



No. S-245481
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

AND

IN THE MATTER OF THE *COOPERATIVE ASSOCIATION ACT*, S.B.C. 1999, C 28

AND

IN THE MATTER OF BC TREE FRUITS COOPERATIVE, BC TREE FRUITS INDUSTRIES
LIMITED AND GROWERS SUPPLY COMPANY LIMITED

PETITIONERS

SEVENTH REPORT OF THE MONITOR

ALVAREZ & MARSAL CANADA INC.

DECEMBER 6, 2024



ALVAREZ & MARSAL

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1.0 INTRODUCTION

- 1.1 On August 13, 2024, in Supreme Court of British Columbia Action No. S-245481, Vancouver Registry (the “**CCAA Proceedings**”), the Supreme Court of British Columbia (the “**Court**”) granted BC Tree Fruits Cooperative (“**BCTFC**”), BC Tree Fruits Industries Limited (“**BCTF Industries**”) and Growers Supply Company Limited (“**GSC**”, together with BCTFC and BCTF Industries, the “**BCTF Group**” or the “**Petitioners**”) an initial order (“**Initial Order**”) under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended. Among other things, the Initial Order granted the BCTF Group an initial stay of proceedings up to and including August 23, 2024 (the “**Stay Period**”) and appointed Alvarez & Marsal Canada Inc. (“**A&M**”) as the monitor of the BCTF Group (the “**Monitor**”) with enhanced powers.
- 1.2 On August 23, 2024, the Court granted an order extending the Stay Period to August 26, 2024.
- 1.3 On August 26, 2024, the Court granted the following orders:
- a) an amended and restated initial order (the “**ARIO**”), which amends and restates the Initial Order to, among other things:
 - i. extend the Stay Period through to November 3, 2024;
 - ii. authorize the Monitor to sell the BCTF Group’s bulk bins without requirement for any further orders of the Court, irrespective of the total proceeds of such sales;
 - iii. declare that terminated employees of the BCTF Group meet the criteria established by section 3.2 of the *Wage Earner Protection Program Regulations*, SOR/2008-222;
 - iv. increase the Administration Charge, as defined in the Initial Order, from \$250,000 to \$500,000; and
 - v. increase the amount the Petitioners are authorized to borrow under a credit facility from the Interim Lender, Canadian Imperial Bank of Commerce (“**CIBC**”) and the corresponding Interim Lender’s Charge, as defined in the ARIO, from \$1.165 million to \$4.05 million;
 - b) an order: (i) approving a sales and investment solicitation process in respect of certain assets of BCTFC (the “**BCTF SISP**”); (ii) approving a sales and investment solicitation process in respect of the assets of GSC and certain real property of BCTFC (together with the BCTF SISP, the “**SISPs**”); and (iii) authorizing and directing the Monitor and the Petitioners to perform their obligations and do all things necessary or desirable to perform their obligations under the SISPs; and

- c) an order: (i) appointing Mr. Amarjit Singh Lalli as the representative of all of the voting members of BCTFC; (ii) appointing Osler, Hoskin & Harcourt LLP (the “**Representative Counsel**”) as representative counsel for all of BCTFC’s voting members; and (iii) granting a charge in the amount of \$100,000 over the Petitioners’ assets as security for the payment of the Representative Counsel’s fees.
- 1.4 On October 4, 2024, upon application by the Monitor, this Honourable Court granted the following orders:
 - a) a sale approval and vesting order (the “**Stonemark SAVO**”) approving the sale of 1200 Waddington Drive, Vernon, B.C. and certain inventory and equipment to Stonemark Investments Ltd. for a purchase price of \$3.2 million (the “**Stonemark Transaction**”). The Stonemark Transaction closed on October 11, 2024;
 - b) a sale approval and vesting order (the “**TerraLink SAVO**”) approving the sale of all commercial chemical and fertilizer inventory to TerraLink Horticulture Inc. for a purchase price equal to 60% of the book value of chemical inventory and 30% of the book value of fertilizer inventory (the “**Terralink Transaction**”). The Terralink Transaction closed on October 17, 2024; and
 - c) an order postponing BCTFC’s 2024 Annual General Meeting to April 30, 2025.
- 1.5 On October 15, 2024, upon application by the Monitor, this Honourable Court granted orders:
 - a) approving the sale of 2605 Acland Road, Kelowna, B.C. (the “**Acland Property**”); and
 - b) approving a liquidation agreement between the Monitor and Maynards Liquidation Group Inc. to market and sell the remaining inventory (the “**Remaining Inventory**”) of the BCTF Group not subject to the TerraLink SAVO and the Stonemark SAVO.
- 1.6 On October 24, 2024, upon application by the Monitor, this Honourable Court granted an order authorizing BCTFC, GSC and the Monitor to enter into a Funding and Assignment Agreement with the B.C. Investment Agriculture Foundation (“**IAF**”), establishing a procedure to prove the claims of growers arising from the delivery of certain fruits to BCTFC (the “**Grower Claims**”) and authorizing the sale and assignment of the Grower Claims to IAF.
- 1.7 On October 31, 2024, upon application by the Monitor, this Honourable Court granted an order extending the Stay Period to December 13, 2024.
- 1.8 On November 27, 2024, upon application by the Monitor, this Honourable Court granted the following orders:

