



No. S209201
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

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

AND

**IN THE MATTER OF 1077 HOLDINGS CO-OPERATIVE (FORMERLY, MOUNTAIN EQUIPMENT CO-
OPERATIVE) AND 1314625 ONTARIO LIMITED**

PETITIONERS

**SIXTH REPORT OF THE MONITOR
ALVAREZ & MARSAL CANADA INC.**

April 1, 2021

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1.0 INTRODUCTION

- 1.1 On September 14, 2020, Mountain Equipment Co-operative (subsequently renamed 1077 Holdings Co-operative) and 1314625 Ontario Limited (together, the “**Petitioners**” or “**1077**”) were granted an initial order (the “**Initial Order**”) by the Supreme Court of British Columbia commencing proceedings (the “**CCAA Proceedings**”) under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”). Among other things, the Initial Order afforded 1077 an initial stay of proceedings up to and including September 24, 2020 (the “**Stay Period**”) and appointed Alvarez & Marsal Canada Inc. as monitor of 1077 (the “**Monitor**”) during the CCAA Proceedings.
- 1.2 On October 2, 2020, this Honourable Court pronounced the amended and restated initial order (the “**ARIO**”) and sale approval and vesting order (the “**SAVO**”) to approve the sale transaction (the “**Sale Transaction**”) contemplated by the asset purchase and sale agreement between the Petitioners and 1264686 B.C. Ltd. (the “**Original Purchaser**”) dated September 11, 2020 (the “**APA**”) for the sale of the Purchased Assets and to vest all of the Purchased Assets in the Original Purchaser’s permitted assignee free and clear of any Encumbrances other than Permitted Encumbrances, as such capitalized terms are defined in the APA.
- 1.3 On October 21, 2020, this Honourable Court pronounced an assignment order to assign all of the rights and obligations of the Petitioners under certain contracts to the Original Purchaser’s assignee, 1266524 B.C. Ltd. (subsequently renamed MEC Mountain Equipment Company Ltd. on January 7, 2021 and referred hereinafter as the “**Purchaser**”).
- 1.4 The Sale Transaction closed on October 30, 2020 (the “**Closing Date**”).
- 1.5 On November 27, 2020, this Honourable Court pronounced an order enhancing the powers of the Monitor and an order (the “**Claims Process Order**”) setting a claims process (the “**Claims Process**”) by which creditors may confirm or prove their claims against 1077.
- 1.6 On January 12, 2021, this Honourable Court pronounced an order further extending the Stay Period to April 9, 2021 (the “**Stay Extension Order**”).
- 1.7 Concurrent with this report, the Monitor filed a notice of application with this Honourable Court, returnable on April 9, 2021, seeking approval of the following
 - a) the Monitor’s activities as reported the Monitor’s previous reports and this sixth report (the “**Sixth Report**”); and
 - b) an extension of the Stay Period through to June 25, 2021.

1.8 Further information regarding these CCAA Proceedings, including the Initial Order, the ARIO, affidavits, reports of the Monitor and all other Court-filed documents and notices are available on the Monitor's website at www.alvarezandmarsal.com/mec (the "**Monitor's Website**").

2.0 PURPOSE

2.1 This Sixth Report has been prepared by the Monitor to provide information to this Honourable Court in respect of the following:

- a) an update on the administration of the CCAA Proceedings and the Petitioners' operations since the Fifth Report dated January 12, 2021 (the "**Fifth Report**");
- b) the activities of the Monitor since the fourth report of the Monitor dated November 23, 2020 (the "**Fourth Report**");
- c) a status update of the Claims Process;
- d) a comparison of the actual cash receipts and disbursements compared to the cash flow forecast (the "**Third Cash Flow Forecast**") as appended to the Fifth Report; and
- e) an updated cash flow forecast for the period March 29, 2021 to June 25, 2021 (the "**Fourth Cash Flow Forecast**") and comments in respect of same.

2.2 Background information, including capitalized terms not defined herein, are contained in the Initial Order, the ARIO, the SAVO, and the Monitor's previous reports, and have not been repeated herein.

