

**THE KING'S BENCH  
WINNIPEG CENTRE**

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, RSC 1985, c  
C-36, as amended

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF  
MANITOBA CLINIC MEDICAL CORPORATION AND THE MANITOBA CLINIC  
HOLDING CO. LTD.  
(the "Applicants")

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**THIRD REPORT OF THE MONITOR  
ALVAREZ & MARSAL CANADA INC.  
DATED July 31, 2023  
DATE OF HEARING : WEDNESDAY, AUGUST 2, 2023 AT 9:00A.M.  
KROFT, J.**

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## INTRODUCTION

1. On November 30, 2022, Manitoba Clinic Medical Corporation (“**Medco**”) and The Manitoba Clinic Holding Co. Ltd. (“**Realco**”) (collectively, the “**Applicants**”, the “**Companies**” or the “**Debtors**”) were granted an initial order (“**Initial Order**”) by the Honourable Mr. Justice Kroft of the Court of King’s Bench of Manitoba (the “**Court**”) in relation to proceedings (the “**CCAA Proceedings**”) under the *Companies’ Creditors Arrangement Act*, RSC 1985, c C-36, as amended (the “**CCAA**”).
2. Pursuant to the Initial Order, Alvarez and Marsal Canada Inc., (“**A&M**”) was appointed as monitor (the “**Monitor**”) in the CCAA Proceedings.
3. On December 1, 2022, the Applicants were granted by the Court an Amended and Restated Initial Order (“**ARIO**”), which included an extension of the stay of proceedings to February 24, 2023.
4. On January 24, 2023, the Applicants were granted by the Court, among others the following relief:
  - a) an extension to the stay of proceedings until April 28, 2023; and
  - b) authorization for the Monitor, with the consent of CIBC, the secured lender (the “**Lender**”), to sell any part of the Property (as that term is defined in the Initial Order) out of the ordinary course of business, without further approval of the Court, in respect of any transaction not exceeding \$50,000 and provided that the aggregate consideration for all such transactions does not exceed \$350,000.
5. On April 17, 2023, the Debtors and the Monitor were granted Orders including the following relief:
  - a) authorization of a sale and investment solicitation process (the “**SISP**”), including the Monitor's retention of the Marketing Agent (as defined in the Second Report) and the sealing of the Second Confidential Supplement;

- b) authorization of a retention payment to the Physicians who have not given notice terminating their Service Agreements; and
  - c) an extension of the stay of proceedings to August 31, 2023.
6. On August 2, 2023, the Debtors are seeking an Order approving:
- a) an extension of the stay of proceedings until October 2, 2023.
  - b) the Third Report of the Monitor and the Monitor's activities, actions and conduct described therein;
  - c) an amendment to the Commitment Letter for the Interim Financing Facility to incorporate the updated cash flow forecast and extend the maturity date to the end of the proposed stay extension; and
  - d) the professional fees and disbursements of the Monitor, the Monitor's legal counsel, and the Applicants' legal counsel, as set out below in this Report.

## **PURPOSE**

7. The purpose of this report of the Monitor (the “**Third Report**” or this “**Report**”) is to provide this Honourable Court information, and where applicable the Monitor's views, on:
- a) the activities of the Monitor since the Second Report dated April 18, 2023 (the “**Second Report**”);
  - b) a restructuring update on Medco and Realco;
  - c) an update with respect to the SISF;
  - d) a comparison of the Companies' cash receipts and disbursements as compared to the cash flow forecast appended to the Second Report of the Monitor for the period of April 8, 2023 to July 21, 2023;
  - e) the Companies' updated cash flow forecast through to November 3, 2023;
  - f) the request to amend the Commitment Letter for the Interim Financing Facility to incorporate the updated cash flow forecast and extend the maturity date to the end of the proposed stay extension;

- g) the request for approval of the professional fees and costs of the Monitor, its legal counsel, and the Applicants' legal counsel;
  - h) the request to extend the stay of proceedings to October 2, 2023;
  - i) the request for approval of the Monitor's actions and activities as described in this Report; and
  - j) the Monitor's recommendations.
8. Capitalized terms not otherwise defined in this Report are as defined in the Initial Order, the ARIO, the SISP or prior reports of the Monitor and other orders of this Honourable Court, as the case may be.

## **TERMS OF REFERENCE AND DISCLAIMER**

9. In preparing this Report, A&M, in its capacity as the Monitor, has been provided with and has relied upon unaudited financial information and the books and records prepared by the Companies, and has held discussions with the Companies' management ("**Management**") and their respective counsel and directors (collectively, the "**Information**"). Except as otherwise described in this Report in respect of the Companies' cash flow forecast:
- a) the Monitor has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Monitor has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Canadian Auditing Standards ("**CASs**") pursuant to the Chartered Professional Accountants Canada Handbook (the "**CPA Handbook**") and, accordingly, the Monitor expresses no opinion or other form of assurance contemplated under CASs in respect of the Information; and
  - b) some of the information referred to in this Report consists of forecasts and projections. An examination or review of the financial forecasts and projections, as outlined in the CPA Handbook, has not been performed.

10. Future oriented financial information referred to in this Report was prepared based on the Debtors' estimates and assumptions. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are not ascertainable, the actual results will vary from the projections, even if the assumptions materialize, and the variations could be significant.
11. Unless otherwise stated, all monetary amounts contained in this Report are expressed in Canadian dollars.

## **BACKGROUND**

12. As discussed in prior reports of the Monitor and detailed in the McConnell Affidavit, Medco is a privately-held Canadian Company, which has been operating since 1946. It operates a multi-specialty medical clinic offering diverse healthcare services that is the largest private clinic in the Province of Manitoba and plays a significant role in Manitoba's healthcare system (the "**Clinic**"). The privately-held related company, Realco, holds title to the real property upon which the Clinic is situated, certain equipment and certain financial investments. The real property is located at 790 Sherbrook Street, Winnipeg, Manitoba, which includes the parkade (collectively, the "**Building**"). Medco is responsible for the medical operations of the Clinic and houses all the physicians that work under the Clinic umbrella.
13. Details with respect to the Companies' business operations, corporate organization, history and other financial information, including the Debtors' assets and liabilities and key secured creditors, along with further information regarding these CCAA Proceedings, including Court orders, affidavits, reports of the Monitor and all other Court-filed documents and notices are discussed in the Monitor's prior reports and are available on the Monitor's website at [www.alvarezandmarsal.com/manitobaclinic](http://www.alvarezandmarsal.com/manitobaclinic) (the "**Monitor's Website**").

## ACTIVITIES OF THE MONITOR SINCE THE SECOND REPORT

14. The Monitor's activities to date include, among others, the following:
- a) conducting ongoing discussions with Management, employees, advisors, and the Debtors' legal counsel regarding the Debtors' business and financial affairs;
  - b) engaging in numerous discussions with the Debtors, the Debtors' legal counsel, CIBC, CIBC's legal counsel, and the Marketing Agent with respect to the SISP;
  - c) conducting the SISP pursuant to the SISP Procedures;
  - d) evaluating offers received within the SISP and arranging for extensions to the Phase I and Phase II bid deadlines for participants in the SISP;
  - e) reviewing Realco's investment in Dynacare Medical Laboratory LLP ("**Dynacare Shares**") and evaluating an offer received on the Dynacare Shares;
  - f) continuing communication with and utilization of the Monitor's independent legal counsel, McDougall Gauley LLP ("**McDougall**" or "**Monitor's Counsel**"), as necessary;
  - g) communicating with trade creditors and other stakeholders, and assisting with arrangements with various suppliers regarding the ongoing services;
  - h) reviewing and tracking alongside Management with, among other things:
    - i. Medco's operational restructuring plan;
    - ii. the compilation of the weekly variance reporting as required under the terms of the Commitment Letter for the Interim Financing Facility;
    - iii. the reconciliation of the Companies' general ledger accounts on a weekly basis;
    - iv. the tracking and forecasting of weekly cash usage and needs;

- v. the reduction of Medco's footprint in the Building; and
- vi. the completion of an updated overhead model and pro forma financial analysis, contemplating the Debtors' financial position in different restructuring scenarios;
- i) attending and being present at the Clinic as required;
- j) attending multiple meetings with Management and the Physicians both individually and within practice groups;
- k) attending regular calls with CIBC, Management, and the parties' respective counsel; and
- l) attending at and participating in meetings of the Debtors' board of directors.

## **RESTRUCTURING UPDATE**

### **Progress on Restructuring Initiatives**

15. Since the Second Report, the Companies, with the assistance of the Monitor, have successfully completed a reduction of their footprint in the Building. This move involved the relocation of numerous physicians, staff, equipment and supplies to the remaining 2.5 floors of the Building. The change resulted in the monthly rent expense for Medco being reduced from approximately \$389,000 per month to \$169,000 for the duration of the CCAA proceedings. The Monitor is developing a new lease agreement to formalize the space reduction with the involvement and support of the Lender.
16. Management continues to assess and revise its headcount to align itself with the targeted restructuring goals as discussed in the Second Report. These efforts are ongoing and Management is in communication with the Monitor regarding the number of employees working in various functions such as the administrative, executive office, and stenography departments.