- a) an order approving the sale of 880 Vaughan Avenue, Kelowna, B.C. (the “**Vaughan Property**”). The sale of the Vaughan Property is scheduled to close on December 11, 2024; and
 - b) an order approving the sale of 9718 Bottom Wood Lake Road, Creston, B.C. (the “**Lake Country Property**”). The sale of the Lake Country Property is scheduled to close on December 11, 2024.
- 1.9 Concurrently with filing this seventh report (the “**Seventh Report**”), the Monitor has filed an application seeking the following orders:
- a) an order (the “**Third Stay Extension Order**”) extending the Stay Period to February 14, 2025; and
 - b) an order approving the agreement (the “**Maynards Auction Agreement**”) between BCTFC and Maynards Industries II Canada Ltd. (“**Maynards Auction**”) to manage, market and sell equipment on site at the Vaughan Property.
- 1.10 Further information regarding the CCAA Proceedings, including copies of all orders made in these proceedings and all affidavits, reports of the Monitor and other Court-filed documents and notices (other than anything filed under seal) are available on the Monitor’s website at www.alvarezandmarsal.com/bctreefruits (the “**Monitor’s Website**”).

2.0 PURPOSE OF REPORT

- 2.1 This Seventh Report has been prepared by the Monitor to provide information to this Honourable Court in respect of the following:
- a) a comparison of the actual receipts and disbursements of the Petitioners as compared to the projected cash flow (the “**Second Cash Flow Forecast**”) for the period October 21 to December 1, 2024;
 - b) the BCTF Group’s cash flow projection (the “**Third Cash Flow Forecast**”) for the period December 2, 2024 to February 16, 2025 (the “**Third Forecast Period**”);
 - c) the Monitor’s application for an extension of the Stay Period;
 - d) the proposed auction of the remaining equipment on site at the Vaughan Property;
 - e) an update on the sale of 3335 and 3345 Sexsmith Road, Kelowna, B.C. and 3670 Highway 97, Kelowna, B.C. (collectively, the “**Sexsmith Property**”); and
 - f) the recommendations of the Monitor in respect of the foregoing, as applicable.

- 2.2 This Seventh Report should be read in conjunction with the materials filed in the CCAA Proceedings (collectively, the “**Filed Materials**”), including the first affidavit of Doug Pankiw dated August 12, 2024, as background information contained in the Filed Materials has not been included herein to avoid unnecessary duplication. Capitalized terms not defined herein have the meaning given in the Filed Materials.

3.0 TERMS OF REFERENCE

- 3.1 In preparing this report, A&M has necessarily relied upon unaudited financial and other information supplied, and representations made to it, by certain senior management of the BCTF Group (“**Management**”). Although this information has been subject to review, A&M 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. Accordingly, A&M expresses no opinion and does not provide any other form of assurance on the accuracy and/or completeness of any information contained in this report, or otherwise used to prepare this report.
- 3.2 Certain of the information referred to in this report consists of financial forecasts and/or projections prepared by Management. 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.
- 3.3 Unless otherwise stated, all monetary amounts contained in this Seventh Report are expressed in Canadian dollars.

4.0 CASH FLOW VARIANCE FOR THE PERIOD ENDED DECEMBER 1, 2024

- 4.1 As part of the ongoing oversight and monitoring of the business and financial affairs of the BCTF Group, the Monitor has set up a weekly cash flow review protocol with the Petitioners to compare actual cash flows against the Second Cash Flow Forecast. The Petitioners’ actual cash receipts and disbursements compared to the Second Cash Flow Forecast during the period October 21 to December 1, 2024 (the “**Reporting Period**”) is summarized below.

