

**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.

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**SECOND REPORT OF THE MONITOR  
ALVAREZ & MARSAL CANADA INC.  
DATED APRIL 18, 2023  
DATE OF HEARING : FRIDAY, APRIL 21, 2023 AT 9:00A.M.  
KROFT, J.**

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**MONITOR**  
ALVAREZ & MARSAL CANADA INC.  
Bow Valley Square IV  
Suite 1110, 250 – 6th Avenue SW  
Calgary, Alberta T2P 3H7  
Orest Konowalchuk/Cassie Riglin  
Telephone : (403) 538-4736/ (403) 538-7519  
Email : [okonowalchuk@alvarezandmarsal.com](mailto:okonowalchuk@alvarezandmarsal.com)/[criglin@alvarezandmarsal.com](mailto:criglin@alvarezandmarsal.com)

**MONITOR'S COUNSEL**  
McDougall Gauley LLP  
Barristers and Solicitors  
Ian Sutherland/Craig Frith  
500-616 Main Street  
Saskatoon, SK S7H 0J6  
Telephone : (306) 665-5417  
Fax : (306) 652-1323  
Email : [isutherland@mcDougallgauley.com](mailto:isutherland@mcDougallgauley.com)/[cfrith@mcDougallgauley.com](mailto:cfrith@mcDougallgauley.com)

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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, the following relief:
  - a) an extension to the stay of proceedings until April 28, 2023;
  - b) approval of the Monitor’s Pre-Filing Report and the Monitor’s First Report, including the Monitor’s actions, activities and conduct described therein;
  - c) approval of the Monitor’s and its counsel’s fees and costs up to December 31, 2022; and
  - d) authorizing 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 each filed a notice of motion, to be heard by this Honourable Court on April 21, 2023, seeking orders to:

- a) authorize a sale and investment solicitation process (the “SISP”), including the Monitor's retention of the Marketing Agent (as defined in this Second Report) and the sealing of the Second Confidential Supplement;
- b) authorize a retention payment to the Physicians who have not given notice terminating their Service Agreements;
- c) approve the Monitor’s, its counsel’s, and the Debtor’s counsel’s fees and costs up to March 31, 2023;
- d) amend the Commitment Letter for the Interim Financing Facility to incorporate the updated cash flow forecast to the end of the proposed stay extension;
- e) approve this Second Report of the Monitor dated April 17, 2023 and the Monitor's actions, activities and conduct described herein; and
- f) extend the stay of proceedings to August 31, 2023.

## **PURPOSE**

- 6. The purpose of this report of the Monitor (the “**Second 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 First Report;
  - b) a restructuring update on Medco and Realco;
  - c) the components and timing of the proposed SISP, including the selection of the Marketing Agent and reasons for requesting the sealing of the Second Confidential Supplement;
  - d) a comparison of the Companies’ cash receipts and disbursements as compared to the cash flow forecast appended to the First Report of the Monitor for the period of January 14, 2023 to April 7, 2023;
  - e) the Companies’ updated cash flow forecast through to September 1, 2023;

- f) the request for approval of the professional fees and costs of the Monitor, its legal counsel, and the Debtors' legal counsel;
  - g) the request to amend the Commitment Letter for the Interim Financing Facility to incorporate the updated cash flow forecast to the end of the proposed stay extension;
  - h) the request to extend the stay of proceedings to August 31, 2023;
  - i) the request for approval of the Monitor's actions and activities as described in this Report; and
  - j) the Monitor's recommendations.
7. 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**

8. 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 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.
9. 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.
10. Unless otherwise stated, all monetary amounts contained in this Report are expressed in Canadian dollars.

## **BACKGROUND**

11. 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. Medco is responsible for the medical operations of the Clinic and houses all the physicians that work under the Clinic umbrella.
12. 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 FIRST REPORT

13. 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 discussions with the Debtors, the Debtors' legal counsel, CIBC, CIBC's legal counsel, and the Marketing Agent with respect to the development of the proposed SISP;
  - c) continuing communication with and utilization of the Monitor's independent legal counsel, McDougall Gauley LLP, as necessary;
  - d) communicating with trade creditors and other stakeholders, and assisting with arrangements with various suppliers regarding the ongoing services;
  - e) assisting management with, among other things:
    - i. the roll-out of the Debtors' post-filing communication and operational restructuring plans;
    - ii. the compilation of the weekly variance reporting as required under the terms of the Commitment Letter for the Interim Financing Facility;
    - iii. reconciling the Companies' general ledger accounts on a weekly basis;
    - iv. the tracking and forecasting of weekly cash usage and needs;
    - v. the completion of the 2022 year-end accounting to determine, among other things, the resulting Tweak and True Up payments and reconciliation of the Physicians' draw accounts;
    - vi. the communication of the 2022 year-end results and payment of the post-filing True Up payments to the Physicians;
    - vii. developing a retention strategy for the remaining Physicians;

- viii. the reduction of Medco’s footprint in the Building; and
- ix. the completion of an updated overhead model and pro forma financial analysis, contemplating the Debtors’ financial position in different restructuring scenarios;
- f) attending and being present at the Clinic from time to time;
- g) attending multiple meetings with management and the Physicians both individually and within practice groups;
- h) attending regular calls with CIBC, Management, and the parties' respective counsel;
- i) attending various meetings with representatives of the provincial government (the “**Government**”) and certain leaders within the Manitoba Health Community;
- j) reviewing and approving, with the assistance of management and with CIBC’s consent, various requests of interested parties for the sale of medical equipment;
- k) completing certain sales of redundant assets, as outlined in the First Report;
- l) attending at and participating in meetings of the Debtors' board of directors;
- m) attending town hall meetings at the Medco clinic with Physicians, staff and management and providing status updates on the CCAA Proceedings, in general; and
- n) developing a comprehensive SISP, with the assistance of the Debtors and input from CIBC and their respective legal counsel.

## **RESTRUCTURING UPDATE**

### **True Up and Year End Accounting 2022**

14. The Companies, with the assistance of the Monitor, have finalized the 2022 year-end accounting, including the 2022 calculation of the Tweak and True Up amounts.
15. In 2022, after the initial recovery of the Overhead from the Physicians, Medco had a net loss of approximately \$2.3 million, which was recovered from the Physicians via a Tweak. The Tweak and True Up amounts are discussed in further detail below in this Report.
16. Physicians have been provided with their 2022 year-end accounting packages and are aware of the 2022 Tweak and True Up calculations and results of the 2022 year-end.

