein shall not be considered sufficient for any purpose whatsoever.

2.0 Background

1. The Partners are holding companies. Rosebud is an Ontario corporation which holds a 69.4% partnership interest in Metro and 957 is an Alberta corporation which holds a 30.6% partnership interest in Metro. Rosebud is also the sole shareholder of 957. Rosebud also holds illiquid investments in other businesses.

2. Metro and its predecessors were founded by the Shapiro family; Daniel Shapiro is Metro's President and Chief Executive Officer. The head office of Metro and Rosebud is located in Toronto, Ontario. The registered office of 957 is in Calgary, Alberta. The corporate organizational chart is appended to the Affidavit of Daniel Shapiro filed in support of this motion (the "Affidavit").

3. Metro’s core business is the Literature Business, having been commenced by the Shapiro family in the early 1940s. The distribution of books, magazines and newspapers in Canada is regulated pursuant to the *Paperback and Periodical Distributors Act, 1971* (the “PBDA”). As a result, foreign ownership is precluded as the PBDA requires that businesses engaged in the distribution of paperback and periodical publications meet certain Canadian ownership requirements.

4. The Metro business is approximately 100 years old. Metro represents the consolidation of at least fourteen predecessor companies with roots in Alberta, Saskatchewan, Manitoba, Ontario and Quebec. The consolidation of Metro and its predecessor entities over the years was driven by the industry’s significant contraction, largely due to the internet and social media platforms. Density, sales volumes and cost reductions through consolidation were required for wholesalers and distributors to remain viable. Prior to industry consolidation, there were over 30 magazine and book wholesalers in Canada. Today, there are only two of any substance, being Metro and the Purchaser.

5. Revenue in the Literature Business has been declining at an average annual rate of approximately 10% over the last decade as retailer and consumer apathy for magazines and other periodicals has increased. At its peak, net sales for Metro and its predecessor companies' Literature Business were approximately $470 million. Metro’s net sales in its most recent fiscal year ended December 31, 2019 totalled approximately $120 million.

6. The current pandemic crisis has accelerated the decline in Metro’s business. Many book and substantially all magazine suppliers have discontinued providing Metro with new inventory. This portion of Metro’s business is days from being completely discontinued.

7. Metro has approximately 350 employees, including approximately 290 merchandisers in the field that are responsible for stocking shelves and coordinating inventory returns at Metro’s retail customers. Metro supplies to thousands of independent grocery and other retailers across Canada. Metro is also the service provider to an affiliated company, CMMI, which holds and manages customer accounts with certain big-box retailers, including Walmart and Costco.

8. CMMI is an affiliate of Metro. CMMI manages key national accounts for Metro, including Costco, Walmart, Circle K, Pharmasave and Rexall. CMMI has a small team that manages those accounts while Metro provides its core set of services (i.e. distribution and logistics). CMMI receives a small fee for providing these services. CMMI and Metro have operated in this fashion since approximately 1996.

9. Metro’s Literature Business is complex – it entails, *inter alia*, the procurement of product, stocking of retailer shelves (largely on a consignment basis) and maintaining IT systems to track and account for product sales and returns.

10. Returning unsold inventory to publishers for full credit is critical to the Literature Business. All unsold periodicals and books can be returned for full credit, which materially reduces the amounts owing to publisher creditors. On average, nearly 75% of product distributed by Metro is returned as unsold or dated.

11. Several years ago, Metro began to diversify its Literature Business by adding CPG items, including food products, music, consumer electronic accessories and a line of items referred to as As-Seen-On-TV ("ASOTV") products. Annual sales generated from these products totalled approximately $15 million in fiscal 2019. Metro intends to restructure its business around its CPG business.

12. Metro's workforce is not unionized. Metro maintains a defined contribution pension plan and has advised the Proposal Trustee that it is current on its obligations under the pension plan.

13. Additional information about the Partners, Metro and the Transaction is included in the Affidavit. Court materials in these proceedings are available on the Proposal Trustee's website at https://www.ksvadvisory.com/insolvency-cases/case/metro360.

2.1 Financial Position

1. Rosebud has a number of illiquid business investments and the Partners have no third-party debt. To the extent Metro is unable to satisfy its obligations, the partnership's deficiency represents a pro-rata obligation of the Partners. A discussion of Rosebud's illiquid investments is provided in the Affidavit and has not been repeated in this Report.