17. The Companies, with the Monitor’s assistance, continue to work towards achieving the overall cost savings outlined in the Overhead Model, which are necessary to allow Medco to operate with positive cash flow on a go-forward basis.

### **Retention Payment Update**

18. As outlined in the Second Report of the Monitor and subsequently approved by this Honourable Court, a portion of the Retention Payment (as defined in the Second Report) was paid to physicians who had not given their notice under their services agreement and continue to work at the Clinic (the “**Remaining Physicians**”). The payments made to the Remaining Physicians were as follows:
- a) approximately \$334,000 paid on May 1, 2023; and
  - b) approximately \$334,000 paid on June 1, 2023.
19. The Companies anticipate the two remaining tranches of the Retention Payment to be paid to the Remaining Physicians as follows:
- a) approximately \$328,000 on October 1, 2023; and
  - b) approximately \$328,000 on November 1, 2023.
20. In the event that a Remaining Physician provides notice under his or her service agreement before the final installments of the Retention Payment are made, no further payment of the Retention Payment will be made to that individual.

## **SALE AND INVESTMENT SOLICITATION PROCESS**

### **Overview**

21. Pursuant to the SISP Approval Order, the Monitor, in coordination with the Marketing Agent, initiated a number of marketing activities for both Medco and Realco. The Monitor, in coordination with the Marketing Agent, prepared and disseminated notice of the SISP Process (the “**SISP Notice**”) to The Winnipeg Free Press, The National Post (National Edition), Insolvency Insider, and Newswire, and posted the SISP Notice on the Monitor’s website. In addition to the SISP Notice, the Monitor, in coordination with the Marketing Agent, prepared a teaser package

(the “**Teaser**”) and Confidentiality and Non-Disclosure agreement (the “**NDA**”) for both Medco and Realco. A copy of the Teaser is attached as Appendix “A” to this Report and is posted, along with the NDA, on the Monitor’s Website.

22. The Monitor, in consultation with the Marketing Agent, prepared an initial list of potential bidders, including strategic parties, capital providers and alternative lenders (collectively, the “**Prospective Bidders**”) who were deemed capable of, or considered a strategic investor for, purchasing and/or investing in Medco or Realco, or a combination/portion of both. Commencing on May 1, 2023, the Monitor and the Marketing Agent then provided the Teaser and NDA to the Prospective Bidders.

### **The SISP Marketing Efforts**

23. Following the distribution of the SISP Notice and Teaser, a comprehensive package of marketing materials (including the development of all relevant financial, accounting, asset and facility listings, inventory schedules, liabilities, contractual agreements, valuation materials, and other materials (the “**VDR Materials**”) was assembled and made available in separate virtual data rooms (“**VDR**”) for both Medco and Realco.
24. Notable events within the SISP include the following:
  - a) the SISP commenced on May 1, 2023, shortly after the SISP Approval Order was granted, with the placement of advertisements announcing the commencement of the SISP in media outlets discussed above.
  - b) for Medco, the Monitor disseminated the Teaser, to a broad but focused list of (i) 38 strategic investors, and (ii) 84 capital providers / alternative lenders, and invited them to execute an NDA with the Debtors if interested in the opportunity;
  - c) for Realco, the Marketing Agent disseminated the respective Teaser to 1,311 parties, and invited them to review the Teaser and execute the NDA if interested in the opportunity;

- d) both the Medco and Realco VDR containing the VDR Materials with respect to each entity was made available to those parties who executed an NDA and indicated which entity they were interested in;
- e) all key staff of the Companies as well as the Monitor and Marketing Agent were made available to answer any questions and provide site tours for prospective bidders as part of their review and due diligence process;
- f) prospective bidders were initially required to submit non-binding letters of intent (“**LOI**”) by June 9, 2023, the initial Phase I Bid Deadline. Upon requests from several prospective bidders, the Monitor, with the support of the Lender, extended the Phase I Bid Deadline to June 16, 2023 for both Medco and Realco;
- g) following the Phase I Bid Deadline, certain prospective purchasers for both Medco and Realco were invited to participate in Phase II of the SISP; and
- h) the Phase II Bid Deadline for both Medco and Realco was initially set at June 23, 2023. Subsequently, the Monitor has further extended the Phase II Bid Deadline for only Medco to August 11, 2023.

#### **Realco LOI**

- 25. On July 20, 2023, the Monitor, with the support of the Lender, executed an exclusive LOI with a qualified bidder (“**Realco Bidder**”) for the purchase of the Building.
- 26. The negotiations with the Realco Bidder are ongoing. Any agreement reached will be subject to the Lender consent and Court approval. The Monitor will be back before this Honourable Court with an update on this transaction, as well as any potential Medco transaction resulting from the SISP in due course.

## CASH FLOW RESULTS RELATIVE TO FORECAST

27. The Debtors' cash receipts and disbursements during the period of April 8, 2023 to July 21, 2023 (the "**Reporting Period**"), as compared to the cash flow forecast presented in the Second Report of the Monitor ("**Cash Flow Forecast**"), are summarized below. A copy of the detailed cash flow actual results compared to the Cash Flow Forecast is attached as Appendix "**B**" to this Report.

Manitoba Clinic Medical Corporation and The Manitoba Clinic Holding Co. Ltd. Consolidated Cash Flow Variance Analysis <i>in CAD \$000's</i>				
	Reporting Period			YTD
	Forecast	Actual	Variance	Actual
<b>Medco</b>				
Cash Receipts	6,412	7,165	753	21,738
Operating Disbursements	7,039	7,120	(82)	21,347
<b>Medco Net Cash Flow from Operations</b>	<b>(626)</b>	<b>45</b>	<b>671</b>	<b>390</b>
<b>Realco</b>				
Cash Receipts	1,569	1,651	82	4,304
Operating Disbursements	953	962	(9)	1,673
<b>Realco Net Cash Flow from Operations</b>	<b>616</b>	<b>689</b>	<b>73</b>	<b>2,632</b>
<b>Net Cash Flow from Operations</b>	<b>(10)</b>	<b>734</b>	<b>744</b>	<b>3,022</b>
<b>Non-Operating Cash Disbursements</b>				
Monitor's Fees	425	448	(23)	1,067
Monitor's Expenses	40	25	15	61
Monitor's Counsel's Fees	191	287	(96)	467
Company's Counsel's Fees	200	147	53	401
MLT Legal Fees	115	56	59	123
Key Employee Retention	0	-	-	50
Interim Financing Interest	18	10	8	44
<b>Total Non-Operating Cash Disbursements</b>	<b>989</b>	<b>974</b>	<b>15</b>	<b>2,213</b>
<b>Net Cash Flow</b>	<b>(999)</b>	<b>(240)</b>	<b>760</b>	<b>809</b>
<b>Opening Cash</b>	<b>1,398</b>	<b>1,398</b>	<b>-</b>	<b>-</b>
Net Cash Flow	(999)	(240)	760	809
DIP Advance (Repayment)	700	-	(700)	350
<b>Ending Cash</b>	<b>1,099</b>	<b>1,159</b>	<b>60</b>	<b>1,159</b>
<b>Opening DIP Facility Availability</b>	<b>3,623</b>	<b>3,623</b>	<b>-</b>	<b>3,973</b>
DIP Borrowings	700	-	700	350
DIP Repayments	-	-	-	-
<b>Closing DIP Facility Availability</b>	<b>2,923</b>	<b>3,623</b>	<b>700</b>	<b>3,623</b>

28. Over the Reporting Period, the Debtors experienced a positive cash flow variance of approximately \$760,000, as a result of:

- a) a positive variance in the collection of Medco receipts, due to higher than forecast collections of professional fees, injectables and tray fees, EKG and equipment and miscellaneous receipts;
  - b) a negative variance relating to Medco operating disbursements due primarily to higher than forecast payroll and benefits, physician draws and medical supplies;
  - c) a positive variance relating to lower than forecast insurance, audit and legal, and repairs and maintenance expenses for Medco;
  - d) a positive variance with respect to the collection of Realco receipts, which is principally the result of higher than forecast parking revenue;
  - e) a negative variance relating to certain Realco disbursements such as business and property taxes and repairs and maintenance costs; and
  - f) a positive variance in professional fees due to lower than forecast fees of the Company's counsel and Lender's counsel, which was partially offset by higher than forecast fees of the Monitor and Monitor's Counsel due to its greater involvement in the CCAA proceedings.
29. As at July 21, 2023, the Companies borrowed \$350,000 from the Interim Financing Facility of \$3.97 million, leaving approximately \$3.6 million available for future borrowings, if required. The Debtors were not required to borrow any portion of the Interim Financing Facility during the Reporting Period.

#### **UPDATED FORECAST**

30. The Companies have prepared an updated weekly cash flow forecast (the “**Updated Forecast**”) for the 15-week period from July 22, 2023 to November 3, 2023 (the “**Forecast Period**”). A copy of the detailed Updated Forecast, together with a summary of assumptions, are attached hereto as Appendix “C”.