### **Overhead Model**

17. The Monitor, in collaboration with the Companies, completed a comprehensive review of Medco's operations and developed several cost-saving initiatives that, once implemented, would allow Medco to operate on a positive cash flow basis with the remaining Physicians, and continue to provide high quality services to its patients and the overall community.
18. These cost-saving initiatives include, but are not limited to:
  - a) reducing Medco's building footprint to 2.5 floors or approximately 54,000 square feet of the total 124,000 square feet of space. In light of this change, Medco has requested that its rent payable to Realco be proportionally reduced from approximately \$389,000 to \$169,000 per month for the duration of the CCAA proceedings, to be documented and agreed to by the Monitor;
  - b) reducing the number of employees working in various administrative and executive office functions, which is expected to result in annual savings of approximately \$420,000;

- c) reducing the number of employees in the stenography department, which is expected to result in savings of approximately \$205,000 per year;
  - d) implementing a centralized inventory procurement system;
  - e) separating the malpractice insurance and building insurance policies with Realco reimbursing Medco for certain amounts paid under the building insurance policy; and
  - f) modifying Medco's after-hours paging process.
19. The Companies, with the Monitor's assistance, have developed an updated overhead model (the “**Overhead Model**”) and annualized pro forma cash flow forecasts for 2023 and 2024. The Overhead Model demonstrates that, after implementing the operational cost-saving initiatives described above, Medco is capable of maintaining a positive cash flow on a go-forward basis using the Physician's current overhead rate grid and based on a number of reasonable assumptions.
20. Additionally, the Monitor, in collaboration with Management, completed a comprehensive analysis of Medco's financial position in different restructuring scenarios and a sensitivity analysis to create tools for the Company to utilize on a go-forward basis, which will allow Medco to evaluate its financial performances as a result of these various changes.
21. The Monitor and Management consulted the Debtors' board of directors and Physicians to obtain their input on these restructuring initiatives and the Monitor understands from these consultations that the initiatives developed were viewed positively by these stakeholders.

#### **Meeting with Government Representatives, Agencies and Officials**

22. Since the First Report, the Monitor and the CEO have continued to communicate with various Manitoba health agencies, including the Minister of Health, the Deputy Minister of Health and certain other governmental agencies, as to:
- a) the status of the CCAA proceedings and the Debtors' restructuring;

- b) the critical services the Clinic provides to its patients and the community, which make the Clinic (and the Building) an important part of the Manitoba health care system; and
- c) the available opportunities that that could be mutually beneficial for all stakeholders involved, including the Department of Health.

## **THE PROPOSED MARKETING AGENT**

- 23. The Monitor, with the support of the Companies and the Lender, has held various discussions with CW Stevenson Inc., o/a Cushman (“**Cushman**”), to act as the proposed marketing agent (the “**Marketing Agent**”) for the SISP, subject to Court approval. The Monitor believes that Cushman has the qualifications and significant experience in the real estate sector to fulfill the role of Marketing Agent and assist the Monitor throughout the proposed SISP.
- 24. A redacted copy of the proposed agreement with Cushman (the “**Exclusive Authority to Sell Agreement**”) is attached herein as Appendix “**A**”. The redactions have been made to keep the commercial terms of the Exclusive Authority to Sell Agreement confidential. An unredacted copy of the Exclusive Authority to Sell Agreement is attached to the Second Confidential Supplement as Appendix "A" and a sealing order is being sought in respect of the same.
- 25. The Marketing Agent will, amongst other things, provide services to market and sell the Building in accordance with the Exclusive Authority to Sell Agreement and SISP.
- 26. A summary of the commissions payable on a court-approved sale of the Building are outlined in the Exclusive Authority to Sell Agreement.
- 27. For the following reasons, the Monitor considers the selection of the Marketing Agent, the scope of the Exclusive Authority to Sell Agreement and proposed compensation to be commercially reasonable:
  - a) the Marketing Agent is an experienced professional services firm that has considerable experience in marketing and selling assets of this nature;

- b) the scope of the Exclusive Authority to Sell Agreement is generally consistent with the Monitor's expectations and comparable to similar agreements entered into by the Monitor on other recent engagements; and
- c) the quantum of fees proposed by the Marketing Agent is, in the Monitor's experience, competitive with the fees charged by other sales agents providing similar services in court supervised sale processes.

## **SALE AND INVESTMENT SOLICITATION PROCESS**

### **Overview**

28. As alluded to in paragraph 59 of the Pre-Filing Report, there were two milestones set out in the KERP that was approved by the Initial Order, which are themselves indicative of the initial approach to, and next step in, the Debtors' restructuring. For ease of reference, the two milestones were as follows:
- a) Milestone #1: the Key Employees must remain with the Companies and assist the Monitor in the restructuring of Medco over the initial forecast period; and
  - b) Milestone #2: Should a successful path-forward for Medco be determined by the Monitor and Medco is restructured to a "going-concern" state, the Monitor is expected to initiate a SISP. Should this occur, the Key Employees must remain with the Companies and assist the Monitor as required until the completion of the SISP and a successful plan or transaction has been closed.
29. With the completion of the cost-saving initiatives and Overhead Model discussed above, Milestone #1 has been achieved. With Medco now effectively restructured to a "going-concern" state, the Debtors, with the support of the Monitor and CIBC, believe that it is appropriate to initiate a broad-based SISP process that will allow for the Debtors to continue to restructure their business and financial affairs in the most efficient manner possible while also soliciting the greatest number of potential offers from prospective investors, purchasers and other interested parties so as to achieve the best possible return for the Debtors' stakeholders.