BC Tree Fruits Cooperative & Growers Supply Company Limited
Budget vs Actual Reporting for the period October 21, 2024 to December 1, 2024
(C\$000s)

	Cumulative		
	1-Dec Actual	1-Dec Forecasted	Var \$
Receipts			
AR collections and sales	\$ 3,004	\$ 3,162	\$ (158)
Total Receipts	3,004	3,162	(158)
Disbursements			
Payroll, benefits and payroll taxes	448	520	73
Board Payments	30	29	(2)
Utilities/telephone/internet	188	51	(137)
Other general and administrative costs	468	354	(114)
GST/PST	49	174	125
Liquidation Costs	-	20	20
CIBC interest	53	-	(53)
Contingency	-	50	50
Total Disbursements	1,236	1,199	(38)
Operating Cash Flows	1,767	1,963	(196)
CCAA disbursements			
Professional fees	362	430	69
DIP fees and interest	25	76	51
Total CCAA disbursements	387	507	120
Other receipts			
Asset Sales (Stonemark)	3,201	3,200	1
Asset Sales (Terralink)	1,509	2,880	(1,371)
BCTF/GSC Monitor's Account	(1,250)	(1,250)	0
Total other receipts	3,460	4,830	(1,370)
Net Cash Flow	4,841	6,287	(1,446)
CIBC Overdraft Facility - opening	(13,850)	(13,850)	(0)
Net Collections	6,415	8,039	(1,625)
CIBC Overdraft Facility - closing	(7,435)	(5,810)	(1,625)
CIBC loan - opening	(28,616)	(28,616)	-
Repayment	-	-	-
CIBC loans - closing	(28,616)	(28,616)	-
CIBC - Interim Lending Facility - opening	(2,246)	(2,246)	-
Interim Lending Facility Draw s	(1,468)	(1,287)	(181)
CIBC Interim Lending Facility - closing	(3,714)	(3,533)	(181)
Total CIBC debt	(39,764)	(37,959)	(1,805)
BCTF/GSC Monitor Account - Opening	-	-	-
BCTF/GSC Monitor Account - Deposit	1,250	1,250	(0)
BCTF/GSC Monitor Account - Draw	(27)	(565)	538
BCTF/GSC Monitor Account - Closing	1,223	685	538

4.2 As of December 1, 2024, the Petitioners experienced a net unfavorable cash flow variance of \$1.4 million, primarily as a result of the following:

- a) A timing difference in the release of \$1.37 million in proceeds from the Terralink Transaction held by the Monitor's legal counsel in trust. The funds were subsequently released on December 4, 2024;
 - b) receipts were approximately \$158,000 lower than forecast due to timing variances in collections from the liquidation of GSC's Remaining Inventory;
 - c) payroll, benefits and payroll taxes were \$73,000 lower than forecast due to lower staffing levels at GSC;
 - d) disbursements for utilities, telephone, and internet services were \$137,000 higher than forecast due to catch-up payments from the post-filing period, reversing a positive timing variance in the previous reporting period;
 - e) other general and administrative costs were \$114,000 higher than forecast due to timing variances reversing positive variances in the previous period and permanent variances resulting from the additional logistical expenses from the liquidation of Remaining Inventory ; and
 - f) professional fees were \$69,000 lower than forecast due to timing differences.
- 4.3 As discussed in the pre-filing report of the Monitor dated August 12, 2024, the Petitioners have been granted access to an Interim Lending Facility. As of December 1, 2024, the Petitioners had drawn \$3.7 million under the Interim Lending Facility, which was \$181,000 higher than forecast, as collection of the \$1.25 million to be made available to the estate from the Terralink Transaction was slightly delayed.
- 4.4 In accordance with the terms of the Interim Lending Facility, cash receipts collected by the Petitioners along with cash flow adjustments have been applied against the balance of the CIBC Overdraft Facility. As of December 1, 2024, the balance of the Overdraft Facility totaled \$7.4 million, representing an unfavorable variance of \$1.6 million against the forecast, largely due to delays in the release of \$1.37 million in proceeds from the Terralink Transaction.
- 4.5 As at December 1, 2024, the combined indebtedness of the Petitioners to CIBC totaled \$39.8 million.
- 4.6 CIBC has agreed in writing to extend the maturity date of the Interim Lending Facility to February 15, 2025, and the Monitor understands that CIBC may formalize or otherwise document this agreement.
- 4.7 Since the commencement of the CCAA Proceedings, the Monitor has been involved in the weekly review and reporting of the receipts and disbursements of the Petitioners to CIBC and its advisor as required by the terms of the Interim Lending Facility. 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.

5.0 THIRD CASH FLOW FORECAST

- 5.1 For the purposes of section 10(2)(a) of the CCAA, Management has prepared a cash flow projection for the BCTF Group on a weekly basis for the Third Forecast Period, using the probable and hypothetical assumptions set out in the notes to the Third Cash Flow Forecast. A copy of the Third Cash Flow Forecast along with its notes and assumptions are attached hereto as Appendix “A”. The Third Cash Flow Forecast is summarized below:

BC Tree Fruits Cooperative & Growers Supply Company Limited
Third Cash Flow Forecast for the period December 2, 2024 - February 16, 2025
(C\$000s)