2. Metro's most recent unaudited financial statements as at February 22, 2020 are provided in Appendix "A". The balance sheet reflects negative working capital of approximately $17.5 million and a Partners' deficiency of approximately $6.1 million.

2.1.1 Assets

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

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

2. A discussion of each of the assets (other than cash) is provided below:

   a) Accounts receivable – these are owing from Metro's retail customer base, comprised of approximately 4,500 independent grocery and other retailers across Canada.

   b) Inventory – represents inventory which is sold to retailers on a consignment basis that is presently on store shelves (referred to as scanned based technology ("SBT") inventory) with a book value of approximately $22.7 million and inventory at Metro's warehouses in Scarborough, Calgary and Thunder Bay with a book value of approximately $10.3 million.

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

2.1.2 Liabilities

1. The Partners have no third-party liabilities other than their respective share of Metro's deficiency.

2. Pursuant to Section 142 of the BIA, the joint property of the Partners (being, the Metro partnership) shall be applicable in the first instance in payment of their joint debts, and the separate property of each partner shall be applicable in the first instance in payment of its separate debts.

3. Toronto Dominion Bank ("TD") provides Metro with a $4 million operating line facility. As of the date of these proceedings, there are no amounts owing under this facility.

4. A summary of Metro's unsecured creditors as at February 22, 2020 is provided in the table below.

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

5. The amounts owing to publishers are expected to decline materially through the return of SBT and other inventory. As referred to above and in the Affidavit, approximately 75% of inventory is generally returned, and as discussed below, the APA contemplates that the Purchaser will facilitate these product returns in the normal course. This is a key benefit of the Transaction.

6. The obligations reflected above exclude "off balance sheet" obligations, including employee claims. According to Metro's books and records, Metro's accrued and unpaid vacation pay obligation presently totals approximately $650,000. Severance and termination obligations have not been quantified.

7. Each creditor of the Partners, including the creditors of Metro, will receive a copy of the NOI package from the Proposal Trustee.

3.0 Urgency

1. The global COVID-19 pandemic has accelerated the decline in Metro's business:

   - distribution of magazine, newspaper and certain genres of books has effectively ceased;

   - hundreds of Metro's retail customers ceased operating in March and more are likely to do so in the coming weeks; and

- many merchandisers and other employees are either in quarantine or refusing to work, resulting in missed deliveries, the inability to place new product on shelves and the inability to return dated inventory to publishers.

2. On April 1, 2020, Comag Marketing Group LLC ("Comag"), Metro's magazine supplier, issued a Notice of Termination to Metro as a result of non-payment. Comag claims to be owed approximately US$19.8 million. Comag is the sole supplier of magazines in North America and, accordingly, Metro is no longer able to provide customers with magazines. Magazine sales (approximately $9.9 million) represent approximately 63% of Metro's year-to-date revenue for the period ended February 22, 2020. Additionally, there are five major book publishers and at least four of them are now refusing to supply Metro.

3. Metro is without the liquidity and/or supply source to continue to operate. It was unable to pay its trade vendor obligations in March. Metro will run out of product shortly. Metro has recently laid off approximately 20 employees. Further layoffs appear inevitable.

4. Based on the foregoing, Metro is effectively unable to continue to operate its Literature Business. It requires a stay of proceedings to immediately complete the proposed Transaction, following which it intends to scale down its business, restructure around its CPG business and, in due course, formulate a restructuring plan for its creditors.

4.0 Stay of Proceedings

1. It is presently unclear whether the contemplated restructuring will require conversion to a proceeding under the *Companies' Creditors Arrangement Act,* R.S.C. 1985, c. C-36 ("CCAA"). As such, the Partners have each filed NOIs and are seeking to extend the stay to Metro rather than Metro filing its own NOI, so that such proceedings can be continued under the CCAA if determined to be necessary or desirable. A partnership cannot be an applicant under the CCAA; however, pursuant to case law, the stay of proceedings and other protections in a CCAA can be extended to a partnership. Also, if Metro were to file an NOI, it may not be able to exit the BIA process, and could be forced to liquidate at the end of the BIA's six-month period for proposals. By not filing an NOI, Metro retains the flexibility to continue its restructuring process into the CCAA, if necessary and appropriate.