3.0 TERMS OF REFERENCE

3.1 In preparing this report, the Monitor has necessarily relied upon unaudited financial and other information supplied, and representations made to it, by certain former management of the Petitioners ("**Management**"). Although this information has been subject to review, the Monitor has not conducted an audit nor otherwise attempted to verify the accuracy or completeness of any of the information prepared by Management or otherwise provided by the Petitioners or other third parties. Accordingly, the Monitor expresses no opinion and does not provide any other form of assurance on the accuracy and/or completeness of any information contained in this Sixth Report, or otherwise used to prepare this Sixth Report.

3.2 Certain of the information referred to in this Sixth Report consists of financial forecasts and/or projections prepared by the Monitor. An examination or review of financial forecasts and projections and procedures as outlined by the Chartered Professional Accountants of Canada has not been performed. Readers are cautioned that since financial forecasts and/or projections are

based upon assumptions about future events and conditions that are not ascertainable, actual results will vary from those forecasts and/or projected and the variations could be significant.

4.0 CCAA ADMINISTRATION UPDATE

Membership List Disclosure

- 4.1 As described in the Fourth Report, since the commencement of the CCAA Proceedings, the Petitioners and its former Board of Directors (the “**1077 Board**”) have received requests from several parties to obtain the list of membership data (the “**Membership List**”), which contains personal information of the more than 5.8 million members of the Petitioners.
- 4.2 On November 27, 2020, the Petitioners, in consultation with their legal counsel and with the support of the Monitor, sought direction from this Honourable Court pursuant to paragraph 55 of the ARIO concerning the disclosure of the Membership List and in particular, sought direction from this Honourable Court as to whether it was appropriate to disclose the Membership List and if so, to what extent and in what manner should the members’ personal information be disclosed.
- 4.3 On January 12, 2021, this Honourable Court released its reasons for judgment and concluded that it was not appropriate in the context of these CCAA Proceedings to release the Membership List or disclose any information regarding the members of the Petitioners at the current time.
- 4.4 Accordingly, the Monitor has not released the Membership List to any individuals or groups that have requested such information.

Books and Records

- 4.5 Pursuant to the terms of the APA and applicable provincial privacy legislation, select data held by the Petitioners is not permitted to be accessed by or made available to the Purchaser, including *inter alia*, certain data related to: (i) members of the Petitioners; (ii) Excluded Employees; (iii) Board of Directors minutes and related materials; and (iv) the sale and investment solicitation process (collectively, the “**Prohibited Data**”). Accordingly, the Monitor, in consultation with the Petitioners and its legal counsel, arranged to segregate the Prohibited Data onto a cloud-based platform. Access to the data is restricted to the Monitor, the Petitioners’ counsel, and certain Transitional Employees (who have executed non-disclosure agreements) whose assistance is necessary to complete the bifurcation of Prohibited Data and non-Prohibited Data and provision of certain financial data to the Monitor.
- 4.6 Certain of the Petitioners’ physical books and records held by the Monitor include data backup tapes containing both Prohibited Data and non-Prohibited Data which cannot be easily

segregated. The Monitor and the Purchaser have been working collaboratively on establishing protocols and processes to maintain the integrity of the Prohibited Data while ensuring the Purchaser can access the non-Prohibited Data if required.

Other Matters

4.7 The Monitor continues to attend to other matters in these proceedings, including, among other things:

- a) administering the Claims Process in accordance with the Claims Process Order;
- b) making disbursements as required to fund wind-down and other costs;
- c) attending to the collection of any outstanding receipts and refunds;
- d) preparing weekly variance reporting on an ongoing basis and attending to cash management matters generally;
- e) attending to reconciling and filing of GST returns and corporate tax returns, completing statutory audits, resolving outstanding letters of credit and any other related matters;
- f) responding to former employees of the Petitioners with copies of statutory tax reporting slips and other information requests; and
- g) completing tasks necessary in the overall administration of the CCAA Proceedings.