Receipts		
AR collections and sales	\$	165
Total Receipts		165
Disbursements		
Payroll, benefits and payroll taxes		635
Board Payments		19
Utilities/telephone/internet		67
Other general and administrative costs		281
GST/PST		293
Liquidation Costs		283
Contingency		89
Total Disbursements		1,667
Operating Cash Flows		(1,502)
CCAA disbursements		
Professional fees		673
DIP fees and interest (if any)		61
Total CCAA disbursements		734
Other receipts		
Asset Sales (Terralink)		1,359
Asset Sales (Acland)		9,289
Asset Sales (Vaughan)		17,119
Asset Sales (Lake Country)		8,927
Asset Sales (Juicing Systems)		260
Asset Sales (Sexsmith Bins)		955
Asset Sales (Cherry Line)		880
BCTF/GSC Monitor's Account		(1,250)
Total other receipts		37,539
Net Cash Flow		35,303
CIBC Overdraft Facility - opening		(7,435)
Net Collections		7,435
CIBC Overdraft Facility - closing		-
CIBC loan - opening		(28,616)
Repayment		28,616
CIBC loans - closing		-
CIBC - Interim Lending Facility - opening		(3,714)
Interim Lending Facility Draw s		-
Repayment		1,653
CIBC Interim Lending Facility - closing		(2,061)
Total CIBC debt		(2,061)
BCTF/GSC Monitor Account - Opening		1,223
BCTF/GSC Monitor Account - Deposits		1,250
BCTF/GSC Monitor Account - Draw s		(2,401)
BCTF/GSC Monitor Account - Closing		72

5.2 The Third Cash Flow Forecast projects that the BCTF Group will experience a net cash inflow of approximately \$35.3 million over the Third Forecast Period and is based on the following key assumptions:

- a) during the Third Forecast Period, the BCTF Group will continue to collect outstanding accounts receivable as well as generate proceeds from the liquidation of the Remaining Inventory;
- b) net cash flows will also consist of proceeds from the Terralink Transaction (closed), the sale of the Acland Property (closed), the anticipated sale of the Vaughan Property the Lake Country Property, and the collection of proceeds from the sale of bins located at the Sexsmith Property, as well as the sale of certain cidery equipment and an old cherry line located at the Vaughan Property;
- c) total operating disbursements are forecast to be \$1.7 million, consisting of payroll for the reduced workforce, payments to the board of directors, utilities, rent for leased premises, costs associated with the liquidation of the Remaining Inventory and government remittances;
- d) professional fees are forecast to be approximately \$673,000 during the Third Forecast Period and include the Petitioners' counsel, the Monitor and its counsel, and CIBC's counsel and financial advisor; and
- e) the BCTF Group is not expected to draw upon the Interim Financing Facility during the Forecast Period and will hold back \$1.25 million from the sale of the Vaughan Property and the Lake Country Property to fund disbursements.

5.3 The Monitor's review of the Third Cash Flow Forecast consisted of inquiries, analytical procedures, and discussions related to information provided to it by Management. Since hypothetical assumptions need not be supported, the procedures with respect to them were limited to evaluating whether they were consistent with the purposes of the Third Cash Flow Forecast. The Monitor also reviewed the support provided by Management for the probable assumptions and the preparation and presentation of the Third Cash Flow Forecast.

5.4 Based on the Monitor's review of the Third Cash Flow Forecast, nothing has come to its attention that causes it to believe that, in all material respects:

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

- b) as at the date of this Seventh Report, the probable assumptions developed by Management are not suitably supported and consistent with the plans of the Petitioners or do not provide a reasonable basis for the Third Cash Flow Forecast, given the hypothetical assumptions; or
- c) the Third Cash Flow Forecast does not reflect the probable and hypothetical assumptions.

5.5 Since the Third Cash Flow Forecast 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, the Monitor expresses no assurance as to whether the Third Cash Flow Forecast will be accurate. The Monitor expresses no opinion or other form of assurance with respect to the accuracy of any financial information presented in this report, or relied upon by it in preparing this report.

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

6.0 VAUGHAN EQUIPMENT AUCTION

6.1 As noted above, the sale of the Vaughan Property is scheduled to close on December 11, 2024. There is considerable equipment, mainly related to BCTFC's cidery business (apart from certain cidery equipment that is being sold as part of the BCTF SISP), and other miscellaneous equipment, on site at the Vaughan Property that is yet to be removed (collectively, the "**Vaughan Equipment**"). Accordingly, the Monitor is finalizing the Maynards Auction Agreement with Maynards Auction to manage, market and sell the Vaughan Equipment.

6.2 The Monitor has made arrangements with the purchaser of the Vaughan Property for the Vaughan Equipment to remain on site until January 31, 2025 to facilitate its liquidation and removal.