31. The Updated Forecast is summarized below:

<b>Manitoba Clinic Medical Corporation and The Manitoba Clinic Holding Co. Ltd.</b> <b>For the period from July 22, 2023 to November 3, 2023</b> <i>unaudited, in CAD \$000's</i>	
<b>Medco</b>	
Cash Receipts	6,760
Operating Disbursements	8,068
<b>Medco Net Cash Flow from Operations</b>	<b>(1,308)</b>
<b>Realco</b>	
Cash Receipts	1,060
Operating Disbursements	1,549
<b>Realco Net Cash Flow from Operations</b>	<b>(489)</b>
<b>Net Cash Flow from Operations</b>	<b>(1,797)</b>
Total Non-Operating Cash Disbursements	941
<b>Net Cash Flow</b>	<b>(2,738)</b>
<b>Opening Cash</b>	<b>1,159</b>
Net Cash Flow	(2,738)
DIP Advance (Repayment)	1,600
<b>Ending Cash</b>	<b>20</b>
<b>Opening DIP Facility Availability</b>	<b>3,623</b>
DIP Borrowings	1,600
DIP Repayments	-
<b>Closing DIP Facility Availability</b>	<b>2,023</b>

32. A summary of the Updated Forecast and select assumptions include the following:

- a) total projected cash receipts of approximately 7.8 million;
- b) total forecast operating cash disbursements of approximately \$9.6 million relating to physician draws, retention payments, rent, payroll and employee benefits and medical supplies; and
- c) non-operating cash disbursements of approximately \$941,000 primarily relating to the forecast payment of fees and disbursements of the Monitor, the Monitor's Counsel, Companies' counsel, and counsel to the primary secured creditor.

33. Accordingly, it appears that the Debtors will experience net negative cash flow over the Forecast Period of approximately \$2.7 million and will require to borrow approximately \$1.6 million from the Interim Financing Facility. At the end of the

Forecast Period the Debtors are forecast to have approximately \$2.0 million remaining under the Interim Financing Facility.

#### **AMENDMENT TO THE COMMITMENT LETTER AND EXTENSION**

34. Paragraphs 32 of the ARIO approved the Debtors' execution of the Commitment Letter.
35. Section 15(b)(ii) of the Commitment Letter required the Debtors to provide a revised budget to the Lender on a one-week roll-forward basis, while section 15(c) of the Commitment Letter set out the permitted budget variances.
36. The Physician departures summarized in paragraphs 25 and 26 of the First Report subsequently caused the Debtors to fall outside the permitted budget variances, and in paragraph 6 of the Stay Extension and Other Relief Order dated April 21, 2023 (the "**April 21 Order**"), the Court approved the Companies' execution of an amendment to the Commitment Letter (the "**First Amendment**") to approve a new baseline budget for the purposes of the Commitment Letter.
37. Since the April 21 Order and execution of the First Amendment:
  - (a) the Companies and Monitor have identified material property tax payments and other amounts owing within the forecast period that were not included in the revised baseline budget included with the First Amendment; and
  - (b) the Lender agreed to extend the maturity date set out in section 14(a) of the Commitment Letter from June 1 to September 1, 2023; however, the Commitment Letter does not contemplate any further extensions.
38. The Companies, with the assistance of the Monitor, have developed a new baseline budget for the Commitment Letter and the Monitor understands that the Lender is in agreement with the same. The Monitor further understands that the Lender is agreeable to extending the Commitment Letter's maturity date by 31 days to coincide with the October 2, 2023 stay extension and ensure that the Companies will have continued access to the Interim Facility, if needed, during the Stay Extension (as that term is defined below).

39. These amendments have been incorporated into a draft second amendment to the Commitment Letter (the "**Second Amendment**"), and the Companies are seeking Court authorization to execute the same. A copy of the draft Second Amendment is attached as Appendix "**D**." The new baseline budget to be utilized for the Second Amendment is the Updated Forecast attached hereto as Appendix "**C**." The Monitor is supportive of the parties' efforts to rectify the baseline budget and extend the maturity date for the purposes of the Commitment Letter and notes that the Second Amendment does not otherwise alter the terms of the Commitment Letter approved by paragraph 32 of the ARIO; consequently, the Monitor is unaware of any creditor that would materially prejudice as a result of the Second Amendment.
40. As already discussed above, the Stay Extension is necessary so as to conclude the SISP and provide time to apply to Court to approve any resulting transaction(s). The authorization of the Second Amendment will therefore further the restructuring of the Companies.

#### **APPROVAL OF PROFESSIONAL FEES AND EXPENSES**

41. The Company seeks approval from this Honourable Court of the respective professional fees and disbursements of the Monitor and the Monitor's Counsel and Companies' counsel (for the period of April 1, 2023 to June 30, 2023 and the Debtors' counsel (together with the Monitor and the Monitor's counsel, the "**CCAA Professionals**") for the period of April 1, 2023 to June 14, 2023 (the "**Interim Taxation Period**"). These fees and disbursements have been incurred and the majority have been paid as of the date of this Report and are reflected in the cash flow results above. This Honourable Court previously approved the respective professional fees and disbursements of the CCAA Professionals as outlined in prior reports of the Monitor.
42. The total fees and expenses of the Monitor during the Interim Taxation Period are \$436,918.74 (exclusive of GST), which are comprised of \$417,409.50 in fees and \$19,509.24 in expenses (the "**Monitor's Fees and Costs**").



43. The total fees and expenses of the Monitor's Counsel, McDougall Gauley LLP, and the Debtor's Counsel, Taylor McCaffrey LLP, during the Interim Taxation Period total \$212,950.12 and \$111,871.48 (exclusive of GST), respectively (the "**Legal Fees and Costs**").
44. A summary of the Monitor's Fees and Costs and the Legal Fees and Costs by invoice is attached as Appendix "E" to this Report.
45. The Monitor, the Monitor's Counsel and the Debtor's Counsels' invoices outline the date of the work completed, the description of the work completed, the length of time taken to complete the work and the name of the individual who completed the work. Copies of the invoices will be brought to the Debtors' application before this Honourable Court and made available to the Court upon request.
46. The Monitor is of the view that the invoices rendered by the Monitor, its counsel and the Debtors' Counsel are commensurate with the work performed, commercially fair and reasonable and were validly incurred in accordance with the provisions of the ARIO.

#### **EXTENSION OF THE STAY OF PROCEEDINGS**

47. Pursuant to the April 21 Order, the stay of proceedings expires on August 31, 2023. The Companies are seeking an extension of the stay of proceedings to October 2, 2023 (the "**Stay Extension**").
48. The Monitor supports the Stay Extension for the following reasons:
  - a) it will provide for the Debtors and the Monitor time to finalize the various cost saving measures that are required to improve liquidity for the Companies' operations and restructuring efforts;
  - b) it will provide sufficient time for the Monitor to:
    - i. conclude its negotiations with the Realco Bidder with respect to the Building; and

- ii. assess, evaluate and select an offer with respect to Medco after the extended Phase II Bid Deadline;
- c) the Debtors are forecasted to have sufficient liquidity to continue to operate in the ordinary course of business during the requested Stay Extension;
- d) the Lender has expressed its support for the Stay Extension;
- e) the Monitor is unaware of any creditor of the Debtors who will be materially prejudiced by the proposed extension of the Stay Period; and
- f) in the Monitor's opinion, the Debtors have acted in good faith and with due diligence in these CCAA Proceedings since the date of the Initial Order.

## **CONCLUSIONS AND RECOMMENDATIONS**

49. The Monitor respectfully recommends that this Honorable Court approve:
- a) the Monitor's actions, activities and conduct described in this Third Report;
  - b) the Companies' execution of the Second Amendment;
  - c) the professional fees and costs of the of the CCAA Professionals for the Interim Taxation Period; and
  - d) the Stay Extension.

All of which is respectfully submitted to this Honourable Court this 31<sup>st</sup> day of July, 2023.

**ALVAREZ & MARSAL CANADA INC.,  
in its capacity as Monitor of  
the Companies and not in its personal or  
corporate capacity**



Orest Konowalchuk, CPA, CA, CIRP, LIT  
Senior Vice President



Cassie Riglin, CPA, CA, CIRP, LIT  
Senior Vice President

## APPENDIX A

# SALE AND INVESTMENT SOLICITATION PROCESS

Manitoba Clinic Medical Corporation



Multi-specialty, historic medical clinic located in a new state of the art facility

**MANITOBA CLINIC**

Phase 1 Bid Deadline: June 9, 2023



# The Opportunity




## Company Background

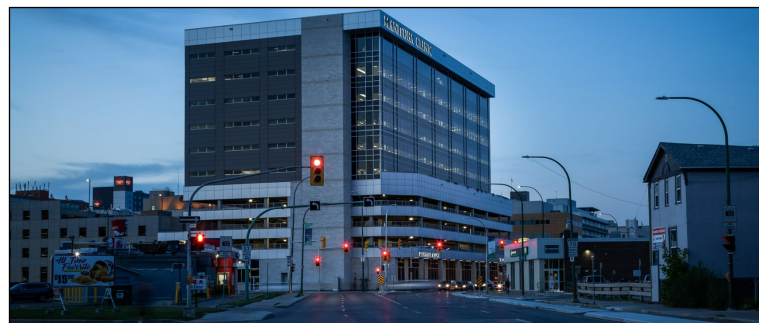
- Manitoba Clinic Medical Corporation (the “**Manitoba Clinic**”, or the “**Company**”) is a multi-speciality clinic offering diverse healthcare services. In 2022, Manitoba Clinic was the largest private clinic in the Province of Manitoba and is an integral component of the health care system in the province.
- Manitoba Clinic currently has 36 active physicians (the “**Physicians**”) who are practising under service agreements with the Company. The Company leases space located in a state of the art, 10 story medical facility (the “**Facility**”) that was constructed in 2017 and is located in central Winnipeg.
- The Company generates 90% of its revenue through billing the Manitoba Department of Health for services performed by the Physicians. In 2022 Manitoba Clinic completed approximately 49,000 medical procedures, including endoscopes, EKGs, Holters, stress tests, visual field tests, ophthalmology laser procedures, EMGs, and the infusion of biologic medications.