5.0 ACTIVITIES OF THE MONITOR

5.1 The activities of the Monitor since the Fourth Report have included the following:

Review of CCAA Court Materials

- a) reviewing draft Court application materials and providing comments to the Monitor's legal counsel;

Assisting with Post-Closing Matters related to the Sale Transaction

- b) reviewing documentation, in consultation with the Petitioners' legal counsel and the Monitor's legal counsel, in respect of additional contracts and trademarks to be assigned and additional vendors to be assumed by the Purchaser;
- c) determining the final net working capital adjustment relating to the Sale Transaction, which included issuing a dispute notice, extending the 45 day dispute resolution period as provided for under the APA, and entering into a settlement agreement on March 19, 2021 which resulted in the entire \$7.5 million of the escrow amount being released to the Monitor for the ultimate benefit of the creditors of 1077 subject to completion of the Claims Process.

Administering the Claims Process

- d) administering the Claims Process in accordance with the Claims Process Order as further described in section 6.0 of this report and as previously described in the Fifth Report;

Monitoring of Cash Receipts & Disbursements

- e) preparing and reviewing weekly payments as well as reconciling cash receipts and disbursements of the bank accounts of the Petitioners and trust accounts of the Monitor;
- f) updating signatories of the Petitioners' bank accounts to the Monitor and consolidating and closing bank accounts of the Petitioners where appropriate;
- g) coordinating the cancellation and release of issued and outstanding letters of credit;

Statutory and Other Responsibilities

- h) posting filed court materials and other relevant information as they become available to the Monitor's Website;
- i) preparing the Fifth Report and this Sixth Report;
- j) coordinating the gathering of information in response to the Canada Revenue Agency's request for a payroll audit for the period January 1, 2019 to October 30, 2020 and GST audit for the period January 1, 2020 to October 30, 2020;
- k) coordinating the completion of the Petitioner's year-end financial statements and filing of the Petitioners' corporate tax returns;

Books and Records and Data Management

- l) continuing to hold discussions with the Purchaser, its legal counsel, and IT personnel on the segregation and retention of employee and member data while complying with relevant privacy laws and the *Cooperative Association Act*, SBC 1999, c 28;
- m) reviewing the data on the cloud-based storage platform in respect of membership and financial information and attending to correspondence with the Purchaser regarding same;
- n) overseeing the indexing of the physical books and records located at the Petitioners' former head office located at 1077 Great Northern Way, Vancouver, BC (the "**Head Office**") and coordinating the delivery of the physical books and records to an off-site facility for storage and future destruction in accordance with the retention periods required by statute;
- o) authorizing the transfer of the Petitioners' registered office to the office of the Monitor's legal counsel following the resignation of the 1077 Board on November 28, 2020;

Communications

- p) conducting discussions with the Monitor’s legal counsel, former Management, the Petitioners’ legal counsel, and other stakeholders, among others, regarding various matters;
- q) updating the website of the Petitioners (the “**1077 Website**”) housing relevant co-operative information and communications as well as responding to enquiries directed through the 1077 Website;

Creditor and Other Stakeholder Matters

- r) receiving and responding to telephone and email inquiries from trade creditors, members, employees and other parties;
- s) holding discussions with the Petitioners’ legal counsel to discuss handling of member and customer data in accordance with privacy laws and regulations;
- t) reviewing severance calculations prepared by the Petitioners, in consultation with the Petitioners and their legal counsel as well as the Monitor’s legal counsel;

Other Matters

- u) coordinating the extension of certain insurance policies including property, commercial general liability, directors and officers, and cyber liability coverage;
- v) vacating the Head Office on December 31, 2020 and dealing with residual matters related to same; and
- w) engaging with liquidators and auctioneers to sell and/or dispose of residual assets at a retail location in Calgary, Alberta and the Head Office.

6.0 CLAIMS PROCESS – STATUS UPDATE

Update of Claims Process

- 6.1 Capitalized terms used but not defined in this section of the Sixth Report have the meaning ascribed to them in the Claims Process Order.
- 6.2 Tabled below is a summary of the claims including the number and quantum of the Claims Packages issued, Proofs of Claims submitted by Claimants and Employee Claimants, and Notices of Revision or Disallowance (“**NORDs**”) issued by the Monitor, in consultation with the Monitor’s legal counsel.