### Summary of the proposed SISP

30. The Monitor has summarized below certain key points of the proposed SISP. All potential bidders are advised to review the SISP document, a copy of which is attached to this Report as Appendix “B”, in detail.
31. Pursuant to the SISP, all qualified interested parties will be provided with an opportunity to participate in the SISP. The SISP is intended to solicit interest in and determine opportunities for a sale of, or investment in, all or part of the Companies’ assets and business operations. A potential transaction with the Companies may involve one or more of a restructuring, recapitalization or other form of reorganization of the business and affairs of the Companies as a going concern (each an “**Investment Bid**”), an offer to purchase some or all of the business or assets of Medco or Realco (each an “**Asset Bid**”) or some combination thereof (each a “**Hybrid Bid**”).
32. Any transaction involving the Companies or the assets of the Companies 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 Companies, the Monitor or any of their respective agents, estates, advisors, professionals or otherwise, except to the extent set forth in a written agreement with the person who is a counterparty to such a transaction.
33. A summary of the timelines in the SISP are outlined in the chart as follows:

MILESTONE	DATE
Approval Order Application	April 21, 2023
Sales Process Begins	May 1, 2023
Phase I Bid Deadline	June 9, 2023
Notify Phase I Qualified Bidders as to whether their respective bids constitute a Phase I Successful Bid	3 days following the Phase I Bid Deadline
Phase II Bid Deadline	June 23, 2023
Court hearing to approve Successful Bid(s)	As soon as possible following the Phase II Bid Deadline

Deadline for Closing of a Successful Bid	14 days after Court hearing
SISP Termination	July 31, 2023

### **Solicitation of Interest**

34. As soon as reasonably practicable after the granting of the Approval Order, the Monitor and the Marketing Agent, in consultation with the Companies, will prepare a list of Prospective Bidders. Such list will include both strategic and financial parties who, in the reasonable business judgment of the Monitor the Marketing Agent and the Companies, may potentially be interested in and have the financial capacity to make an Investment Bid, an Asset Bid, or a Hybrid Bid.
35. Concurrently, the Monitor and the Marketing Agent, in consultation with the Companies, will prepare initial offering summaries (the “**Teasers**”) notifying Prospective Bidders of the existence of the SISP Procedures and inviting the Prospective Bidders to express their interest in making an Investment Bid, an Asset Bid or a Hybrid Bid. A separate Teaser will be prepared specifically outlining the sale and leasing opportunities in Realco, which will be utilized by the Marketing Agent in its marketing efforts.
36. After the issuance of the Approval Order, the Monitor is to:
- a) within five (5) business days, cause a notice regarding the SISP Procedures and such other relevant information which the Monitor, in consultation with the Companies, considers appropriate to be published in The Winnipeg Free Press, The National Post (National Edition), Insolvency Insider or any other publications or newswires as determined by the Monitor for dissemination in Canada and the United States; and
  - b) starting on May 1, 2023, distribute to the Prospective Bidders the Teasers, as well as the Monitor's draft form of confidentiality and non-disclosure agreement (the “**Confidentiality Agreement**”).
37. The Monitor, in conjunction with the Companies, will set up a virtual data room (“**VDR**”) containing due diligence materials relevant to the SISP.

38. Upon receipt of the executed Confidentiality Agreement by the Monitor, the Potential Bidder will be granted access to the VDR and other due diligence materials that have been established by the Monitor.

### **Phase I**

39. A potential bidder (“**Potential Bidder**”) will be deemed a Qualified Bidder if, in the opinion of the Monitor, in consultation with the Companies and the Lender, such Potential Bidder submits a non-binding letter of intent to the Monitor, with a copy to the Companies (“**Qualified LOI**”) at anytime before 5:00 pm (Winnipeg Time) on June 9, 2023 (the “**Phase I Bid Deadline**”). A non-binding indication of interest will only qualify as a Qualified LOI in the event that it contains, meets or includes the criteria listed in the SISP.
40. Notwithstanding the above, the Monitor, in consultation with the Companies and with the approval of the Lender, may waive non-compliance with any one or more of the requirements specified in the SISP and may deem any non-compliant letter of intent to be a Qualified LOI.
41. The Monitor, in consultation with the Companies and the Lender, will assess any Qualified LOIs received and will determine whether or not there is a reasonable prospect that the one or more Qualified LOI(s) is/are likely to be consummated from such Qualified LOIs. Such assessment will be made as promptly as practicable but no later than three (3) Business Days after the Phase I Bid Deadline (the “**Qualified LOI Assessment Deadline**”), with the opportunity to extend the Qualified LOI Assessment Deadline by a further three (3) Business Days or such later time as approved by the Lender. In the event that the Monitor, after consultation with the Companies and the Lender, determines that one or more Qualified LOIs have been submitted, the Monitor shall notify all Qualified Bidders that they are proceeding to Phase 2 of the SISP.

## **Selection of a High Value LOI and Termination of the SISP**

42. If the Monitor receives one or more Qualified LOIs (each a “**High Value LOI**”) and determines, with the approval of the Lender, that proceeding with Phase 2 of these SISP Procedures is not in the best interests of the Companies’ and their stakeholders, the Monitor, in consultation with the Companies and with the approval of the Lender, may then proceed to negotiate and finalize the High Value LOI for immediate approval by the Court. Prior to terminating the SISP, the Monitor shall provide at least three Business (3) Days’ notice to the Companies and the Lender of the Monitor’s intention to terminate the SISP.
43. If the Monitor elects to bypass Phase 2, the timelines set out in the SISP Procedures shall be proportionally accelerated.

## **Phase II**

44. In order to continue to participate in the SISP from and after the Phase 1 Bid Deadline, a Qualified Bidder who submitted a Qualified LOI to the Companies must deliver a binding and definitive agreement to the Monitor (a “**Qualified Bid**”) by no later than 5:00 pm (Winnipeg Time) on June 23, 2023 (the “**Phase 2 Bid Deadline**”). A binding offer will only qualify as a qualified phase 2 bid (each a “**Qualified Phase 2 Bid**”) in the event that it contains and meets various criteria set out in the SISP.
45. The Monitor, in consultation with the Companies and the Lender, may waive non-compliance with any one or more of the requirements specified in the SISP Procedures and may deem any non-compliant Qualified Bid a Qualified Phase 2 Bid.
46. The Monitor, in consultation with the Companies and the Lender, will assess any Qualified Bid and determine whether it constitutes a Qualified Phase 2 Bid. Such assessment will be made as promptly as practicable, but no later than five (5) Business Days after the Phase 2 Bid Deadline (the “**Qualified Phase 2 Bid Assessment Deadline**”); provided, however, that the Monitor, may extend the Qualified Phase 2 Bid Assessment Deadline for an addition five (5) Business Days,

or such later time as approved by the Lender, if the Monitor deems it necessary to do so.

47. The Monitor, in consultation with the Companies and with the approval of the Lender, shall select the best Qualified Phase 2 Bid(s) (as applicable, the “**Successful Bid**”) and apply to the Court to approve such Successful Bid within five (5) Business Days of the Qualified Phase 2 Bid assessment Deadline. The Companies shall thereafter complete the transactions contemplated by such selected Successful Bid within 14 days of the Court hearing (or such other deadline as may be agreed to by the parties with the consent of the Lender), and in accordance with the terms thereof and any order issued by the Court.