## Court Process

- On November 30, 2022, the Company (and a related entity) (collectively the “**Companies**”) commenced proceedings under the *Companies’ Creditors Arrangement Act*, RSC 1985, c. C-36, as amended (the “**CCAA**”) in the Court of King’s Bench of Manitoba (the “**Court**”) and were granted an order (the “**Initial Order**”) protecting the Companies from their creditors. On December 1, 2022, the Court granted an Order (the “**Amended and Restated Initial Order**” or “**ARIO**”), pursuant to the CCAA. Pursuant to the Initial Order and the ARIO, Alvarez & Marsal Canada Inc. was appointed Monitor (the “**Monitor**”), with enhanced powers over the business and financial affairs of the Companies.
- As authorized by the Initial Order and ARIO, the Monitor developed a sale and investment solicitation process (“**SISP**”) to market the Company and its assets. The SISP was approved by the Court on April 21, 2023.
- The SISP provides that a potential transaction with the Company may involve one or more of a restructuring, recapitalization or other form of reorganization of the business and affairs of the Company as a going concern, an offer to purchase some or all of the business or assets of the Company, or some combination thereof.
- In addition to the opportunity to purchase or invest in Manitoba Clinic, the Monitor has engaged CW Stevenson Inc. (“**Cushman**”) as marketing agent for the marketing and sale of the Facility.

## Manitoba Clinic Acquisition Highlights

 Diverse Specialities	<ul style="list-style-type: none"><li>The Physicians currently practicing at Manitoba Clinic specialize in 12 different areas, which include, but are not limited to, pediatrics, cardiology, ophthalmology, rheumatology, obstetrics and gynecology.</li><li>The Physicians are well known in their respective fields and receive referrals regularly from external parties.</li></ul>
 Facility	<ul style="list-style-type: none"><li>Manitoba Clinic occupies 2.5 floors of a 10-story state of the art medical facility located at 790 Sherbrook Street Winnipeg, MB, which was newly constructed in 2017. The Facility hosts 5 floors which are intended for medical use, and a three story parkade with 235 patient parking spots.</li><li>The Facility is conveniently located in central downtown Winnipeg and is in close proximity to the Winnipeg Health Sciences Centre, the Children’s Hospital of Winnipeg and the University of Manitoba.</li></ul>
 In-House Services	<ul style="list-style-type: none"><li>Manitoba Clinic has numerous amenities within its leased space to support patient care, such as 85 exam rooms, two treatment rooms, sterilization and tray preparation, EKG, research, infusion, stress tests and all associated equipment.</li><li>Manitoba Clinic operates a sophisticated 2,800 square-foot X-ray operation located in the basement of the Facility and also has access to an onsite Dynacare lab.</li></ul>



# Facility Details

## Diverse Medical Specialties

- As depicted in the table below, 36 active physicians work for Manitoba Clinic, in 12 different specialties. More than one-third of the Physicians specialize in pediatric medicine.

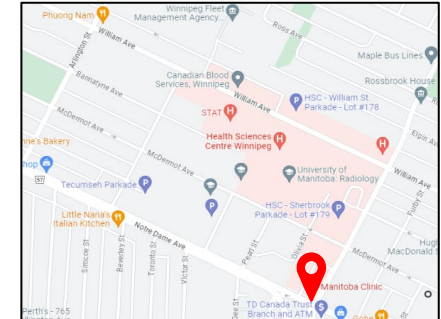
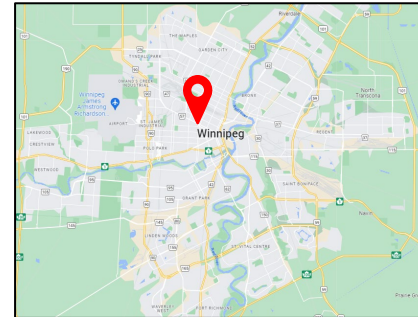
Specialty	Physician Count
Cardiology	4
Electrodiagnostic Medicine	1
E.N.T.	1
Gastroenterology	4
General Practice	3
General Practice/ IV Therapy	1
Neurology	1
Obstetrics and Gynecology	2
Ophthalmology	2
Pediatrics	14
Rheumatology	2
Urology	1
<b>Total</b>	<b>36</b>

## Equity in LibreMD

- The Company holds 33% of the shares, consisting of 100 class A common voting shares, in Libre MD Corporation (“LibreMD”).
- LibreMD was incorporated in 2018 and is one of four certified electronic medical record (“EMR”) services providers in Manitoba.

LibreMD

## Facility Location



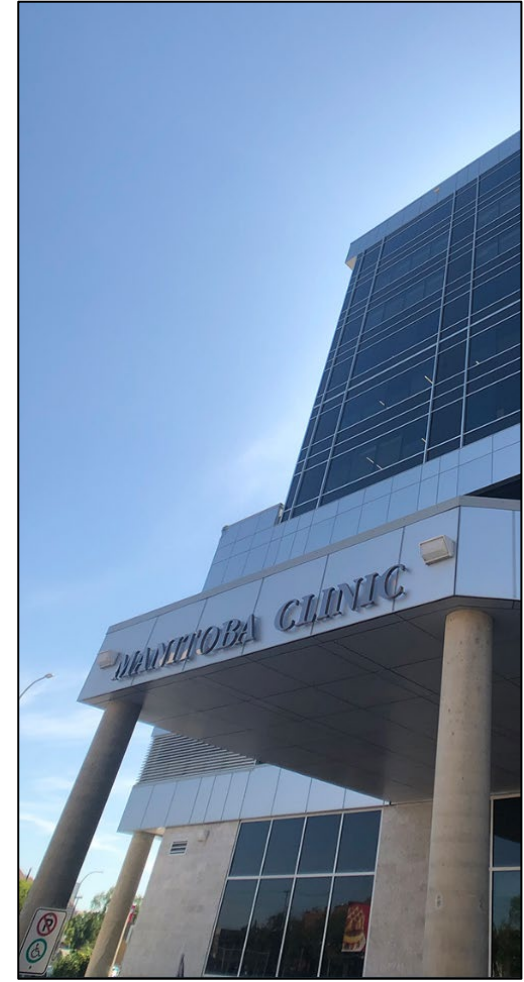
- The Facility is situated in central Winnipeg and is adjacent to the Health Sciences Centre, the Children’s Hospital of Winnipeg, CancerCare Manitoba, HSC Winnipeg Women’s Hospital, Siemen’s Institute for Advanced Medicine, PsychHealth Centre, Cadham Provincial Laboratory, National Microbiology Laboratory and the University of Manitoba (medicine, nursing, dentistry, pharmacy and rehabilitation science faculties).

## Supporting Services

- In addition to the Company’s 85 exam rooms, Manitoba Clinic’s leased space has access to additional amenities to facilitate the provision of effective patient care at an enhanced scale, such as:
  - Two treatment rooms
  - Onsite sterilization and tray preparation
  - Research, EKG, infusion, and stress test facilities
  - Spacious patient waiting and reception areas
  - Nurse prep, physician lounges and changes rooms
  - Computerized billing and scheduling software
- The Company also operates a 2800 square foot X-ray diagnostics center which is located in the basement of the Facility. The X-ray center hosts two operational X-ray rooms, with the ability to easily scale to three rooms.
- The Facility contains additional amenities to drive patient traffic, such as a Dynacare laboratory, Shoppers Drug Mart, Winnipeg Hearing Center, Orthopedic & Medical Supply Source (OMSS), Visual Eyes Optometry, a café and artisan shops.



# Facility Photos



# SISP Process and Next Steps

## Next Steps

- The Monitor is conducting the SISP in accordance with the SISP procedures document posted on the Monitor's website: [www.alvarezandmarsal.com/manitobaclinic](http://www.alvarezandmarsal.com/manitobaclinic) (the "**SISP Procedures**"). All capitalized terms used but not defined in this document shall bear their meanings as defined in the SISP Procedures. The SISP will provide for the solicitation of interest for one or more of:
  - a) a restructuring, recapitalization, or other form of reorganization of the business and affairs of the Company as a going concern (an "**Investment Bid**");
  - b) an offer to purchase some or all of the business and assets of the Company (an "**Asset Bid**"); or
  - c) some combination of an Investment Bid or Asset Bid (a "**Hybrid Bid**").
- Any transaction involving the Company, or the assets of the Company, will be on an "**as is, where is**" basis and without surviving representations, warranties, covenants or indemnities of any kind, nature, or description by the Company, the Monitor, or any of their respective agents whatsoever. All qualified interested parties will be provided with an opportunity to participate in the SISP and are required to execute a confidentiality agreement (a "**CA**") that accompanies this document to receive access to a virtual data room (the "**Data Room**") with additional information. The Company, Monitor and their agents make no representation or warranty as to the accuracy or completeness of the information contained herein, in the Data Room, or otherwise made available pursuant to the SISP.