1077 Holdings Co-operative and 1314625 Ontario Limited
 Summary of Claims
 In CAD 000's

	Claims Packages		Proof of Claim		Notice of Revision or Disallowance		Accepted Claims	
	No.	Amount per Books and Records (\$)	No.	Claim Amount (\$)	No.	Disallowed Amount (\$)	No.	Accepted Amount (\$)
Landlord	6	\$ 582	7	\$ 72,705	7	\$ 72,130	3	\$ 575
Employee	226	6,449	46	3,700	44	2,080	226	7,776
Trade and other	97	527	34	9,602	30	7,758	10	1,845
Equity	1	-	2	1	2	1	-	-
Total	330	\$ 7,558	89	\$ 86,008	83	\$ 81,968	239	\$ 10,195

6.3 Pursuant to the Claims Process Order, the Monitor commenced the Claims Process by mailing 330 Claims Packages and Employee Claims Packages to all known potential Claimants and Employee Claimants.

6.4 The Monitor received 89 Proofs of Claims with a total claim value of approximately \$86.0 million.

6.5 On March 22, 2021, the Monitor, in consultation with its legal counsel, issued by prepaid ordinary mail and email, 83 NORDs to Claimants and Employee Claimants totaling approximately \$82.0 million, of which \$72.1 million related to claims submitted by landlords.

6.6 Pursuant to the Claims Process Order, Claimants and Employee Claimants may submit a Notice of Dispute of Revision or Disallowance (“NOD”) within 30 days of receiving a NORD, or such other date as may be agreed to by the Monitor in writing. Any Claim that is unable to be resolved between a Claimant and the Monitor will be adjudicated by the Court or a Claims Officer at the sole discretion of the Monitor.

Landlord Claims

6.7 The claims submitted by landlords (the “**Landlord Claimants**”) consist primarily of pre-filing rent arrears and significant Restructuring Period Claims relating to disclaimed realty leases for 5 retail store locations and the Head Office (the “**Landlord Claims**”). Two Proofs of Claims were submitted for the retail store located in St. Denis, Quebec—one of which was submitted by the landlord and the other submitted by a party claiming to be the landlord’s assignee.

6.8 The Monitor issued NORDs for all Landlord Claims denying or revising their Claims. It is anticipated that it will take some time to resolve the Landlord Claims as each claim is based on complex commercial factors and loss/damages calculations unique to the subject property and underlying lease agreement.

- 6.9 In an effort to avoid a protracted adjudication process, minimize costs, and maximize the recovery to all affected creditors, the Monitor and its legal counsel have or intend to engage in discussions with each Landlord Claimant for the purpose of resolving their Claims (or as much as possible), to the satisfaction of both parties, thereby limiting or narrowing the issues prior to advancing the respective claims to the Court or Claims Officer, if required.

Employee Claims

- 6.10 The Monitor received 46 Proofs of Claims for disputed Employee Claims totaling approximately \$3.7 million. Two Proofs of Claims agree to the Claim amounts stated in the Employee Claims Package and 180 Employee Claimants did not submit a Proof of Claim and have been deemed to have accepted the assessment of their Employee Claim as set out in their Employee Claims Packages.
- 6.11 The Monitor issued 44 NORDs to Employees totaling approximately \$2.1 million which denied and/or revised their Claims. No NODs have been received by the Monitor from Employee Claimants and the Monitor has been receiving and responding to enquiries related to the issued NORDs.
- 6.12 As at the date of this report, 226 Employee Claims with a total claim value of \$7.8 million have been accepted by the Monitor.

Summary

- 6.13 Currently, there are 239 accepted Claims totaling approximately \$10.2 million. The Monitor expects to receive NODs and/or requests for revisions to the Claims from a number of Claimants and anticipates that the value of accepted Claims upon the revision of certain Landlord Claims will be significantly higher.
- 6.14 While it is premature to estimate the percentage recovery to the Petitioner's creditors, based on the cash currently on hand (approximately \$31 million - refer to section 7.0 below), the Monitor anticipates a substantial recovery for unsecured claims once all Employee and Landlord Claims are settled.

7.0 ACTUAL CASH FLOW RESULTS COMPARED TO THE THIRD CASH FLOW FORECAST

- 7.1 Consistent with the ongoing oversight and monitoring of the business and financial affairs of the Petitioners, the Monitor has established a weekly cash flow review protocol to compare actual cash flows against the Third Cash Flow Forecast.