### **Deposit**

48. All Deposits shall be retained by the Monitor in a trust account with a chartered bank in Canada. If there is a Qualified Phase 2 Bid that constitutes a Successful Bid, the Deposit paid by the Person making such Successful Bid shall be applied to the consideration to be paid by such Person upon closing of the transaction constituting the Qualified Bid.
49. The Deposit(s) of all Persons not making the Qualified Bid that constitutes a Successful Bid shall be returned to such Persons within five (5) Business Days of the date that the Court approves a Qualified Phase 2 Bid as a Successful Bid.
50. If the Person making a Qualified Phase 2 Bid selected as the Successful Bid breaches or defaults on its obligation to close the transaction in respect of the Successful Bid, it shall forfeit its Deposit to the Monitor for and on behalf of the Companies; provided however that the forfeit on such Deposit shall be in addition to, and not in lieu of, any other rights in law or equity that the Companies have in respect of such breach or default.
51. If the Companies are unable to complete the Successful Bid as a result of their own actions and not as a result of steps or conditions contained in the Successful Bid or the actions of the Successful Bidder then the Deposit shall be returned to the Successful Bidder.

## **Monitor's View of the SISP**

52. The Monitor is of the view that the implementation of the proposed SISP by the Monitor, in consultation with the Companies and CIBC, is appropriate under the circumstances. The Monitor recommends that the SISP be approved by this Honourable Court for the following reasons:
- a) the SISP provides a fair and transparent process which will be conducted in such a manner as to give Potential Bidders equal access to express their interest in making an Asset Bid, an Investment Bid, or a Hybrid Bid;
  - b) CIBC and the Companies have been consulted and, to the Monitor's knowledge, support the proposed form of the SISP;
  - c) the SISP provides for a 6-week marketing process, which in the Monitor's experience is sufficient time to adequately expose the Companies and their assets to the market; and
  - d) the Monitor, with the assistance of the Marketing Agent, has significant experience in marketing distressed assets in these types of circumstances and in seeking financing opportunities for the Companies.
53. The Monitor is also of the view that the SISP balances a thorough and appropriate marketing of the Companies while acknowledging time is of the essence to allow the restructuring of the Companies to occur.

## **CASH FLOW RESULTS RELATIVE TO FORECAST**

54. The Debtors' cash receipts and disbursements during the period of January 14, 2023 to April 7, 2023 (the "**Reporting Period**"), as compared to the cash flow forecast presented in the First 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 "**C**" to this Report.

<b>Manitoba Clinic Medical Corporation and The Manitoba Clinic Holding Co. Ltd.</b>				
<b>Consolidated Cash Flow Variance Analysis</b>				
<i>in CAD \$000's</i>				
	<b>Reporting Period</b>			<b>YTD</b>
	<b>Forecast</b>	<b>Actual</b>	<b>Variance</b>	<b>Actual</b>
<b>Medco</b>				
Cash Receipts	8,875	8,794	(81)	14,572
Operating Disbursements	9,470	8,383	1,086	14,227
<b>Medco Net Cash Flow from Operations</b>	<b>(594)</b>	<b>411</b>	<b>1,005</b>	<b>345</b>
<b>Realco</b>				
Cash Receipts	2,354	1,987	(367)	2,653
Operating Disbursements	700	500	200	711
<b>Realco Net Cash Flow from Operations</b>	<b>1,653</b>	<b>1,486</b>	<b>(167)</b>	<b>1,943</b>
<b>Net Cash Flow from Operations</b>	<b>1,059</b>	<b>1,897</b>	<b>838</b>	<b>2,288</b>
<b>Non-Operating Cash Disbursements</b>				
Monitor's Fees	435	386	49	619
Monitor's Expenses	30	36	(6)	36
Monitor's Counsel's Fees	153	106	46	180
Company's Counsel's Fees	185	110	75	253
MLT Legal Fees	135	67	68	67
Key Employee Retention	50	50	-	50
Interim Financing Interest	15	9	6	34
<b>Total Non-Operating Cash Disbursements</b>	<b>1,002</b>	<b>764</b>	<b>239</b>	<b>1,240</b>
<b>Net Cash Flow</b>	<b>57</b>	<b>1,134</b>	<b>1,077</b>	<b>1,048</b>
<b>Opening Cash</b>	<b>264</b>	<b>264</b>	<b>-</b>	<b>-</b>
Net Cash Flow	57	1,134	1,077	1,048
DIP Advance (Repayment)	200	-	(200)	350
<b>Ending Cash</b>	<b>521</b>	<b>1,398</b>	<b>877</b>	<b>1,398</b>
<b>Opening DIP Facility Availability</b>	<b>3,623</b>	<b>3,623</b>	<b>-</b>	<b>3,973</b>
DIP Borrowings	200	-	200	350
DIP Repayments	-	-	-	-
<b>Closing DIP Facility Availability</b>	<b>3,423</b>	<b>3,623</b>	<b>200</b>	<b>3,623</b>

55. Over the Reporting Period, the Debtors experienced a positive cash flow variance of approximately \$1.1 million, as a result of:
- a negative variance in the collection of Medco receipts, due to lower than forecast collections of professional fees, which was partially offset by higher than forecast sundry, injectables and tray fees, research and equipment revenue during the Reporting Period;
  - a positive variance relating to Medco operating disbursements due primarily to lower than forecast physician draws and non-salary research clinical trial

expenses, which was partially offset by a partial payment of the 2022 true-up for the period relating to December 2022;

- c) a positive permanent variance relating to lower than forecast physician draws, medical supplies, office supplies, repairs and maintenance and certain Tweak payments;
  - d) a negative variance with respect to the collection of Realco receipts, which is principally the result of lower than forecast X-ray income during the Reporting Period;
  - e) a positive timing variance relating to certain Realco disbursements such as business taxes and repairs and maintenance, security and cleaning expenses and contingency costs during the Reporting Period; and
  - f) a positive timing variance relating to the payment of the Monitor, the Monitor's counsel and Debtor's counsel's invoices.
56. The Debtors were not required to utilize any portion of the Interim Financing Facility during the Reporting Period. As at April 7, 2023, the current amount utilized under the Interim Financing Facility is \$350,000 leaving approximately \$3.6 million available under the Interim Financing Facility.