Event	Date
Phase 1 Bid Deadline	June 9, 2023 (5:00pm CST)
Monitor to assess Qualified LOIs, in consultation with the Company and Lender	June 9 - June 13, 2023
Phase 2 Due-Diligence Process	June 13 - June 22, 2023
Phase 2 Bid Deadline	June 23, 2023 (5:00pm CST)
Monitor to assess Qualified Phase 2 Bids, in consultation with the Company and Lender	June 23 - June 30, 2023
Monitor to seek Court approval of Successful Bid	Week of July 14, 2023

- Phase 1:**
  - Per the SISP, a Potential Bidder must deliver a non-binding letter of intent to the Monitor by the Phase 1 Bid Deadline: **5:00pm CST on June 9, 2023**.
- Phase 2:**
  - Per the SISP, a Qualified Bidder must deliver a formal binding offer to the Monitor by the Phase 2 Bid Deadline: **5:00pm CST on June 23, 2023**.
  - A bid in Phase 2 shall be accompanied by a deposit equal to 5% of the purchase price, which will be non-refundable if the bid is deemed to be the Successful Bid.
- The Monitor, in consultation with the Company and with the approval of the Lender, may apply to the Court to terminate the SISP and reject or choose not to accept, at any time, a bid made in respect of the Company or its assets.
- Interested parties who wish to pursue a potential acquisition are required to execute a CA to receive access to additional information. Please contact a representative of the Monitor listed below for further information. Any interested party who wishes to participate in the SISP should review the SISP procedures in detail. Parties interested in the Facility may contact Cushman directly (brett.intrater@cwstevenson.ca; 204-999-1238).

**Alvarez & Marsal**  
Bow Valley Square 4  
Suite 1100, 250 6th Ave SW  
Calgary, Alberta T2P 3H7

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Director  
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**Cassie Riglin**  
Senior Vice President  
Calgary  
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[criglin@alvarezandmarsal.com](mailto:criglin@alvarezandmarsal.com)



## **APPENDIX B**

**Manitoba Clinic Medical Corporation and The Manitoba Clinic Holding Co. Ltd.**  
**Consolidated Cash Flow Variance Analysis**  
*in CAD \$000's*

	Reporting Period			YTD
	Forecast	Actual	Variance	Actual
<b>Medco</b>				
Cash Receipts	6,412	7,165	753	21,738
Operating Disbursements	7,039	7,120	(82)	21,347
<b>Medco Net Cash Flow from Operations</b>	<b>(626)</b>	<b>45</b>	<b>671</b>	<b>390</b>
<b>Realco</b>				
Cash Receipts	1,569	1,651	82	4,304
Operating Disbursements	953	962	(9)	1,673
<b>Realco Net Cash Flow from Operations</b>	<b>616</b>	<b>689</b>	<b>73</b>	<b>2,632</b>
<b>Net Cash Flow from Operations</b>	<b>(10)</b>	<b>734</b>	<b>744</b>	<b>3,022</b>
<b>Non-Operating Cash Disbursements</b>				
Monitor's Fees	425	448	(23)	1,067
Monitor's Expenses	40	25	15	61
Monitor's Counsel's Fees	191	287	(96)	467
Company's Counsel's Fees	200	147	53	401
MLT Legal Fees	115	56	59	123
Key Employee Retention	0	-	-	50
Interim Financing Interest	18	10	8	44
<b>Total Non-Operating Cash Disbursements</b>	<b>989</b>	<b>974</b>	<b>15</b>	<b>2,213</b>
<b>Net Cash Flow</b>	<b>(999)</b>	<b>(240)</b>	<b>760</b>	<b>809</b>
<b>Opening Cash</b>	<b>1,398</b>	<b>1,398</b>	<b>-</b>	<b>-</b>
Net Cash Flow	(999)	(240)	760	809
DIP Advance (Repayment)	700	-	(700)	350
<b>Ending Cash</b>	<b>1,099</b>	<b>1,159</b>	<b>60</b>	<b>1,159</b>
<b>Opening DIP Facility Availability</b>	<b>3,623</b>	<b>3,623</b>	<b>-</b>	<b>3,973</b>
DIP Borrowings	700	-	700	350
DIP Repayments	-	-	-	-
<b>Closing DIP Facility Availability</b>	<b>2,923</b>	<b>3,623</b>	<b>700</b>	<b>3,623</b>

**Manitoba Clinic Medical Corporation ("Medco")****Cash Flow Variance***in CAD \$000's*

	Reporting Period			YTD
	Forecast	Actual	Variance	Actual
<b>Cash Receipts</b>				
Professional Fees	5,990	6,664	674	20,388
Sundry, Injectables and Tray Fees	245	295	51	742
Research/Clinical Trial Revenue	112	85	(27)	275
EKG Revenue	66	88	22	174
Equipment Sales	-	32	32	160
<b>Total Cash Receipts</b>	<b>6,412</b>	<b>7,165</b>	<b>753</b>	<b>21,738</b>
<b>Operating Cash Disbursements</b>				
Physician Draw	3,713	3,762	(49)	12,133
True-Up Payments	686	682	3	1,496
Tweak Revenue Offset	-	-	-	-
Payroll and All Benefits	1,458	1,657	(199)	4,134
Medical Supplies	200	229	(29)	505
Office Supplies	111	123	(12)	314
Repairs and Maintenance	48	23	25	42
Non-Salary Research Clinic Trial	12	10	2	280
Rent	895	895	0	2,451
Audit and Legal Fees	25	-	25	6
Insurance	(224)	(270)	46	(27)
GST	14	8	6	15
Contingency	100	-	100	-
<b>Total Operating Cash Disbursements</b>	<b>7,039</b>	<b>7,120</b>	<b>(82)</b>	<b>21,347</b>
<b>Net Cash Flow from Operations</b>	<b>(626)</b>	<b>45</b>	<b>671</b>	<b>390</b>

**Manitoba Clinic Holding Co. Ltd. ("RealCo")****Cash Flow Variance***in CAD \$000's*

	Reporting Period			YTD
	Forecast	Actual	Variance	Actual
<b>Cash Receipts</b>				
Parking Revenue	192	266	74	621
Lab Revenue	360	360	-	720
MBMC Rent	895	895	(0)	2,451
Other Lease Income	122	129	7	326
X-Ray Income	-	0	0	185
Other Income	0	2	2	2
<b>Total Cash Receipts</b>	<b>1,569</b>	<b>1,651</b>	<b>82</b>	<b>4,304</b>
<b>Operating Cash Disbursements</b>				
R/M, security, cleaning, supplies	219	193	26	482
Salaries and Benefits	49	62	(13)	196
Radiologist Fees	-	-	-	68
Repairs and Maintenance	44	75	(31)	92
Audit and Legal Fees	59	-	59	24
Insurance	208	190	18	190
Utilities	123	113	10	278
Office Supplies, Expense, & Consulting	4	1	3	5
Business taxes	68	292	(224)	292
GST Remittance	80	36	44	46
Contingency	100	-	100	-
<b>Total Operating Cash Disbursements</b>	<b>953</b>	<b>962</b>	<b>(9)</b>	<b>1,673</b>
<b>Net Cash Flow from Operations</b>	<b>616</b>	<b>689</b>	<b>73</b>	<b>2,632</b>

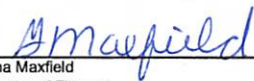
## APPENDIX C

**Manitoba Clinic Medical Corporation ("Medco") and The Manitoba Clinic Holding Co. Ltd. ("Realco")**  
**Management Prepared 15 Week Cash Flow Forecast - Consolidated**  
**For the period from July 22, 2023 to November 3, 2023**  
**unaudited, in CAD \$000's**