2. The Proposal Trustee understands that Metro is a party to hundreds of contracts pursuant to which termination provisions may be triggered as a result of the commencement of insolvency proceedings. Certain of these contracts are required for Metro to continue to carry on business in the ordinary course, including the CPG business, which is contemplated to continue post-filing. Extending the stay of proceedings to Metro will prevent the termination of these contracts.

3. As a result of the risks identified above, and in order to best position Metro to formulate a viable restructuring plan, the Proposal Trustee believes that extending the stay of proceedings to Metro is in the best interests of its stakeholders and the success of these proceedings.

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

5.0 Transaction[1]

1. The key terms and conditions of the APA include the following:

   a) Purchaser: TNG is an entity in the Jim Pattison Group, which is a Vancouver-based conglomerate with interests in media, automotive dealerships, grocery store chains, magazine distribution, food service specialty packaging, advertising, real estate development, fishing, forest products, financial services and entertainment. The Purchaser is the only other mass market book and magazine distributor in Canada of any note.

   b) Purchase Price: $925,000 payable in five equal monthly installments of $185,000. The Purchaser is entitled to set off against such monthly installments any amounts owed to or claimed against the Purchaser under any agreement between the parties. Metro has advised that it is not aware of any potential setoff claims in this regard (or any agreements with the Purchaser other than the APA that could give rise to any claims).

   c) Purchased Assets: Metro’s right, title and interest in:

      (i) all customer and title records of Metro, including all distribution records, customer name files and title files including publisher listings, in each case for those customers located where such customers operate in Canada;

      (ii) all magazine racks located in customer locations; and

      (iii) the goodwill of Metro for the customer locations where such customers operate in Canada that relates to the distribution and sale of books and magazines.

   d) Excluded Assets: all assets other than the Purchased Assets, including Metro’s accounts receivable, inventory, trade names, trademarks or other intellectual property and Metro's leasehold interests in any real estate.

   e) Accounts Receivable Collections and Inventory Returns: the APA requires the Purchaser to assist Metro in the collection of accounts receivable and the sell-through of inventory on customer shelves, including leaving Metro’s merchandise on customer shelves through the normal expiration of a product's life cycle so that premature returns are minimized to the extent reasonably practicable and picking up merchandise returns from customers at no cost to Metro. In addition, the Purchaser shall pick up in accordance with industry practice all of Metro’s merchandise that remains in the field after closing and

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

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

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

f) Assumed Liabilities: the only liabilities being assumed by the Purchaser under the APA are those that arise from and after closing under the customer agreements listed in Schedule D to the APA. The APA states that the Purchaser is not assuming any pre-closing liabilities, including any employee obligations, notwithstanding whether the employees are hired by the Purchaser following the closing of the Transaction.

g) Conditions Precedent: the terms of the APA are generally consistent with standard insolvency transactions, i.e. to be completed on an "as is, where is" basis with minimal representations, warranties and conditions. The only remaining material condition is Court approval, which is to be sought within three business days of the filing of the NOIs. Closing is to occur within two business days of Court approval.

2. A redacted version of the APA is attached to the Affidavit. The only redacted portions of the APA are the schedules which set out Metro's customer list, the customer contracts being assumed by the Purchaser and the names and salary information of transferred employees. The unredacted version of the APA is attached as Confidential Appendix "1" to this Report.

3. The Proposal Trustee recommends that the unredacted version of the APA be filed with the Court on a confidential basis and remain sealed pending further order of the Court as the redactions contain sensitive information, including sensitive personal information, that does not need to be disclosed. The Proposal Trustee does not believe that any stakeholder will be prejudiced if the information is sealed or redacted.

5.1 Recommendation

1. The Proposal Trustee believes the Transaction is appropriate for the following reasons:

a) absent the Transaction, Metro will not be able to sell its Literature Business, and it will be liquidated for nominal or no value;

b) it contemplates an immediate sale to the only potential buyer, being the Purchaser, given that the Purchaser and Metro are the only two mass market book, magazine and newspaper distributors in Canada. Additionally, this industry is regulated pursuant to the PBDA such that there are Canadian content and ownership restrictions that would preclude a non-Canadian buyer from performing Metro's business;

c) it is expected to preserve employment for a substantial number of Metro's employees across Canada (approximately 290 employees will be offered employment with the Purchaser), whereas the alternative – liquidation – would result in their immediate termination;