#### **UPDATED FORECAST**

57. The Companies have prepared an updated weekly cash flow forecast (the “**Updated Forecast**”) for the 21-week period from April 8, 2023 to September 1, 2023 (the “**Forecast Period**”). A copy of the detailed Updated Forecast, together with a summary of assumptions, are attached hereto as Appendix “**D**”.
58. The Updated Forecast is summarized below:

<b>Manitoba Clinic Medical Corporation and  The Manitoba Clinic Holding Co. Ltd.</b> <b>For the period from April 8, 2023 to September 1, 2023</b> <i>unaudited, in CAD \$000's</i>	
<b>Medco</b>	
Cash Receipts	9,303
Operating Disbursements	10,385
<b>Medco Net Cash Flow from Operations</b>	<b>(1,082)</b>
<b>Realco</b>	
Cash Receipts	1,908
Operating Disbursements	1,334
<b>Realco Net Cash Flow from Operations</b>	<b>574</b>
<b>Net Cash Flow from Operations</b>	<b>(509)</b>
Total Non-Operating Cash Disbursements	1,229
<b>Net Cash Flow</b>	<b>(1,738)</b>
<b>Opening Cash</b>	<b>1,398</b>
Net Cash Flow	(1,738)
DIP Advance (Repayment)	700
<b>Ending Cash</b>	<b>361</b>
<b>Opening DIP Facility Availability</b>	<b>3,623</b>
DIP Borrowings	700
DIP Repayments	-
<b>Closing DIP Facility Availability</b>	<b>2,923</b>

59. A summary of the Updated Forecast and select assumptions include the following:
- a) total projected cash receipts of approximately \$11.2 million;
  - b) total forecast operating cash disbursements of approximately \$11.7 million relating to physician draws, retention payments, rent, payroll and employee benefits and medical supplies; and
  - c) non-operating cash disbursements of approximately \$1.2 million 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.
60. Accordingly, it appears that the Debtors will experience net negative cash flow over the Forecast Period of approximately \$1.7 million and will require additional borrowings of \$700,000 under the Interim Financing Facility. The Debtors will have sufficient availability in their existing Interim Financing Facility over the Forecast Period of approximately \$2.9 million.

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

61. Paragraphs 32 of the ARIO approved the Debtors' execution of the Commitment Letter.
62. 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.
63. The Physician departures summarized in paragraphs 25 and 26 of the First Report subsequently caused the Debtors to fall outside the permitted budget variances.
64. The Monitor understands that the Debtors and the Lender are contemplating an amendment to the Commitment Letter (the "**First Amendment**") to approve a new baseline budget for the purposes of the Commitment Letter, and will be seeking Court approval of the same. A copy of the First Amendment is attached as Appendix "E." The new baseline budget to be utilized for the First Amendment is the Updated Forecast attached hereto as Appendix "D." The Monitor is supportive of the parties' efforts to rectify the baseline budget for the purposes of the Commitment Letter and notes that the First Amendment does not otherwise alter the terms of the Commitment Letter approved by paragraph 32 of the ARIO.
65. Finally, section 14 of the Commitment Letter contemplates the Interim Facility maturing on the date that is six months from the date of the Initial Order (i.e., May 1, 2023), but that the maturity date could be extended for an additional three months by notice in writing to the Debtors. The Monitor understands that the Lender is considering extending the term for an additional three months as contemplated by section 14, which would ensure the Debtors will have access to the Interim Facility, if needed, during the Stay Extension (as that term is defined below). The Monitor or the Debtors will provide further information to the Court as soon as it is available.

## **TRUE UP AND TWEAK**

66. As discussed in further detail in the Pre-filing Report of the Monitor, each year the Physicians are provided a monthly draw on their remuneration based on a percentage of their projected annual billings. At the end of the year, the overhead

- Rate Grid is applied against each Physician's actual annual billings to determine the overhead contribution for each Physician (the "**Overhead**"). Some Physicians incur additional charges, such as additional staff and space, that are added to their individual Overhead charge.
67. A final accounting is then conducted for Medco's year end financial results. If Medco has operating losses, Management will seek collection of the Overhead from all of the Physicians (the "**Tweak**"). The Tweak is contemplated under the Service Agreements and is to be charged to the Physicians to recover each Physician's share of any operating loss.
  68. If, after the deduction of Overhead and the Tweak, any amounts remain owing to the Physicians, the balance is paid to the Physician through the "true up" payment (the "**True Up**").
  69. As discussed in detail above, the 2022 year-end accounting has been completed and the 2022 calculation of the Tweak and True Up are known and have been communicated to the Physicians.
  70. After the deduction of Overhead and the Tweak, the balance owing to Physicians for 2022 is approximately \$2.8 million (the "**2022 True Up**"). 11 out of the 12 months (representing January through November 2022) of the accrued 2022 True Up amounts are debts and liabilities to which Medco was subject on the filing date and therefore constitute pre-filing claims that are stayed in accordance with the ARIO (the "**Stayed True Up**"). One out of the 12 months (representing December 2022) of the total 2022 True Up is a post-filing obligation of Medco and was therefore paid to all of the Physicians on March 24, 2023.

## **RETENTION PAYMENT**

71. The Company is seeking approval from this Honourable Court to pay the Physicians who have not given their notice under their Services Agreement and continue to work at the Manitoba Clinic (the "**Remaining Physicians**"), a retention payment equivalent to each Remaining Physician's portion of the Stayed True Up

(the “**Retention Payment**”). It is the Companies’ view that retaining the Remaining Physicians is essential to a successful restructuring of Medco.

72. The proposed Retention Payment, in the amount of approximately \$1.3 million, would be paid as follows:
  - a) approximately \$335,000 on May 1, 2023;
  - b) approximately \$335,000 on June 1, 2023;
  - c) approximately \$335,000 on October 1, 2023; and
  - d) approximately \$335,000 on November 1, 2023.
73. In the event that a Remaining Physician provides notice under his or her Service Agreement at any time before the final installment of the Retention Payment is made, no further payment of the Retention Payment for that specific Physician would be made.
74. The Monitor is of the view that the Retention Payment is reasonable and appropriate in the circumstances for the following reasons:
  - a) it will provide stability to the business and continuity of leadership and knowledge during the CCAA Proceedings by encouraging the Remaining Physicians to stay with the Companies for a reasonable period of time;
  - b) the Remaining Physicians are critical to the execution of the Companies' restructuring plan and their participation is likely to maximize realizations for the benefit of stakeholders;
  - c) certain Remaining Physicians have indicated that they would consider alternative employment opportunities should there not be any material Retention Payment amounts made available;
  - d) the Monitor considered the proposed Retention Payment terms with those in other recent CCAA Proceedings and various Notice of Intention to Make a Proposal pursuant to subsection 50.4(1) of the *Bankruptcy and Insolvency Act* and is satisfied that the quantum of the Retention Payment and the terms

of the Retention Payment are commercially reasonable and are not ‘off-market’ in the circumstances; and

- e) the Retention Payment has been approved by the Companies’ Board of Directors and is supported by CIBC, the senior-secured creditor and Interim Lender.