6.3 A copy of Maynards Auction's proposal is attached hereto as Appendix "**B**".

6.4 Key terms of the Maynards Auction Agreement include the following:

- a) Maynards Auction will hold an on-site auction at the Vaughan Property (tentatively during the week of January 6, 2025);
- b) Maynards Auction will charge no commission from BCTFC but will collect and retain an industry standard buyer's premium (BP) of 18% from the buyers; and
- c) Maynards Auction would be entitled to an expense budget of \$25,000 advertising, travel, set-up and checkout costs.

6.5 The Monitor is of the view that the Maynards Auction Agreement is commercially reasonable and appropriate in the circumstances given the need for BCTFC to vacate the Vaughan Property before the end of January 2025. The Monitor also notes that Maynards Auction is proposing to not charge BCTFC a seller's commission (and only a buyer's premium), which is favourable to the estate.

6.6 The secured lender, CIBC, is supportive of the arrangement with Maynards Auction.

7.0 OTHER MATTERS

7.1 As noted in the Second Report of the Monitor dated September 27, 2024, on September 5, 2024, the Monitor entered into an Agreement of Purchase and Sale (the "**Sexsmith PSA**") and a short-term lease agreement (the "**Sexsmith Lease**") with Novem Pharmaceuticals Inc. ("**Novem**") in respect of the Sexsmith Property.

7.2 The Sexsmith PSA was subject to certain conditions in favour of Novem which were to be fulfilled or waived by October 31, 2024, which date was subsequently extended twice, ultimately to December 3, 2024. The purchaser's conditions were not waived as of December 3, 2024, and accordingly the Sexsmith PSA terminated.

7.3 The Monitor plans to continue marketing the Sexsmith Property, with the assistance of the brokerage who was engaged by BCTFC, Unison HM Commercial Realty.

8.0 EXTENSION OF STAY

8.1 Pursuant to the ARIO, the Stay Period will expire on December 13, 2024. Accordingly, the Petitioners are seeking an extension of the Stay Period to February 14, 2025.

8.2 The Monitor supports extending the Stay Period to February 14, 2025, including for the following reasons:

- a) during the proposed extension of the Stay Period, the Petitioners will have an opportunity to continue to advance the sale of the remaining BCTFC assets, the sale of brokerage-listed properties, and other assets with a view to maximizing value for stakeholders in the most expedient manner possible;
- b) the Petitioners are forecast to have sufficient liquidity to continue operating during the extended Stay Period and operate within the limits of the Interim Lending Facility of \$4.05 million;
- c) no creditor of the Petitioners would be materially prejudiced by the extension of the Stay Period; and

- d) the Petitioners have acted in good faith and with due diligence in these CCAA Proceedings since the date of the Initial Order.

9.0 CONCLUSION AND RECOMMENDATIONS

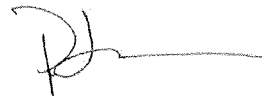
- 9.1 The Monitor respectfully recommends that this Honourable Court grant the Third Stay Extension Order, and approve the Maynards Auction Agreement.

All of which is respectfully submitted to this Honourable Court this 6th day of December, 2024.

Alvarez & Marsal Canada Inc.,
in its capacity as Monitor of
BC Tree Fruits Cooperative,
BC Tree Fruit Industries Limited and Growers Supply Company Limited



Per: Anthony Tillman
Senior Vice President



Per: Pinky Law
Vice President

Appendix A – Third Cash Flow Forecast for the Period from December 2, 2024 to February 16, 2025

BC Tree Fruits Cooperative & Growers Supply Company Limited ¹
Third Cash Flow Forecast for the period December 2, 2024 - February 16, 2025
(C\$000s)