7.2 The Petitioners' actual cash receipts and disbursements compared to the Third Cash Flow Forecast during the period from September 15, 2020 to March 28, 2021 (the "Reporting Period") is summarized in the table below:

1077 Holdings Co-operative and 1314625 Ontario Limited			
Cash Flow Variance Analysis			
For the period September 15, 2020 to March 28, 2021			
In CAD 000's			
	For the 28 Weeks Ended March 28, 2021		
	Actual	Forecast	Variance
Receipts			
Sales	\$ 41,176	\$ 41,176	\$ -
Canada Emergency Wage Subsidy	8,317	8,317	-
Other receipts and letters of credit	2,434	1,480	955
Total receipts	51,927	50,972	955
Disbursements			
Merchandise and/or vendor prepayments	33,507	33,507	-
Freight and other non-merchandise	3,142	3,142	-
Wages and salary	11,377	11,377	-
SG&A	3,052	3,364	312
Insurance	85	163	79
Rent and property taxes	4,498	4,543	45
Sales tax	3,592	3,592	-
Total disbursements	59,252	59,686	434
	(7,325)	(8,713)	1,389
Other disbursements			
KERP payments	778	778	-
Professional fees	3,679	3,795	116
Debt service	987	987	-
Contingency	574	639	65
Total other disbursements	(6,018)	(6,199)	(181)
Net proceeds from Sale Transaction	30,411	22,905	7,506
Net Cash Flow	\$ 17,069	\$ 7,993	\$ 9,075
Opening Cash Balance (*)	14,188	14,188	-
Net Cash Flow	17,069	7,993	9,075
Ending Cash Balance	\$ 31,257	\$ 22,182	\$ 9,075

* Opening Cash Balance includes net draws on debt facilities which were repaid on the Closing Date.

7.3 As at March 28, 2021, the closing cash balance totaled \$31.3 million and during the Reporting Period, the Petitioners experienced a net favorable cash flow variance of \$9.1 million. Significant variances in respect of the reported cash receipts and disbursements are as follows:

- a) net proceeds from the Sale Transaction were \$7.5 million higher than forecast as a result of the settlement of the final accounting of the net working capital balances and subsequent release of the \$7.5 million escrow amount plus interest to the Monitor, which was held in trust by the Monitor's legal counsel (as escrow agent) pursuant to the APA;

- b) total operating receipts were approximately \$955,000 higher than forecast largely due to the recovery of approximately \$812,000 held by the Petitioners' third-party provider of group benefits, among other receipts; and
- c) total operating disbursements were approximately \$615,000 lower than forecast primarily due to timing differences in respect of general and administrative costs and professional fees.

7.4 Since the Fifth Report, the Monitor has continued to review the cash receipts and disbursements of the Petitioners and perform weekly variance reporting and approval of disbursements. Nothing has come to the attention of the Monitor that causes the Monitor to believe that there have been material adverse changes in the cash flow of the Petitioners or that would financially prejudice the stakeholders of the Petitioners.

8.0 UPDATED CASH FLOW FORECAST

8.1 The Fourth Cash Flow Forecast has been prepared by the Monitor for the period from March 29, 2021 to June 25, 2021. The Fourth Cash Flow Forecast is attached herewith as Appendix "A" along with accompanying notes and assumptions. A summary of the Fourth Cash Flow Forecast is tabled below:

1077 Holdings Co-operative and 1314625 Ontario Limited	
Fourth Cash Flow Forecast	
For the 13 week period ending on June 25, 2021	
In CAD 000's	
	<u>Forecast Period</u>
Receipts	
Canada Emergency Wage and Rent Subsidy	\$ 247
Other receipts - letters of credit	1,123
Total receipts	1,370
Disbursements	
General and administrative	456
Insurance	110
Property taxes and other property liabilities	27
Statutory obligations	162
Total disbursements	755
	615
Other disbursements	
Professional fees	727
Contingency	75
Total other disbursements	(802)
Net cash flow	\$ (187)
Opening cash balance	\$ 31,257
Net cash flow	(187)
Ending cash balance	\$ 31,070