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

- 75. The Company seeks approval from this Honourable Court of the respective professional fees and disbursements of the Monitor and the Monitor’s Counsel for the period of January 1, 2023 to March 31, 2023 and the Debtors’ Counsel for the period of October 28, 2022 to March 31, 2023 (the “**Interim Taxation Period**”). These fees and costs 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.
- 76. The total fees and expenses of the Monitor during the Interim Taxation Period are \$395,207.48 (exclusive of GST), which are comprised of \$371,921.50 in fees and \$23,285.98 in expenses (the “**Monitor’s Fees and Costs**”).
- 77. 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 \$143,406.61 and \$247,634.91 (exclusive of GST), respectively, (the “**Legal Fees and Costs**”).
- 78. A summary of the Monitor’s Fees and Costs and the Legal Fees and Costs by invoice is attached as Appendix “**F**” to this Report.
- 79. The Monitor, its respective 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.
- 80. 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**

81. Pursuant to the Order granted on January 24, 2023, the stay of proceedings expires on April 28, 2023. The Companies are seeking an extension of the stay of proceedings to August 31, 2023 (the “**Stay Extension**”).

82. 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 implement the SISP;
- 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 Monitor is unaware of any creditor of the Debtors who will be materially prejudiced by the proposed extension of the Stay Period; and
- e) 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**

83. The Monitor respectfully recommends that this Honorable Court approve:

- a) the SISP including the Monitor's retention of the Marketing Agent and the sealing of the Second Confidential Supplement;
- b) the execution of the Exclusive Authority to Sell Agreement;
- c) the Retention Payment;
- d) the Monitor's actions, activities and conduct described therein;
- e) the professional fees and costs of the Monitor, its counsel and Debtor’s counsel during the Interim Taxation Period;

- f) the amendment to the Commitment Letter for the Interim Financing Facility;  
and
- g) the Stay Extension.

All of which is respectfully submitted to this Honourable Court this 18<sup>th</sup> day of April, 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**  
**Redacted Exclusive Authority to Sell Agreement**

Date: **DD/Month/YY**

**CUSHMAN & WAKEFIELD WINNIPEG**  
Unit 200, 55 Donald Street  
Winnipeg, MB R3C 1L8

**EXCLUSIVE AUTHORITY TO SELL**

**BETWEEN:** **Alvarez & Marsal Canada Inc., in its capacity as court-appointed monitor of Manitoba Clinic Medical Corporation and The Manitoba Clinic Holding Co. Ltd., and not in its personal or corporate capacity**

**AND:** **CW Stevenson Inc.  
Operating as "Cushman"**

**WHEREAS:**

- A. Alvarez & Marsal Canada Inc. (the "**Monitor**") is the court-appointed monitor of Manitoba Clinic Medical Corporation and The Manitoba Clinic Holding Co. Ltd. ("**Realco**") (collectively, the "**Companies**") pursuant to an Order of the Court of King's Bench for Manitoba (the "**Court**") dated November 30, 2022 File No. CI 22-01-38613.
- B. On April 21, 2023, the Court granted an order approving the Monitor's Sales and Investment Solicitation Process (the "**SISP**"), a copy of which is attached hereto as Appendix "**A**" and forms part of this Exclusive Authority to Sell (the "**Agreement**").
- C. The SISP:
  - (a) outlines the process for soliciting and selecting bids for the sale of, among other things, Realco's right, title, and interest in and to the land and improvements located at 790 Sherbrook Street, Winnipeg, Manitoba (the "**Facility**"); and
  - (b) contemplates the Monitor retaining CW Stevenson Inc. ("**Cushman**") to act as the Monitor's marketing agent to assist the Monitor with the marketing and sale of the Facility.
- D. The Monitor has requested, and Cushman has agreed, to act as the Monitor's marketing agent in accordance with the SISP and the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of good and valuable consideration, the receipt and sufficiency of which is acknowledged, the Monitor and Cushman agree as follows:

**1. Appointment and Term**

- 1. The Monitor hereby appoints Cushman as its sole and exclusive marketing agent to sell the Facility in accordance with the SISP.

Monitor	Cushman

2. This agreement shall be for a period of approximately six months, commencing immediately upon execution of this listing agreement and expiring on October 21, 2023. This Agreement may be extended for a further period of time upon the mutual consent in writing of the parties hereto.

2. **Scope**

3. Cushman's duties under this Agreement are anticipated to include, but not be limited to, the following:

- (a) reviewing, compiling, and analyzing available information regarding the Facility and to assist with the preparation of an initial offering summary;
- (b) identifying and contacting parties whom, in Cushman's professional opinion, may have an interest in purchasing the Facility;
- (c) providing information about the Facility to, and dealing with inquiries from, interested parties;
- (d) scheduling and conducting tours of the Facility for interested parties;
- (e) assisting the Monitor in negotiating potential sale transactions;
- (f) providing recommendations about proposed sale opportunities to the Monitor;
- (g) such further and other tasks as are reasonably necessary to complete the foregoing duties; and
- (h) such further and other duties as Cushman and the Monitor may agree to in writing.

4. **Fees**

5. Subject to section 5, the Monitor agrees to pay Cushman a commission based on [XXX] of the total sale price following completion of any court-approved sale of the Facility in the SISP.

6. Cushman acknowledges that the Monitor has had extensive discussions with the Government of Manitoba (and Manitoba Health and Treasury Board Secretariat), Winnipeg Regional Health Authority, Shared Health Manitoba, CancerCare Manitoba, University of Manitoba, Health Sciences Centre Foundation, and the Children's Hospital Foundation (collectively together with their respective affiliates, the "**Known Prospective Purchasers**") about purchasing the Facility. Cushman acknowledges and agrees that, if any of the Known Prospective Purchasers purchase the Facility by participating in the SISP (or otherwise), Cushman shall only be entitled to a commission based on [XXX] of the total sale price following completion of any such court-approved sale of the Facility in the SISP.