Week		Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	Week 9	Week 10	Week 11	
Week Ending	Notes	8-Dec	15-Dec	22-Dec	29-Dec	5-Jan	12-Jan	19-Jan	26-Jan	2-Feb	9-Feb	16-Feb	Total
Receipts													
AR collections and sales	2	\$ 5	\$ 155	\$ 5	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	165
Total Receipts		5	155	5	-	-	-	-	-	-	-	-	165
Disbursements													
Payroll, benefits and payroll taxes	3	179	40	105	50	70	5	70	5	70	5	35	635
Board Payments	4	-	-	-	10	-	-	-	10	-	-	-	19
Utilities/telephone/internet	5	4	6	2	22	6	2	2	2	20	2	2	67
Other general and administrative costs	5	71	22	28	40	25	20	25	20	10	10	10	281
GST/PST	5	1	256	-	-	35	-	-	-	1	-	-	293
Liquidation Costs	6	-	-	283	-	-	-	-	-	-	-	-	283
Contingency		10	10	10	10	10	6	6	6	6	6	6	89
Total Disbursements		265	334	429	132	146	33	103	42	108	23	53	1,667
Operating Cash Flows		(260)	(179)	(424)	(132)	(146)	(33)	(103)	(42)	(108)	(23)	(53)	(1,502)
CCAA disbursements													
Professional fees	7	230	-	-	-	270	-	-	-	173	-	-	673
DIP fees and interest (if any)		-	-	31	-	-	-	13	11	-	-	6	61
Total CCAA disbursements		230	-	31	-	270	-	13	11	173	-	6	734
Other receipts													
Asset Sales (Terralink)	9	1,359	-	-	-	-	-	-	-	-	-	-	1,359
Asset Sales (Acland)	9	9,289	-	-	-	-	-	-	-	-	-	-	9,289
Asset Sales (Vaughan)	9	-	17,119	-	-	-	-	-	-	-	-	-	17,119
Asset Sales (Lake Country)	9	-	8,927	-	-	-	-	-	-	-	-	-	8,927
Asset Sales (Juicing Systems)	9	-	-	-	260	-	-	-	-	-	-	-	260
Asset Sales (Sexsmith Bins)	9	-	-	-	-	955	-	-	-	-	-	-	955
Asset Sales (Cherry Line)	9	-	-	-	-	880	-	-	-	-	-	-	880
BCTF/GSC Monitor's Account	9	-	(1,250)	-	-	-	-	-	-	-	-	-	(1,250)
Total other receipts		10,648	24,796	-	260	1,835	-	-	-	-	-	-	37,539
Net Cash Flow		10,158	24,617	(455)	128	1,419	(33)	(116)	(54)	(280)	-	-	35,303
CIBC Overdraft Facility - opening													
Net Collections	8	(7,435)	-	-	-	-	-	-	-	-	-	-	(7,435)
CIBC Overdraft Facility - closing		-	-	-	-	-	-	-	-	-	-	-	-
CIBC loan - opening													
CIBC loan - opening		(28,616)	(25,398)	(447)	(442)	(182)	-	-	-	-	-	-	(28,616)
Repayment	8	3,218	24,951	5	260	182	-	-	-	-	-	-	28,616
CIBC loans - closing		(25,398)	(447)	(442)	(182)	-	-	-	-	-	-	-	-
CIBC - Interim Lending Facility - opening													
Interim Lending Facility Draws	8	(3,714)	(3,714)	(3,714)	(3,714)	(3,714)	(2,061)	(2,061)	(2,061)	(2,061)	(2,061)	(2,061)	(3,714)
Repayment	8	-	-	-	-	-	-	-	-	-	-	-	-
CIBC Interim Lending Facility - closing		(3,714)	(3,714)	(3,714)	(3,714)	(2,061)	(2,061)	(2,061)	(2,061)	(2,061)	(2,061)	(2,061)	(2,061)
Total CIBC debt		(29,111)	(4,160)	(4,155)	(3,895)	(2,061)	(2,061)	(2,061)	(2,061)	(2,061)	(2,061)	(2,061)	(2,061)
BCTF/GSC Monitor Account - Opening		1,223	728	1,644	1,184	1,052	636	603	487	434	154	131	1,223
BCTF/GSC Monitor Account - Deposits		-	1,250	-	-	-	-	-	-	-	-	-	1,250
BCTF/GSC Monitor Account - Draws		(495)	(334)	(460)	(132)	(416)	(33)	(116)	(54)	(280)	(23)	(59)	(2,401)
BCTF/GSC Monitor Account - Closing	9	728	1,644	1,184	1,052	636	603	487	434	154	131	72	72

BC Tree Fruits Cooperative, et al
Notes to the Third Cash Flow Forecast
For the period December 2, 2024 - February 16, 2025

- 1 The cash flow statement (the "Third Cash Flow Forecast") has been prepared by management ("Management") of BC Tree Fruits Cooperative ("BCTFC"), to set out the liquidity requirements of BCTFC and Growers Supply Company Limited ("GSC", together with BCTFC, the "BCTF Group") during the *Companies' Creditors Arrangement Act* proceedings (the "CCAA Proceedings").

The Third Cash Flow Forecast is presented on a weekly basis from December 2, 2024 to February 16, 2025 (the "Period") and represents Management's best estimate of the expected results of operations during the Period. 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. There are no representations, warranties or other assurances that any of the estimates, forecasts, or projections will be realized. The projections are based upon certain estimates and assumptions discussed below and may be amended from time to time during the CCAA Proceedings. Upon such amendments, Management will update its cash flow forecast accordingly as included herein.

Unless otherwise noted, the Third Cash Flow Forecast is presented in Canadian dollars.