8.2 The Monitor's comments with respect to the Fourth Cash Flow Forecast are as follows:

- a) forecast receipts of \$1.4 million consist primarily of the anticipated release of cash collateral for remaining letters of credit held in escrow upon the surrender or expiry in accordance with the terms of the letter of credit, as well as estimated recoveries from the Canada Emergency Wage Subsidy and Canada Emergency Rent Subsidy programs; and
- b) forecast disbursements of \$1.6 million consist of the following:
 - i. general and administrative costs of approximately \$456,000 include prepayments for physical and electronic records storage and destruction, accrued and estimated contractor payments for the retention of a former employee to assist with wind-down matters and remaining costs related to the vacating of the Head Office, among others;
 - ii. insurance of approximately \$110,000 for the extension of directors and officers liability insurance and property insurance policies to February 13, 2027 and December 31, 2020, respectively;
 - iii. property liabilities approximating \$27,000 in connection with unpaid post-filing rent amounts due to the landlord of a disclaimed realty lease;
 - iv. statutory obligations of approximately \$162,000 in respect of British Columbia Employer Health Taxes estimated for the period September 15, 2020 to December 31, 2020; and
 - v. professional fees of approximately \$727,000 for services provided by the Monitor and its legal counsel and the Petitioners' legal counsel.

8.3 The Fourth Cash Flow Forecast has been prepared solely for the purpose described in Note 1 on the face of the Fourth Cash Flow Forecast, and readers are cautioned that it may not be appropriate for other purposes.

9.0 STAY EXTENSION

9.1 Pursuant to the Stay Extension Order, the Stay Period will expire on April 9, 2021. The Monitor is seeking an extension of the Stay Period to June 25, 2021.

9.2 The Monitor believes this extension is reasonable for the following reasons:

- a) during the proposed extension of the Stay Period, the Monitor will have an opportunity to:
 - i. resolve the revised and/or disallowed Landlord Claims and advance the Claims Process with the purpose of maximizing recovery, determining the distribution to affected creditors, and/or preparing a potential plan of compromise and/or arrangement which may be presented to the creditors and stakeholders of the Petitioners; and

- ii. attend to any remaining activities relating to the wind-down of 1077's operations and business as outlined in section 4.0;
- b) the Fourth Cash Flow Forecast indicates that there is sufficient liquidity to continue operating during the requested extension of the Stay Period; and
- c) no creditor or any stakeholders of the Petitioners would be materially prejudiced by the extension of the Stay Period.

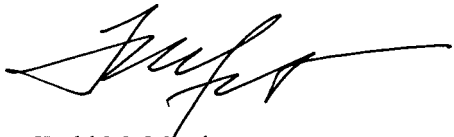
10.0 RECOMMENDATIONS

10.1 The Monitor respectfully recommends that this Honourable Court grant an order approving the following:

- a) the activities of the Monitor to date as reported in the Monitor's previous reports and this Sixth Report; and
- b) an extension of the Stay Period through to June 25, 2021.

All of which is respectfully submitted to this Honourable Court this 1st day of April, 2021.

**Alvarez & Marsal Canada Inc.,
in its capacity as Monitor of
1077 and not in its personal or corporate capacity**



Todd M. Martin
Senior Vice President

Appendix A
Fourth Cash Flow Forecast

1077 Holdings Co-operative and 131465 Ontario Limited
Fourth Cash Flow Forecast (Note 1)
For the 13 week period ending on June 25, 2021
(Unaudited, in 000s CAD)