Monitor	Cushman

- 6. If a sale is effected through the introduction of a purchaser by a licensed real estate broker other than Cushman, Cushman shall not be required to reimburse the co-operating broker from its commission.
- 7. The Monitor hereby agrees to pay Cushman any and all goods and services taxes or any other taxes imposed on or collectible by Cushman with respect to the above noted commissions and/or services rendered.

**4. General**

- 8. This Agreement shall be governed by the laws of the Province of Manitoba and the laws of Canada applicable therein. Cushman and the Monitor attorn to the jurisdiction of the Court with regard to any dispute arising from this Agreement.
- 9. Any notice herein provided for or given hereunder if given by Cushman to the Monitor shall be sufficiently given if mailed in Canada by registered mail, postage prepaid, or email to the Monitor at:

**Alvarez and Marsal Canada Inc.**  
Suite 1110, 250 6th Ave SW Calgary, AB T2P 3H7

Attention: Orest Konowalchuk / Cassie Riglin  
E-mail: [okonowalchuk@alvarezandmarsal.com](mailto:okonowalchuk@alvarezandmarsal.com) / [criglin@alvarezandmarsal.com](mailto:criglin@alvarezandmarsal.com)

with a copy to:

**McDougall Gauley LLP**  
500-616 Main Street  
Saskatoon, SK, S7H 0J6

Attention: Ian Sutherland/ Craig Frith  
Email: [isutherland@mcdougallgauley.com](mailto:isutherland@mcdougallgauley.com) / [cfrith@mcdougallgauley.com](mailto:cfrith@mcdougallgauley.com)

- 10. Time shall be of the essence of this Agreement.
- 11. This Agreement shall be binding upon the parties' respective successors and assigns.
- 12. This Agreement may be terminated in the sole discretion of either party, upon giving no less than 60 days' prior written notice to the other party.
- 13. This Agreement may be executed either in original, facsimile, or email 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 agreement.

DATED at Winnipeg, in the Province of Manitoba, this [redacted] day of [redacted], [redacted].

Monitor	Cushman

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

Witnessed in the presence of:

\_\_\_\_\_

witness

\_\_\_\_\_

print name

PER:

\_\_\_\_\_

signature (I have the authority to bind the corporation)

\_\_\_\_\_

print name

\_\_\_\_\_

Address

**Appointment accepted by:**

Witnessed in the presence of:

\_\_\_\_\_

witness

\_\_\_\_\_

print name

**CW Stevenson Inc.  
Operating as "Cushman"**

PER:

\_\_\_\_\_

signature – Authorized Representative

\_\_\_\_\_

print name

\_\_\_\_\_

Address

**Cushman & Wakefield | Stevenson**

Unit 200 – 55 Donald Street

Winnipeg, MB R3C 1L8

Tel: 204 928 5000

Fax: 204 928 5010

www.cwstevenson.ca

Monitor	Cushman

**APPENDIX B**  
**SISP**

## APPENDIX "A"

### SALE AND INVESTMENT SOLICITATION PROCESS

#### Preamble

1. This Sale and Investment Solicitation Process (the "**SISP**") will be implemented under the *Companies' Creditors Arrangement Act*, RSC 1985, c C-36 (the "**CCAA**") in the CCAA proceedings (the "**CCAA Proceedings**") initiated by Manitoba Clinic Medical Corporation ("**Medco**") and The Manitoba Clinic Holding Co. Ltd. ("**Realco**") (collectively, the "**Companies**") on November 30, 2022 in Court of King's Bench of Manitoba File No. CI 22-01-38613, Winnipeg Centre, under which Alvarez & Marsal Canada Inc. has been appointed as the monitor (the "**Monitor**").
2. This SISP was approved by an Order (the "**Approval Order**") on application by the Monitor to the Court of King's Bench of Manitoba (the "**Court**") on April 21, 2023 and shall be concluded no later than July 31, 2023, or such later date (if any) as may be agreed to in writing by Canadian Imperial Bank of Commerce (in its capacity as the secured lender and the interim facility lender, the "**Lender**"), the Companies and the Monitor (the "**Completion Date**").
3. The Approval Order, the procedures in respect of this SISP as contained herein (the "**SISP Procedures**") and any subsequent order issued by the Court pertaining to the SISP Procedures shall exclusively govern the process for soliciting and selecting bids for the sale of, or investment in, the shares or assets of the Companies, a refinancing, reorganization, recapitalization, restructuring, joint-venture, merger or other business transaction involving the Companies, or some combination thereof.
4. All dollar amounts expressed herein, unless otherwise noted, are in Canadian currency. Unless otherwise indicated herein any event that occurs on a day that is not a Business Day shall be deemed to occur on the next Business Day.

#### Defined Terms

5. All capitalized terms used herein and not otherwise defined herein shall have the meanings given to them in Schedule "A" hereto.

#### Sale and Investment Solicitation Process

6. These SISP Procedures describe, among other things:
  - (a) the manner in which any interested party (each a "**Prospective Bidder**") may gain access to or continue to have access to due diligence materials concerning the Companies and their businesses and the Companies' equity, assets, rights, undertakings and properties;
  - (b) the manner and timelines by which Prospective Bidders may submit an offer for an investment in the Companies or an offer to purchase some or all of the Companies' assets, properties and undertakings;

- (c) the manner by which Prospective Bidders and bids become Qualified Bidders and Qualified Bids, respectively;
- (d) the manner and timeline for Qualified Bids to be submitted for participation in the SISP and the required content for any Qualified Bids;
- (e) the manner and timeline for Qualified Phase 2 Bids to be submitted for participation in Phase 2 of the SISP and the required content of Qualified Phase 2 Bids;
- (f) the evaluation of bids received; and
- (g) the process for obtaining approval of one or more Successful Bids by the Court.

#### **Appointment of Marketing Agent**

7. CW Stevenson Inc., operating as Cushman (the "Marketing Agent") is engaged as marketing agent to assist the Monitor with the marketing and sale of Realco's right, title and interest in and to the land and improvements located at 790 Sherbrook Street, Winnipeg (the "**Facility**").