	Notes	Forecast Period															Total Week 35 to Week 49
		Week 35	Week 36	Week 37	Week 38	Week 39	Week 40	Week 41	Week 42	Week 43	Week 44	Week 45	Week 46	Week 47	Week 48	Week 49	
		28-Jul-23	4-Aug-23	11-Aug-23	18-Aug-23	25-Aug-23	1-Sep-23	8-Sep-23	15-Sep-23	22-Sep-23	29-Sep-23	6-Oct-23	13-Oct-23	20-Oct-23	27-Oct-23	3-Nov-23	
<b>Medco</b>																	
Cash Receipts	1	-	988	-	902	-	936	-	1,031	-	1,065	-	902	-	-	936	6,760
Operating Disbursements	2-14	680	869	225	174	638	940	63	375	-	825	1,038	215	169	825	1,032	8,068
<b>Medco Net Cash Flow from Operations</b>		<b>(680)</b>	<b>119</b>	<b>(225)</b>	<b>728</b>	<b>(638)</b>	<b>(4)</b>	<b>(63)</b>	<b>656</b>	<b>-</b>	<b>240</b>	<b>(1,038)</b>	<b>687</b>	<b>(169)</b>	<b>(825)</b>	<b>(96)</b>	<b>(1,308)</b>
<b>Realco</b>																	
Cash Receipts	1	-	40	169	-	135	-	40	169	-	129	40	-	169	131	40	1,060
Operating Disbursements	2-14	50	318	31	17	87	258	31	7	10	53	292	39	10	53	292	1,549
<b>Realco Net Cash Flow from Operations</b>		<b>(50)</b>	<b>(278)</b>	<b>137</b>	<b>(17)</b>	<b>48</b>	<b>(258)</b>	<b>9</b>	<b>161</b>	<b>(10)</b>	<b>76</b>	<b>(252)</b>	<b>(39)</b>	<b>159</b>	<b>77</b>	<b>(252)</b>	<b>(489)</b>
<b>Net Cash Flow from Operations</b>		<b>(730)</b>	<b>(159)</b>	<b>(88)</b>	<b>711</b>	<b>(590)</b>	<b>(262)</b>	<b>(54)</b>	<b>817</b>	<b>(10)</b>	<b>315</b>	<b>(1,290)</b>	<b>648</b>	<b>(10)</b>	<b>(748)</b>	<b>(348)</b>	<b>(1,797)</b>
<b>Non-Operating Cash Disbursements</b>																	
Monitor's Fees	15	106	-	-	150	-	-	-	-	125	-	-	-	-	100	-	481
Monitor's Expenses	15	5	-	-	10	-	-	-	-	10	-	-	-	-	5	-	30
Monitor's Counsel's Fees	15	-	-	-	50	-	-	-	-	40	-	-	-	-	25	-	115
Company's Counsel's Fees	15	-	50	-	50	-	-	-	-	40	-	-	-	-	25	-	165
MLT Legal Fees	15	-	-	-	40	-	-	-	-	40	-	-	-	-	13	-	93
Key Employee Retention	16	-	-	-	-	-	-	-	-	25	-	-	-	-	-	-	25
Interim Financing Interest	17	3	-	-	-	4	-	-	-	-	9	-	-	-	-	17	33
<b>Total Non-Operating Cash Disbursements</b>		<b>114</b>	<b>50</b>	<b>-</b>	<b>300</b>	<b>4</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>280</b>	<b>9</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>168</b>	<b>17</b>	<b>941</b>
<b>Net Cash Flow</b>		<b>(844)</b>	<b>(209)</b>	<b>(88)</b>	<b>411</b>	<b>(594)</b>	<b>(262)</b>	<b>(54)</b>	<b>817</b>	<b>(290)</b>	<b>307</b>	<b>(1,290)</b>	<b>648</b>	<b>(10)</b>	<b>(915)</b>	<b>(365)</b>	<b>(2,738)</b>
<b>Opening Cash</b>	18	<b>1,159</b>	<b>315</b>	<b>106</b>	<b>118</b>	<b>529</b>	<b>335</b>	<b>72</b>	<b>19</b>	<b>835</b>	<b>545</b>	<b>852</b>	<b>62</b>	<b>711</b>	<b>701</b>	<b>385</b>	<b>1,159</b>
Net Cash Flow		(844)	(209)	(88)	411	(594)	(262)	(54)	817	(290)	307	(1,290)	648	(10)	(915)	(365)	(2,738)
DIP Advance (Repayment)		-	-	100	-	400	-	-	-	-	-	500	-	-	600	-	1,600
<b>Ending Cash</b>		<b>315</b>	<b>106</b>	<b>118</b>	<b>529</b>	<b>335</b>	<b>72</b>	<b>19</b>	<b>835</b>	<b>545</b>	<b>852</b>	<b>62</b>	<b>711</b>	<b>701</b>	<b>385</b>	<b>20</b>	<b>20</b>
<b>Opening DIP Facility Availability</b>		<b>3,623</b>	<b>3,623</b>	<b>3,623</b>	<b>3,523</b>	<b>3,523</b>	<b>3,123</b>	<b>3,123</b>	<b>3,123</b>	<b>3,123</b>	<b>3,123</b>	<b>3,123</b>	<b>2,623</b>	<b>2,623</b>	<b>2,623</b>	<b>2,023</b>	<b>3,623</b>
DIP Borrowings		-	-	100	-	400	-	-	-	-	-	500	-	-	600	-	1,600
DIP Repayments		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Closing DIP Facility Availability</b>		<b>3,623</b>	<b>3,623</b>	<b>3,523</b>	<b>3,523</b>	<b>3,123</b>	<b>3,123</b>	<b>3,123</b>	<b>3,123</b>	<b>3,123</b>	<b>3,123</b>	<b>2,623</b>	<b>2,623</b>	<b>2,623</b>	<b>2,023</b>	<b>2,023</b>	<b>2,023</b>

UNAUDITED CASH FLOW FORECAST TO BE READ IN CONJUNCTION WITH THE NOTES AND ASSUMPTIONS & MONITOR'S REPORT ON THE CASH FLOW FORECAST

Manitoba Clinic Medical Corporation and  
The Manitoba Clinic Holding Co. Ltd.

  
Gina Maxfield  
Director of Finance

Alvarez & Marsal Canada Inc., in its capacity as Monitor of  
Manitoba Clinic Medical Corporation and The Manitoba Clinic Holding Co. Ltd.,  
and not in its personal or corporate capacity

  
Orest Konowalchuk, LIT  
Senior Vice President

Manitoba Clinic Medical Corporation ("Medco")  
Management Prepared 15 Week Cash Flow Forecast  
For the period from July 22, 2023 to November 3, 2023  
unaudited, in CAD \$000's

	Notes	Forecast Period															Total Week 35 to Week 49
		Week 35	Week 36	Week 37	Week 38	Week 39	Week 40	Week 41	Week 42	Week 43	Week 44	Week 45	Week 46	Week 47	Week 48	Week 49	
		28-Jul-23	4-Aug-23	11-Aug-23	18-Aug-23	25-Aug-23	1-Sep-23	8-Sep-23	15-Sep-23	22-Sep-23	29-Sep-23	6-Oct-23	13-Oct-23	20-Oct-23	27-Oct-23	3-Nov-23	
<b>Cash Receipts</b>																	
Professional Fees		-	945	-	859	-	859	-	988	-	988	-	859	-	-	859	6,358
Sundry, Injectables, Tray Fees		-	20	-	20	-	54	-	20	-	54	-	20	-	-	54	242
Research/Clinical Trial Revenue		-	13	-	13	-	13	-	13	-	13	-	13	-	-	13	94
EKG Revenue		-	9	-	9	-	9	-	9	-	9	-	9	-	-	9	66
Equipment Sales		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Cash Receipts</b>	1	-	988	-	902	-	936	-	1,031	-	1,065	-	902	-	-	936	6,760
<b>Operating Cash Disbursements</b>																	
Physician Draw	2	624	588	-	-	638	638	-	-	-	618	618	-	-	618	618	4,960
True-Up Payments	3	-	-	-	-	-	-	-	-	-	-	328	-	-	-	328	655
Tweak Revenue Offset		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Payroll and All Benefits	4	5	196	-	174	-	196	53	161	-	161	22	161	-	161	16	1,302
Medical Supplies	5	31	-	31	-	-	31	-	31	-	31	-	31	-	31	-	220
Office Supplies	6	15	-	15	-	-	15	-	15	-	15	-	15	-	15	-	105
Repairs and Maintenance	6	-	-	10	-	-	-	10	-	-	-	10	-	-	-	10	40
Non-Salary Research Clinic Trial	7	-	3	-	-	-	3	-	-	-	-	3	-	-	-	3	12
Rent	8	-	-	169	-	-	-	-	169	-	-	-	-	169	-	-	506
Audit and Legal Fees	9	-	-	-	-	-	-	-	-	-	-	-	8	-	-	-	8
Insurance	10	-	58	-	-	-	29	-	-	-	-	29	-	-	-	29	144
GST	13	5	-	-	-	-	4	-	-	-	-	4	-	-	-	4	16
Contingency	14	-	25	-	-	-	25	-	-	-	-	25	-	-	-	25	100
<b>Total Operating Cash Disbursements</b>		680	869	225	174	638	940	63	375	-	825	1,038	215	169	825	1,032	8,068
<b>Net Cash Flow from Operations</b>		(680)	119	(225)	728	(638)	(4)	(63)	656	-	240	(1,038)	687	(169)	(825)	(96)	(1,308)

UNAUDITED CASH FLOW FORECAST TO BE READ IN CONJUNCTION WITH THE NOTES AND ASSUMPTIONS & MONITOR'S REPORT ON THE CASH FLOW FORECAST

Manitoba Clinic Medical Corporation

  
Gina Maxfield  
Director of Finance

Alvarez & Marsal Canada Inc., in its capacity as Monitor of  
Manitoba Clinic Medical Corporation, and not in its personal or corporate capacity