d) it is projected to enhance accounts receivable collections as retailers will have a continued and uninterrupted source of supply, which will reduce the number of setoff claims that would result if supply was disrupted. Additionally, the Purchaser will facilitate the return of inventory on shelves in the normal course, which will materially reduce Metro's accounts payable obligations and enhance the prospects of a successful restructuring;

e) a distribution to unsecured creditors is expected in these proceedings. The Transaction both enhances recoveries and minimizes claims as accounts payable owing to inventory suppliers will be significantly reduced through the product return process discussed herein;

f) the Purchaser uses the same logistics system as Metro which will further provide for a streamlined transition of the Literature Business and enable it to meet customer requirements and make timely shipments to over 4,500 customers across Canada;

g) it will allow Metro to immediately downsize its business and focus on restructuring around its CPG business;

h) the current COVID-19 pandemic has had a significant and catastrophic impact on Metro's ability to continue the Literature Business. It is only through the Transaction that Metro will be able to re-establish a supply line to its existing retail customers in order to continue to operate its remaining business lines;

i) the Proposal Trustee understands that legal counsel to both Metro and the Purchaser are of the view that the Transaction is compliant with Competition Bureau regulatory matters and does not trigger notification requirements in that regard; and

j) even absent the COVID-19 crisis, conducting a sale process for Metro's business would be a waste of time. The outcome of such a process would be a sale to the Purchaser, and if that failed, a liquidation of the business. Metro and the Purchaser are the only two businesses in Canada that perform the services covered by the APA, and foreign companies are precluded from providing book, magazine and newspaper distribution in Canada.

2. Based on the foregoing, the Proposal Trustee recommends that this Honourable Court approve the Transaction.

6.0 CMMI Services Agreement

1. In conjunction with the execution of the APA, CMMI and the Purchaser have entered into the CMMI Services Agreement. The CMMI Services Agreement is not subject to Court approval but is discussed as it is related to the APA. The CMMI Services Agreement provides that the Purchaser will provide certain services for CMMI that were formerly performed by Metro. This is important because the Purchaser will be acquiring Metro's employees or systems on which CMMI relies. It also facilitates the Transaction, which produces value for creditors.

2. The key attributes of the CMMI Services Agreement are as follows:

   a) CMMI is appointing the Purchaser as its service agent in all regions in Canada in which Metro previously acted as CMMI's service agent for the regions in which Metro operates;

   b) the Services to be performed are detailed in the CMMI Services Agreement, including maintaining a billing and EDI infrastructure to support the purchase and sale transactions with CMMI retail customers, cash split and reconciliation functions, mass market book purchasing services, ensuring CMMI customers receive appropriate product assortment and allocations, logistics and merchandising services;

   c) CMMI is to change the signing authorities for the bank accounts used in the collection of accounts receivable (by EFT) from its large retail accounts. This is required for the Purchaser to perform certain of the Services, including maintaining billing and accounting systems for CMMI. To the extent the Purchaser collects any amounts that are owing to CMMI in respect of newspaper revenues in error, the Purchaser is obligated to forward those funds to CMMI within seven days;

   d) the fees/commissions payable by each party under the agreement are as follows:

      - CMMI is to pay the Purchaser a monthly fee of $25,000; and

      - the Purchaser is to pay CMMI a monthly commission of 2% of all revenue generated by CMMI's merchandising assignments, sales of electronics, music, ASOTV products and any other product or service sold by CMMI to its customers (other than books and magazines) and collected by the Purchaser;

   e) the term is 18 months, which automatically renews for up to two additional one-year terms unless either party delivers a termination notice within 120 days of expiry of the applicable term; and

   f) it provides the Purchaser with a first right of refusal for the CMMI business.

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

7.0 Request for an Extension

1. The Partners are seeking an extension of the time to file a proposal with the Official Receiver from May 6, 2020 to June 19, 2020.

2. The Proposal Trustee supports the Partners' request for the following reasons:

   a) the Proposal Trustee has been working with management for several weeks and is of the view that they are acting in good faith and with due diligence;

   b) a viable proposal (or CCAA plan if the proceeding is converted) is likely to be made if the extension is granted;

   c) the cash flow projection attached as Appendix "B" reflects that there is sufficient liquidity for Metro to continue to operate during the extension period;

   d) no creditor would be materially prejudiced if the extension is granted;

   e) it will allow the Proposal Trustee to work with Metro to advance a restructuring plan, which is in the interest of maximizing stakeholder recoveries; and

   f) in the current COVID-19 environment where Court time is scarce and should be used for urgent matters, the Proposal Trustee does not believe it is a good use of the Court's time to hear a motion within the next 30 days solely for the purpose of extending the date by which a proposal needs to be filed.