- 2 AR collections are forecast based on current accounts receivables balances and collectability by category. Forecast sales are calculated based on GSC's forecast proceeds from the upcoming auction, which is expected to occur on or around December 10, 2024.
- 3 Payroll, benefits and payroll taxes includes payments to the BCTF Group's employees, group benefits and payroll taxes.
- 4 BCTF board payments represents monthly payment totaling \$10,000 payable to BCTFC's 10 board members.
- 5 Utilities and sales, general and administration ("SG&A") expenses, including telephone and internet, employees' expenses, sales taxes, credit card processing fees, repairs and maintenance and shipping/delivery for GSC and BCTF, are forecast to be paid in the ordinary course of business during the CCAA Proceedings.
- Included in SG&A are rent payments for GSC, which are forecast based on pro-rated terms in accordance with the disclaimer of all lease agreements during the Period.
- 6 Liquidation costs represent fees payable to Maynards Liquidation Group Inc. in its capacity as Agent in the GSC liquidation sale process.
- 7 Restructuring professional fees have been forecast based on projected costs of professional services firms relating to the CCAA Proceedings and include the BCTF Group's legal counsel, the Monitor and its legal counsel, and CIBC's legal counsel and financial advisor.
- 8 Pursuant to the Interim Financing Term Sheet, interim financing is expected to be provided by CIBC under a roll-up arrangement, where post-CCAA receipts will be applied to the CIBC overdraft, and post-CCAA required disbursements will be funded by CIBC as interim financing. Interest is calculated at a fixed rate of 9.95% p.a. as stipulated in the Interim Financing Term Sheet. Outstanding amounts do not include interest accruals.
- 9 Other receipts represent proceeds from various court-approved transactions, including the collection of proceeds from the completed Terralink Transaction, the sale of the Acland Property (closed on November 29, 2024), the sale of the Vaughan Property (scheduled to close on December 11, 2024), the sale of the Lake Country Property (scheduled to close on December 11, 2024), the collection of proceeds from the sale of bins located at the Sexsmith Property and the sale of various cidery and cherry line equipment. Under the Third Cash Flow Forecast, the Monitor is forecast to withhold the repayment of \$1.25 million from CIBC (from the sale of the Vaughan & Lake Country Properties), to provide liquidity for BCTF and GSC during the Forecast Period.

Appendix B – Maynard’s Auction Proposal

ASSET SALE PROPOSAL FOR

**BC TREE FRUITS COOPERATIVE
("BCTFC")**

November 21, 2024

**For:
ALVAREZ & MARSAL CANADA INC. .**

Maynards
SINCE 1902

Maynards Group of Companies
Suite 130, 49 Dunlevy Ave.,
Vancouver, BC, Canada V6A 3A3
TEL: 604.876.6787 | FAX: 604.876.2678



November 21, 2024

Alvarez & Marsal Canada Inc.
925 West Georgia, Suite 902
Vancouver, BC V6C 3L2

Attention: Pinky Law, Senior Director email: pinky.law@alvarezandmarsal.com

Re: PROPOSED AUCTION OF BC TREE FRUITS COOPERATIVE

This letter and proposal is with respect to Maynards Industries II Canada Ltd. ("Maynards") acting as sales agent to sell the assets of BC Tree Fruits Cooperative (the "Company") on behalf of Alvarez & Marsal Canada Inc. ("Monitor")

Maynards has 122 years of business expertise in specialized global auction and liquidation services, and in the appraisal of industrial equipment and commercial/retail inventories. Working from offices in the United States, Canada, Europe, Japan and China, Maynards offers leading-edge recovery strategies for both large and small asset monetization projects.

Maynards has significant experience in the manufacturing and retail sector, and related industries where we generate sales in the tens of millions of dollars in any given year. Among the many relationships Maynards maintains with Fortune 500 companies.

We welcome the opportunity to be of service to you on this project. We are confident, based on our experience in this industry and managing large-scale industrial sales, that Maynards is the ideal firm to manage this sale on your behalf.

Should you have any questions or require additional information, please do not hesitate to contact me at 604-787-0749.

Yours truly,

Aaron Stewardson, CPA
astewardson@maynards.com

METHOD OF SALE

Maynards attended BCTFC Kelowna location in November 2024, and based on our inspection and reviewing the asset listing to maximize the total proceeds to the Company, as sales agent, Maynards recommends marketing the cider line and package line as a private treaty sale up-to the date of the auction.

Maynards would then hold a 1-day online auction of any equipment that was not sold privately.

Commission

For all sales, Maynards will charge no commission but will collect and retain an industry standard buyer's premium (BP) of 18%.

Maynards would also charge a \$25,000 expense budget for advertising, travel, set-up and checkout.

FINANCIAL REPORTING

Maynards maintains state-of-the-art asset tracking and financial management systems, providing unquestionable accountability throughout the sale process. All funds collected will be remitted two weeks following the auction date and complete audit trails of all sales will exist.

TAXES

Maynards will collect and remit all applicable taxes according to government regulations and guidelines.