Week Week Ending	Notes	<i>Week 1</i> Apr 4	<i>Week 2</i> Apr 11	<i>Week 3</i> Apr 18	<i>Week 4</i> Apr 25	<i>Week 5</i> May 2	<i>Week 6</i> May 9	<i>Week 7</i> May 16	<i>Week 8</i> May 23	<i>Week 9</i> May 30	<i>Week 10</i> Jun 6	<i>Week 11</i> Jun 13	<i>Week 12</i> Jun 20	<i>Week 13</i> Jun 25	13 Week Total
Receipts															
Canada Emergency Wage and Rent Subsidy	2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 179	\$ 68	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 247
Other receipts - letters of credit	3	958	-	-	-	-	-	-	-	-	-	-	-	165	1,123
Total receipts		958	-	-	-	-	179	68	-	-	-	-	-	165	1,370
Disbursements															
General and administrative	4	12	2	4	13	291	103	5	17	1	8	-	-	-	456
Insurance	5	60	-	-	50	-	-	-	-	-	-	-	-	-	110
Property taxes and other property liabilities	6	-	27	-	-	-	-	-	-	-	-	-	-	-	27
Statutory obligations	7	-	-	-	162	-	-	-	-	-	-	-	-	-	162
Total disbursements		72	28	4	225	291	103	5	17	1	8	-	-	-	755
		886	(28)	(4)	(225)	(291)	76	63	(17)	(1)	(8)	-	-	165	615
Other disbursements															
Professional fees	8	28	-	310	-	-	208	-	-	-	156	-	-	25	727
Contingency	9	-	-	-	-	25	-	-	-	25	-	-	-	25	75
Total other disbursements		(28)	-	(310)	-	(25)	(208)	-	-	(25)	(156)	-	-	(50)	(802)
Net cash flow		\$ 858	\$ (28)	\$ (314)	\$ (225)	\$ (316)	\$ (132)	\$ 63	\$ (17)	\$ (26)	\$ (164)	\$ -	\$ -	\$ 115	\$ (187)
Opening cash balance		\$ 31,257	\$ 32,115	\$ 32,086	\$ 31,772	\$ 31,547	\$ 31,231	\$ 31,099	\$ 31,162	\$ 31,145	\$ 31,118	\$ 30,955	\$ 30,955	\$ 30,955	\$ 31,257
Net cash flow		858	(28)	(314)	(225)	(316)	(132)	63	(17)	(26)	(164)	-	-	115	(187)
Ending cash balance		\$ 32,115	\$ 32,086	\$ 31,772	\$ 31,547	\$ 31,231	\$ 31,099	\$ 31,162	\$ 31,145	\$ 31,118	\$ 30,955	\$ 30,955	\$ 30,955	\$ 31,070	\$ 31,070

1077 Holdings Co-operative and 131465 Ontario Limited

Fourth Cash Flow Forecast

Notes and Assumptions

- 1 The weekly cash flow projection of 1077 Holdings Co-operative and 1314625 Ontario Limited (collectively, "1077") has been prepared by the Monitor to set out the cash flow of 1077 (the "Fourth Cash Flow Forecast") during the Companies' Creditors Arrangement Act proceedings (the "CCAA Proceedings").

The Fourth Flow Forecast has been prepared based on unaudited financial information and estimates of 1077's projected receipts and disbursements. Readers are cautioned that since the estimates are based on future events and conditions that are not ascertainable, the actual results achieved will vary, even if the assumptions materialize, and such variations may be material. Neither 1077 nor the Monitor makes any representations, warranties or other assurances that any of the estimates, forecasts, or projections will be realized.

The Fourth Cash Flow Forecast reflects estimates and assumptions summarized below with respect to operations most notably, that 1077 continues to operate within the protections afforded under the CCAA and the Amended and Restated Initial Order granted on October 2, 2020 during the CCAA Proceedings. The Fourth Cash Flow Forecast may be updated from time to time.

- 2 Canada Emergency Wage and Rent Subsidy includes estimated recoveries from the federal subsidy programs up to the closing of the APA.
- 3 Other receipts include the release of cash collateral for certain letters of credit held in escrow upon the surrender by the beneficiary or expiry in accordance with the terms of the letter of credit.
- 4 General and administrative costs include prepayments for records storage and destruction, utilities, accrued and ongoing contractor payments for the retention of a former employee to assist with wind-down matters, and other costs related to vacating the former head office located in Vancouver, British Columbia.
- 5 Insurance costs include premiums for the extension of property and directors and officers insurance for the periods ending December 31, 2020 and February 13, 2027, respectively.
- 6 Property taxes and other property liabilities include rent for the post-filing occupancy period related to a disclaimed realty lease of a retail store location.
- 7 Statutory obligations include estimates for the British Columbia Employer Health Tax for the post-filing period from September 15, 2020 to December 31, 2020.
- 8 Professional fees are estimates of the professional services expected to be provided during the CCAA Proceedings and include fees of 1077's legal counsel, the Monitor and its legal counsel, and the legal counsel for 1077's former directors and officers.
- 9 Contingency costs are included to account for any unexpected expenses and represent 5% of disbursements.