  
Orest Konowalchuk, LIT  
Senior Vice President

The Manitoba Clinic Holding Co. Ltd. ("Realco")  
Management Prepared 15 Week Cash Flow Forecast  
For the period from July 22, 2023 to November 3, 2023  
unaudited, in CAD \$000's


	Notes	Forecast Period															Total Week 35 to Week 49
		Week 35	Week 36	Week 37	Week 38	Week 39	Week 40	Week 41	Week 42	Week 43	Week 44	Week 45	Week 46	Week 47	Week 48	Week 49	
		28-Jul-23	4-Aug-23	11-Aug-23	18-Aug-23	25-Aug-23	1-Sep-23	8-Sep-23	15-Sep-23	22-Sep-23	29-Sep-23	6-Oct-23	13-Oct-23	20-Oct-23	27-Oct-23	3-Nov-23	
<b>Cash Receipts</b>																	
Parking Revenue		-	-	-	-	45	-	-	-	-	39	-	-	-	41	-	124
Lab Revenue		-	-	-	-	90	-	-	-	-	90	-	-	-	90	-	270
MBMC Rent	8	-	-	169	-	-	-	-	169	-	-	-	-	169	-	-	506
Other Lease Income		-	40	-	-	-	-	40	-	-	-	40	-	-	-	40	160
X-Ray Income		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Income		-	0	-	-	-	-	0	-	-	-	0	-	-	-	-	0
<b>Total Cash Receipts</b>		-	40	169	-	135	-	40	169	-	129	40	-	169	131	40	1,060
<b>Operating Cash Disbursements</b>																	
R/M, security, cleaning, supplies	6	35	-	31	-	31	-	31	-	-	31	-	31	-	31	-	223
Salaries and Benefits	4	-	8	-	7	-	8	-	7	-	7	0	7	-	7	0	53
Radiologist Fees		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Repairs and Maintenance - Capex		10	-	-	10	-	-	-	-	10	-	-	-	10	-	-	40
Audit and Legal Fees	9	-	-	-	-	15	-	-	-	-	15	-	-	-	15	-	44
Insurance	10	-	37	-	-	-	18	-	-	-	-	18	-	-	-	18	92
Utilities	11	5	41	-	-	41	-	-	-	-	-	41	-	-	-	41	169
Office Supplies, Expense, & Consulting		-	1	-	-	-	1	-	-	-	-	1	-	-	-	1	4
Business and Property taxes	12	-	186	-	-	-	186	-	-	-	-	186	-	-	-	186	746
GST Remittance	13	-	20	-	-	-	20	-	-	-	-	20	-	-	-	20	80
Contingency	14	-	25	-	-	-	25	-	-	-	-	25	-	-	-	25	100
<b>Total Operating Cash Disbursements</b>		50	318	31	17	87	258	31	7	10	53	292	39	10	53	292	1,549
<b>Net Cash Flow from Operations</b>		(50)	(278)	137	(17)	48	(258)	9	161	(10)	76	(252)	(39)	159	77	(252)	(489)

UNAUDITED CASH FLOW FORECAST TO BE READ IN CONJUNCTION WITH THE NOTES AND ASSUMPTIONS & MONITOR'S REPORT ON THE CASH FLOW FORECAST

The Manitoba Clinic Holding Co. Ltd.

  
Gisha Maxfield  
Director of Finance

Alvarez & Marsal Canada Inc., in its capacity as Monitor of  
The Manitoba Clinic Holding Co. Ltd., and not in its personal or corporate capacity

  
Orest Konowalchuk, LIT  
Senior Vice President



**Manitoba Clinic Medical Corporation and The Manitoba Clinic Holding Co. Ltd. (the "Company")**  
**Notes to Management Prepared 15 Week Cash Flow Forecast**  
**For the period from July 22, 2023 to November 3, 2023**

**Disclaimer**

*In preparing this cash flow forecast (the "Forecast"), the Company has relied upon unaudited financial information and has not attempted to further verify the accuracy or completeness of such information. The Forecast includes assumptions discussed below with respect to the requirements and impact of a filing under the Companies' Creditors Arrangement Act ("CCAA"). Since the Forecast is based on assumptions about future events and conditions that are not ascertainable, the actual results achieved during the Forecast period will vary from the Forecast, even if the assumptions materialize, and such variations may be material. There is no representation, warranty or other assurance that any of the estimates, forecasts or projections will be realized. The Forecast is presented in thousands of Canadian dollars.*

**Note 1 Receipts**

Receipts include professional fees received for services provided by the physicians, sundry and tray fees, EKG revenue, rent, parking receipts, lab revenue and other lease income. The projections are based on management's estimates, taking into consideration recent months receipts and expectations with respect to ongoing operations.

**Note 2 Physician Draws**

Physicians are provided with draws during the year, set at a percentage of their projected annual billings. Draws are completed on the last Friday of the month and the first Friday of the following month.

**Note 3 True-Up Payments**

At the end of each fiscal year, a final accounting is conducted where management calculates a "true up" payment by finalizing the calculation of the overhead recovery component of each physician's billing calculation and then remits the remaining outstanding balance owed to the physician after deducting the draws paid throughout the year, the overhead cost allocation and any "tweak" charge. The true up payments are then paid throughout the next calendar year once amounts are finalized.

**Note 4 Payroll and All Benefits**

Salaries, wages, remittances and all employee benefits for salaried and hourly employees.

**Note 5 Medical Supplies**

Medical supplies consists primarily of the supplies required for the Company's procedures.

**Note 6 Office Supplies and Repairs and Maintenance**

Management has set a provision for ordinary course repairs and maintenance related to the Company's real estate assets. Included in this amount are the contracted costs for garbage removal, cleaning supplies, and costs of contracted security and cleaners at the building.

**Note 7 Non-Salary Research Clinical Trial**

Non-salary research is estimated as a percentage of research/clinical trial revenue.

**Note 8 Rent**

Monthly rent payments from Medco to Realco.

**Note 9 Audit and Legal Fees**

Forecast audit and legal fees includes the payments of post-filing obligations in accordance with the Initial Order and Amended and Restated Initial Order.

**Note 10 Insurance**

Management's forecast for insurance is based on the estimated monthly financing costs for the insurance premium.

**Manitoba Clinic Medical Corporation and The Manitoba Clinic Holding Co. Ltd. (the "Company")**  
**Notes to Management Prepared 15 Week Cash Flow Forecast**  
**For the period from July 22, 2023 to November 3, 2023**

Disclaimer

*In preparing this cash flow forecast (the "Forecast"), the Company has relied upon unaudited financial information and has not attempted to further verify the accuracy or completeness of such information. The Forecast includes assumptions discussed below with respect to the requirements and impact of a filing under the Companies' Creditors Arrangement Act ("CCAA"). Since the Forecast is based on assumptions about future events and conditions that are not ascertainable, the actual results achieved during the Forecast period will vary from the Forecast, even if the assumptions materialize, and such variations may be material. There is no representation, warranty or other assurance that any of the estimates, forecasts or projections will be realized. The Forecast is presented in thousands of Canadian dollars.*

**Note 11 Utilities**

Forecast utility costs includes management's best estimate based on historical costs and seasonality.

**Note 12 Business and Property taxes**

Realco incurs monthly business and property tax payable to the City of Winnipeg pursuant to a tax instalment payment plan.

**Note 13 GST**

GST payments are for the remittance to CRA for GST amounts collected net of any ITC's paid.

**Note 14 Contingency**

A contingency of \$25,000 per month has been included for both the Medco and Realco to account for possible unforeseen expenditures.

**Note 15 Professional Fees and Expenses**

Disbursements include forecast payments to Company's counsel, CIBC's counsel, the Monitor and the Monitor's legal counsel as well as the Monitor's expenses including travel costs, advertising and mailout expenses.

**Note 16 Key Employee Retention Plan ("KERP")**

Includes retention payments to one key employee who is critical for the day to day operations of the Company. The KERP involves the payment of \$25,000 forecast upon the completion of the SISF and a successful plan or transaction has been closed.

**Note 17 Interim Financing Interest**


The Forecast includes accrued interest payments owing to CIBC for the Interim Financing Facility at Prime +5%.


**Note 18 Opening Cash**

The opening cash balance reflects the current Company cash balance and includes previous interim financing draws completed by the Company during the CCAA proceedings.

Manitoba Medical Clinic Corporation and  
The Manitoba Clinic Holding Co. Ltd.