8.0 Surplus Asset Sales

1. The Proposal Trustee understands that Metro is considering other nominal transactions for surplus assets. Metro is seeking authorization to complete any transaction for these surplus assets not exceeding $200,000 in any one transaction or $400,000 in the aggregate, with the prior approval of the Proposal Trustee, but without further approval of the Court.

2. The Proposal Trustee believes the relief sought is appropriate given that it will be working with Metro on these transactions and because it is sensitive to scheduling further motions in these proceedings for approval of immaterial transactions. Court approval for any transaction in excess of these thresholds would still be required.

9.0 Administration Charge

1. The Partners are seeking an Administration Charge over the assets of the Partners and Metro in the amount of $300,000 in respect of the fees and disbursements of their counsel, the Proposal Trustee and its counsel. An Administration Charge is a common feature in restructuring proceedings. The professionals covered by the Administration Charge require the benefit of the Administration Charge to secure payment of their fees and expenses.

2. Absent approval of the Administration Charge, the professionals involved in these proceedings have no guarantee of payment and are unlikely to continue to act, which would likely cause these proceedings to come to an end. There are no secured creditors in these proceedings (other than TD, which has no amounts owing to it under its operating line facility), being the stakeholders who are required to be served before an Administration Charge is granted.

10.0 Administrative Consolidation

1. The Partners are seeking an order to consolidate the administration of their NOI proceedings into one estate.

2. As the consolidation is for administrative purposes only, each of the Partners would remain separate for the purpose of a claims process, filing a proposal or making distributions to creditors.

3. The Partners and the Proposal Trustee believe that administratively consolidating the proceedings is appropriate as:

    a) the Partners are inactive holding companies with no business operations or assets other than their respective partnership interests in Metro and certain illiquid CPG business investments;

    b) it will facilitate the orderly administration of these proceedings;

    c) the Partners have common ownership and management; and

    d) it will reduce costs, including by filing materials in one proceeding only.

11.0 Anticipated Next Steps in these Proceedings

1. Subject to Court approval, the Proposal Trustee's next steps in these proceedings will include the following:

    a) working with Metro, the Purchaser and their respective legal counsel to close the Transaction and facilitate the corresponding post-closing service agreements;

    b) assisting Metro to wind-down its publication distribution business, including in respect of accounts receivable collections and inventory sales/returns;

c) working with Metro to complete other non-core asset sales which are presently being considered; and

d) assisting in the preparation of a restructuring plan to be presented to creditors in due course.

12.0 Conclusion and Recommendation

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

* * *

All of which is respectfully submitted,

KSV Kofman Inc

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

Appendix “D”

Court File No.: ________________

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

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

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

Applicants

MONITOR'S CONSENT

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

Dated as of June 9, 2020

KSV Kofman Inc.

Per: ________________________

Name: DAVID SIERADZKI
Title: MANAGING DIRECTOR

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

Court File No.: ______________

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

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

Applicants

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

MONITOR'S CONSENT

GOODMANS LLP
Barristers & Solicitors
333 Bay Street, Suite 3400
Toronto, Canada M5H 2S7

L. Joseph Latham LSO# 32326A
jlatham@goodmans.ca

Andrews Harmes LSO# 73221A
aharmes@goodmans.ca

Tel: 416.979.2211
Fax: 416.979.1234

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

7065614

Appendix “E”

Metro 360 General Partnership

Projected Statement of Cash Flows

For the Period Ending September 18, 2020

(Unaudited; $CAD)