ADVERTISING CAMPAIGN

Our experience has proven that utilizing a variety of advertising and promotional media to support our marketing program will increase the overall return to the Company. The marketing program tailored specifically to the Company may include the following:

- **Brochures** | Maynards may design and mail colour brochures promoting the auction. These brochures will include numerous pictures and technical details of the assets and will be marketed to a global audience.
- **E-Brochures** | Maynards also maintains an extensive listing of buyers who favour receiving industrial liquidation information electronically. The Company assets will be emailed to these potential buyers, detailing what equipment is available.
- **Email Marketing** | Maynards will send out detailed email marketing blasts to our internal contact lists as well as to relevant 3rd party lists. The e-blasts will contain sale information, contact details, photographs of assets available and links to Maynards' website for complete sale information.

- **Website** | The auction logistics, together with photographs and technical details of the Company assets and specific equipment, will be placed in Maynards customized event listing on our website (www.maynards.com). The event listing on our webpage will include sale information, list all equipment in detail, provide a link for visitors to download an eBrochure (PDF), and allow potential customers to search for specific pieces within the lot listings.
- **Advertising with Other Maynards Sales** | The auction will be advertised together with our other industrial auction mailings, where appropriate. Doing this may effectively triple the number of potential buyers contacted.
- **Special Contact** | There are specific individuals, organizations, and professionals in the industry who will be important to the sale. Our contact management program will be utilized to telephone major companies in the industry, prioritize interest, and match equipment offerings with potential clients. This program should yield increased proceeds from the sale of specialized systems and complete production lines.
- **Lot-by-Lot Auction Catalogues** | Maynards will prepare a Lot-by-Lot auction catalogue, providing a full description and other pertinent information for the Company assets. Catalogues are available to all prospective buyers during the preview and auction days. Buyers can also download the catalogues directly from our website.

ABSENTEE BIDDERS

In addition to the webcast, for buyers who are unable to physically attend the auction, the option of placing absentee bids will be marketed through both the Maynards website and the promotional brochure.

PREPARATION OF THE AUCTION

Our plan is to immediately dedicate sufficient resources to work onsite to prepare the assets for sale and to develop a working relationship with the Company personnel.

A well-planned auction is critical to maximizing the overall return, and Maynards' success is an immediate result of the interactive approach to preparation taken on each and every sale. This includes looking not only at the big picture – ensuring the auction is well organized and laid out, key assets are properly marketed to the *right* customers, etc. – but also ensuring the small details have been looked after, such as having the equipment manuals, installation drawings and maintenance records readily available with the equipment.

EQUIPMENT AVAILABLE FOR SALE

The above commission rates have been determined based on the assets as previously viewed. If the Company, decides to exclude certain major assets from our contract or sells them directly, the

Company will reimburse Maynards the commissions that would have been earned based on our “high” appraised price of the excluded assets.

Maynards will develop an asset listing detailing all equipment viewed. This listing will be agreed to and signed off by both parties and will form part of our contract with the Company or Monitor.

DISMANTLING AND EQUIPMENT REMOVAL

Maynards will have the right to abandon any unsold assets or assets that are left behind. Maynards will not be responsible for the clean-up of the premise.

EN BLOC

Should an “entirety sale” offer be accepted at any time throughout the term of our contract, Maynards will be entitled to our full commission, based on the purchase price, and shall be reimbursed within a reasonable time for all costs of canceling the auction (i.e., advertising, travel, accommodation, etc.).

RESPONSIBILITIES OF THE COMPANY OR MONITOR

SYSTEM OPERATIONS

Throughout the duration of our contract, the Company or Monitor., shall be responsible for the following:

- Any existing security systems should remain in effect until all equipment has been removed from the property.

OCCUPATIONAL USE OF THE PREMISES

The Monitor is to ensure that Maynards has occupational, rent-free use of the premises for approximately 60 days, with no interference as a result of labour strife and/or influence beyond our control until a date agreed upon.

INSURANCE

Maynards provides an umbrella policy of \$5,000,000 covering public liability during the length of our contract. Maynards requires that it be provided with an endorsement naming Maynards as an Additional Insured on the Company policies on the assets throughout the term of Maynards’ engagement.

The Company’s or Monitor’s insurance coverage on plant and equipment and other assets must remain in effect until all assets are removed from the sale site. Should an insurance claim be required as a result of damage caused by fire, flood, theft, etc., proceeds received on any assets that otherwise would have been sold shall be considered proceeds from sale and Maynards’ commissions shall apply.

The Company and Monitor shall indemnify and save harmless Maynards from and against all claims, liabilities, costs and expenses, including actual legal costs, incurred by Maynards as a result of any third party claiming an interest in any of the assets or the proceeds of the sale.

ENVIRONMENTAL

All environmental concerns if any will be the responsibility of the Company or Monitor.

PROPOSAL CONDITIONS

The terms of this proposal are subject an agreeable, signed Auction and Liquidation Services Agreement between Maynards and the Company or the Monitor.