Alvarez & Marsal Canada Inc., in its capacity as  
Monitor of Manitoba Clinic Medical Corporation and  
The Manitoba Clinic Holding Co. Ltd.,  
and not in its personal or corporate capacity

  
Gina Maxfield  
Director of Finance

  
Orest Konowalchuk, LIT  
Senior Vice President

## **APPENDIX D**

## **DRAFT**

### **SECOND AMENDMENT TO INTERIM FINANCING TERM SHEET**

**THIS AGREEMENT** made as of \_\_\_\_\_, 2023 (this "**Amending Agreement**").

**BETWEEN:**

**MANITOBA CLINIC MEDICAL CORPORATION ("MCMC")**

- and -

**THE MANITOBA CLINIC HOLDING CO. LTD. ("MCH" and together with MCMC, the "**Borrowers**")**

- and -

**MANITOBA CLINIC HOLDING (PARENT) CO. LTD. (the "**Guarantor**" and together with the Borrowers, the "**Loan Parties**" and each a "**Loan Party**")**

- and -

**CANADIAN IMPERIAL BANK OF COMMERCE (the "**Interim Lender**")**

**WHEREAS:**

- A. Pursuant to an interim financing term sheet dated December 1, 2022, as amended by a First Amendment to Interim Financing Term Sheet dated April 21, 2023 (as amended further from time to time, the "**Loan Agreement**"), the Interim Lender made available to the Borrowers a super-priority, debtor- in-possession interim, revolving credit facility (the "**Interim Facility**").
- B. Pursuant to Section 15(b)(ii) of the Loan Agreement, the Borrowers were required to provide a Revised Budget based on a one-week roll-forward of the Agreed Budget.
- C. The previous Revised Budget prepared by the Borrowers failed to take into account certain material property taxes and other amounts owing and needed to be replaced.
- D. The Interim Lender and the Borrowers have agreed on a new baseline Revised Budget to replace the previous Revised Budget for the purposes of the Loan Agreement and to make certain other changes specified herein on the terms and subject to the provisions of this Amending Agreement.

**NOW THEREFORE THIS AMENDING AGREEMENT WITNESSES** that in consideration of the covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby conclusively acknowledged by each of the parties, the parties covenant and agree as follows:

## **1. INTERPRETATION**

### **1.1 Definitions**

Unless otherwise defined herein, capitalized terms have the meanings given to them in the Loan Agreement.

### **1.2 Certain Rules of Interpretation**

- (a) In this Amending Agreement, words signifying the singular number include the plural and vice versa, and words signifying gender include all genders. Every use of the words "including" or "includes" in this Amending Agreement is to be construed as meaning "including, without limitation" or "includes, without limitation", respectively.
- (b) The division of this Amending Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and do not affect the construction or interpretation of this Amending Agreement.
- (c) References in this Amending Agreement to an Article, Section or Schedule are to be construed as references to an Article, Section or Schedule of or to this Amending Agreement unless otherwise specified.
- (d) The terms "this Amending Agreement", "hereof", "hereunder" and similar expressions refer to this Amending Agreement and not to any particular Section or other portion hereof and include any agreements supplemental hereto.

### **1.3 Governing Law**

This Amending Agreement shall be governed by and construed in accordance with the laws of the Province of Manitoba and federal laws of Canada applicable therein.

### **1.4 Entire Agreement**

The Loan Agreement, as amended by this Amending Agreement, and the Guarantee constitutes the entire agreement between the parties pertaining to the subject matter hereof and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, of the parties. No party has been induced to enter into this Amending Agreement in reliance on, and there will be no liability assessed, either in tort or contract, with respect to, any warranty, representation, opinion, advice or assertion of fact, except to the extent it has been reduced to writing and included as a term in this Amending Agreement.

### **1.5 Schedules**

The following is the Schedule to this Amending Agreement:

<b>Schedule</b>	<b>Subject Matter</b>
Schedule A	Schedule C to the Loan Agreement: Revised Budget

## **2. AMENDMENTS**

### **2.1 Revised Budget.**

For the purposes of Section 15(b)(ii) of the Loan Agreement, the Interim Lender and the Borrowers agree that the Revised Budget on Schedule A hereto represents the new Revised Budget for the purposes of calculating the one-week roll-forward Revised Budget for the week commencing June 3, 2023.

### **2.2 Maturity Date**

Section 14(a)(iv) of the Loan Agreement, being “the date that is 6 months from the date of the Initial Order, subject to the Interim Lender having the right to extend the Maturity Date for an additional three (3) month period by notice in writing to the Borrower delivered prior to the expiry of the initial six (6) month term” is hereby deleted in its entirety and replaced with “October 2, 2023, or such later date as determined by the Interim Lender, in its sole discretion”.

### **2.3 Confirmation of Loan Agreement and Security**

The Loan Parties hereby confirm that the Loan Agreement, as amended by this Amending Agreement, the Guarantee and all related security are and shall continue to be in full force and effect. Each Loan Party acknowledges and agrees that it has no valid right of set-off or claim of any nature against the Interim Lender and if any such right of set-off or claim arises in the future, such right or claim is hereby waived.

### **2.4 No Waiver, Etc.**

Except as expressly stated herein, the execution and delivery of this Amending Agreement shall not operate as a waiver of any right, power or remedy of the Interim Lender under the Loan Agreement or of any provision of the Loan Agreement, and is without prejudice to the rights or remedies of the Interim Lender under the Loan Agreement and Interim Lender Charge. The Interim Lender has not waived, and is not by this Amending Agreement waiving, any Defaults or Events of Default.

### **2.5 Further Assurances**

The Loan Parties shall from time to time at the request of the Interim Lender do all such further acts and things and execute and deliver all such documents as are required in order to effect the full intent of and fully perform and carry out the terms of this Amending Agreement.

### **2.6 Electronic Document**

This Amending Agreement and any counterpart of it may be created, provided, received, retained and otherwise used, and will be accepted, in any digital, electronic or other intangible form. This Amending Agreement and any counterpart of it may be signed by manual, digital or other electronic signatures and delivered or transmitted by any digital, electronic or other intangible means, including by e-mail or other functionally equivalent electronic means of transmission and that execution, delivery and transmission will be valid and legally effective to create a valid and binding agreement between the parties.

## 2.7 Counterparts

This Amending Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same instrument, and it shall not be necessary in making proof of this Amending Agreement to produce or account for more than one such counterpart.

*[signature pages follow]*

DRAFT

**IN WITNESS WHEREOF** the parties hereto have executed this Amending Agreement.

**MANITOBA CLINIC MEDICAL CORPORATION**

Per: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**THE MANITOBA CLINIC HOLDING CO. LTD.**

Per: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**MANITOBA CLINIC HOLDING (PARENT) CO. LTD.**

Per: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**CANADIAN IMPERIAL BANK OF COMMERCE**

Per: \_\_\_\_\_  
Name: Kyle Lane  
Title: Director, Special Loans

Per: \_\_\_\_\_  
Name: Leen Ahmad  
Title: Director, Special Loans



## **SCHEDULE A**

Schedule "C" to the Loan Agreement  
Revised Budget

Attached.

## **APPENDIX E**

**Manitoba Clinic Medical Corporation and the Manitoba Clinic Holding Co. Ltd.**  
**Summary of Monitor's Fees and Disbursements**  
**April 1, 2023 to June 30, 2023**

Invoices subject to Court Approval

Inv. No.	Period	Fees	Disbursements	Total Fees & Disbursements	GST	Total
#6	April 1, 2023 to April 30, 2023	128,452.00	2,579.42	131,031.42	6,551.57	137,582.99
#7	May 1, 2023 to May 30, 2023	188,837.00	12,264.27	201,101.27	10,055.06	211,156.33
#8	June 1, 2023 to June 30, 2023	100,120.50	4,665.55	104,786.05	5,239.30	110,025.35
<b>Total</b>		<b>417,409.50</b>	<b>19,509.24</b>	<b>436,918.74</b>	<b>21,845.93</b>	<b>458,764.67</b>

**Manitoba Clinic Medical Corporation and The Manitoba Clinic Holding Co. Ltd.**  
**Summary of Monitor's Counsel's Fees and Disbursements**  
**March 27, 2023 to June 30, 2023**

Invoices subject to Court Approval

Inv. No.	Period	Fees	Disbursements	Total Fees & Disbursements	GST & PST	Total
694341	March 27, 2023 to April 26, 2023	99,898.50	78.75	99,977.25	10,992.78	110,970.03
696387	April 27, 2023 to May 25, 2023	62,969.50	4,467.37	67,436.87	7,099.84	74,536.71
698542	May 26, 2023 to June 30, 2023	45,536.00	-	45,536.00	4,788.96	50,324.96
<b>Total</b>		<b>208,404.00</b>	<b>4,546.12</b>	<b>212,950.12</b>	<b>22,881.58</b>	<b>235,831.70</b>

**Manitoba Clinic Medical Corporation and The Manitoba Clinic Holding Co. Ltd.**  
**Summary of the Debtor's Counsel's Fees and Disbursements**  
**April 1, 2023 to June 14, 2023**

Invoices subject to Court Approval

Inv. No.	Period	Fees	Disbursements	Total Fees & Disbursements	GST & PST	Total
677294	March 13, 2023	215.00	-	215.00	16.95	231.95
679418	April 18, 2023	29,922.00	367.15	30,289.15	3,594.00	33,883.15
680149	May 2, 2023	39,883.00	119.35	40,002.35	4,791.95	44,794.30
680927	May 16, 2023	22,386.50	64.95	22,451.45	2,689.64	25,141.09
682561	June 14, 2023	17,982.00	931.53	18,913.53	2,204.44	21,117.97
<b>Total</b>		<b>110,388.50</b>	<b>1,482.98</b>	<b>111,871.48</b>	<b>13,296.98</b>	<b>125,168.46</b>