	Note	Week Ending 19-Jun-20	26-Jun-20	03-Jul-20	10-Jul-20	17-Jul-20	24-Jul-20	31-Jul-20	07-Aug-20	14-Aug-20	21-Aug-20	28-Aug-20	04-Sep-20	11-Sep-20	18-Sep-20	
	1															
Receipts																
Operating Receipts	2	415,000	374,000	333,000	305,000	282,000	264,000	197,000	186,000	176,000	169,000	182,000	178,000	174,000	159,000	3,394,000
TNG Sale Proceeds	3	-	185,000	-	-	-	-	185,000	-	-	-	185,000	-	-	-	555,000
CEWS Benefit	4	-	-	144,000	-	-	-	138,000	-	-	-	138,000	-	-	-	420,000
Total Receipts		415,000	559,000	477,000	305,000	282,000	264,000	520,000	186,000	176,000	169,000	505,000	178,000	174,000	159,000	4,369,000
Disbursements																
Payroll and Benefits	5	20,000	101,000	-	-	146,000	-	126,000	-	138,000	-	118,000	-	138,000	-	787,000
Payments to CPG Suppliers	6	110,000	110,000	152,000	152,000	152,000	152,000	88,000	88,000	88,000	88,000	88,000	125,000	125,000	125,000	1,643,000
Rent and Occupancy Costs	7	-	-	15,000	-	-	-	-	15,000	-	-	-	15,000	-	-	45,000
Shipping and Logistics	8	-	-	-	-	-	140,000	-	-	-	75,000	-	-	-	70,000	285,000
Other Operating Costs	9	20,000	16,000	5,000	23,000	19,000	19,000	9,000	23,000	15,000	16,000	9,000	27,000	19,000	19,000	239,000
HST Remittance	10	-	-	-	-	106,000	-	-	-	96,000	-	-	-	-	79,000	281,000
Total Operating Disbursements		150,000	227,000	172,000	175,000	423,000	311,000	223,000	126,000	337,000	179,000	215,000	167,000	282,000	293,000	3,280,000
Net Cash Flow Before the Undernoted		265,000	332,000	305,000	130,000	(141,000)	(47,000)	297,000	60,000	(161,000)	(10,000)	290,000	11,000	(108,000)	(134,000)	1,089,000
Professional Fees	11	-	75,000	-	-	-	150,000	-	-	-	-	75,000	-	-	50,000	350,000
Net Cash Flow		265,000	257,000	305,000	130,000	(141,000)	(197,000)	297,000	60,000	(161,000)	(10,000)	215,000	11,000	(108,000)	(184,000)	739,000
Opening Cash balance		11,873,295	12,138,295	12,395,295	12,700,295	12,830,295	12,689,295	12,492,295	12,789,295	12,849,295	12,688,295	12,678,295	12,893,295	12,904,295	12,796,295	11,873,295
Net Cash Flow		265,000	257,000	305,000	130,000	(141,000)	(197,000)	297,000	60,000	(161,000)	(10,000)	215,000	11,000	(108,000)	(184,000)	739,000
Closing cash balance		12,138,295	12,395,295	12,700,295	12,830,295	12,689,295	12,492,295	12,789,295	12,849,295	12,688,295	12,678,295	12,893,295	12,904,295	12,796,295	12,612,295	12,612,295

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

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

Purpose and General Assumptions

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

Hypothetical

2. Represents projected collections of accounts receivables.

Most Probable

3. The purchase price under the court-approved transaction with Great Pacific Enterprises Inc. dba TNG is payable in monthly installments.

4. Reflects projected receipts from the Canada Emergency Wage Subsidy ("CEWS") program.

5. Reflects payment of gross payroll, including benefits.

6. Reflects payments to vendors in respect of Metro's continuing CPG operations.

7. Reflects payment of rent and utilities at Metro's head office.

8. Reflects payments to shipping and logistics providers.

9. Reflects payment of operating costs, including IT contractors, travel, phone charges, bank charges and software.

10. Metro is projected to be in a HST payable position on a monthly basis.

11. Reflects estimated professional costs for the Monitor, its counsel and Metro's counsel.

ESTATE/COURT FILE NO.:31-2636843

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

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

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

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

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

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

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

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

Per: Daniel Shapiro

Appendix “F”

ESTATE/COURT FILE NO.:31-2636843

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

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

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

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

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

a) the hypothetical assumptions are not consistent with the purpose of the Cash Flow;

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

c) the Cash Flow does not reflect the probable and hypothetical assumptions.

Since the Cash Flow is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material. Accordingly, we express no assurance as to whether the Cash Flow will be achieved. We express no opinion or other form of assurance with respect to the accuracy of any financial information presented in this report, or relied upon in preparing this report.

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

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

KSV Kofman Inc

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