#### **Conduct of SISP Procedures**

8. The Monitor, in consultation with the Companies and the Lender where specified, shall conduct the SISP Procedures as outlined herein. Certain stages of these SISP Procedures may be conducted in conjunction with the preparation, solicitation or confirmation of a CCAA plan of arrangement involving one or more of the Companies. In addition, the closing of any transaction may involve additional intermediate steps or transactions to facilitate consummation of such transaction, including additional Court filings.
9. In the event that there is a disagreement regarding, or clarification required as to, the interpretation or application of these SISP Procedures or the responsibilities of any Person hereunder, the Court will have the jurisdiction to hear such matters and provide advice and directions upon application of the Companies, the Monitor, the Lender or any other interested Person.
10. The SISP is intended to solicit interest in and opportunities for a sale of, or investment in, all or part of the Companies' assets and business operations. A potential transaction with the Companies may involve one or more of a restructuring, recapitalization or other form of reorganization of the business and affairs of the Companies as a going concern (each an "**Investment Bid**"), an offer to purchase some or all of the business or assets of Medco or Realco (each an "**Asset Bid**") or some combination thereof (each a "**Hybrid Bid**").

#### **"As Is, Where Is"**

11. Any transaction involving the Companies, the shares of the Companies or the assets of the Companies 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 Companies, the Monitor or any of their respective agents, estates, advisors, professionals or otherwise, except to the extent set forth in a written agreement with the Person who is a counterparty to such a transaction.

**Free of Any and All Claims and Interests**

12. All of the right, title and interest of the Companies in and to any assets sold or transferred within the CCAA Proceedings will, at the time of such sale or transfer, be sold or transferred free and clear of all pledges, liens, security interests, encumbrances, claims, charges, options and interests (collectively, the “**Claims and Interests**”), other than customary permitted encumbrances, pursuant to approval and vesting Orders made by the Court under Section 36 of the CCAA. Contemporaneously with such approval and vesting orders being made, all such Claims and Interests shall attach to the net proceeds of the sale of such assets without prejudice to any claims or causes of action regarding the priority, validity or enforceability thereof, except to the extent otherwise set forth in the relevant agreement with the Person who is a counterparty to such a transaction and approved by the Court.

**Timeline**

13. The following table sets out key milestones and anticipated deadlines for the sales process:

<b>MILESTONE</b>	<b>DATE</b>
Approval Order Application	April 21, 2023
Sales Process Begins	May 1, 2023
Phase I Bid Deadline	June 9, 2023
Notify Phase I Qualified Bidders as to whether their respective bids constitute a Phase I Successful Bid	3 Business Days following the Phase I Bid Deadline
Phase II Bid Deadline	June 23, 2023
Court hearing to approve Successful Bid(s)	As soon as possible following the Phase II Bid Deadline
Deadline for Closing of a Successful Bid	14 days after Court hearing
SISP Termination	July 31, 2023

**Solicitation of Interest**

14. As soon as reasonably practicable after the granting of the Approval Order, the Monitor in consultation with the Marketing Agent and Companies will prepare a list of Prospective Bidders. Such list will include both strategic and financial parties who, in the reasonable business judgment of the Monitor, the Marketing Agent and the Companies, may potentially be interested in and have the financial capacity to make an Investment Bid, an Asset Bid or a Hybrid Bid (as applicable, a “**Bid**”).
15. Concurrently, the Monitor, in consultation with the Marketing Agent, the Companies and the Lender, will prepare one or more initial offering summaries (as applicable, the

“**Teasers**”) notifying Prospective Bidders of the existence of the SISP Procedures and inviting the Prospective Bidders to express their interest in making a Bid.

16. After the issuance of the Approval Order, the Monitor shall:
  - (a) within five (5) business days, cause a notice regarding the SISP Procedures and such other relevant information which the Monitor, in consultation with the Companies and the Lender, considers appropriate to be published in *The Winnipeg Free Press*, *The National Post (National Edition)*, *Insolvency Insider* and any other publications or newswires as determined by the Monitor for dissemination in Canada and the United States; and
  - (b) starting on May 1, 2023, distribute to the Prospective Bidders the Teasers, as well as the Monitor's draft form of confidentiality and non-disclosure agreement (the “**Confidentiality Agreement**”), which shall enure to the benefit of any Person who completes a Bid.

### **Participation Requirements**

17. Unless otherwise ordered by the Court, any Person who wishes to participate in this SISP must deliver the following to the Monitor, at the e-mail addresses specified in Schedule “**B**” hereto:
  - (a) an executed Confidentiality Agreement with the Monitor and the Companies;
  - (b) a specific indication of the anticipated sources of capital and/or such credit for such Person and satisfactory evidence of the availability of such capital and/or credit so as to demonstrate that such Person has the financial capacity to complete a transaction; and
  - (c) an executed letter acknowledging receipt of a copy of the Approval Order (including these SISP Procedures) and agreeing to accept and be bound by the provisions contained therein.
18. If, in the opinion of the Monitor, in consultation with the Companies, a Person has complied with each of the requirements described in paragraph 17 of these SISP Procedures, such Person shall be deemed a “**Potential Bidder**” hereunder.
19. Each Potential Bidder shall also have access to due diligence materials and financial, tax and other information relating to the shares, the assets, the property and the business of the Companies as the Monitor, in its reasonable business judgment and in consultation with the Companies, deems appropriate, including access to any online data room (the “**Data Room**”) created for the SISP. The Data Room shall be kept up to date by the Monitor.
20. At the discretion of the Monitor, due diligence access may include presentations by the Companies, access to physical and online data rooms, on-site inspections and such other matters a Potential Bidder may reasonably request.
21. The Monitor, the Marketing Agent, the Companies and the Lender are not responsible for, and will have no liability with respect to, any information obtained by any Potential Bidder.

The Monitor, the Marketing Agent, the Companies, the Lender and their respective advisors do not make any representations or warranties whatsoever as to the information or the materials provided to or obtained by any Potential Bidder and/or any of its agents, consultants, advisors or other third-parties that may be in receipt of this information and are relying upon it for their purposes.

**Phase I Bid Deadline**

22. A Potential Bidder will be deemed a “**Qualified Bidder**” if, in the opinion of the Monitor, in consultation with the Companies and the Lender, such Potential Bidder submits a non-binding letter of intent to the Monitor (a “**Qualified LOI**”) at anytime before 5:00 pm (Winnipeg Time) on **June 9, 2023** (the “**Phase I Bid Deadline**”). A non-binding indication of interest will only qualify as a Qualified LOI in the event that:
- (a) it is received by the Monitor on or before the Phase 1 Bid Deadline;
  - (b) it provides an indication of whether the Qualified Bidder wishes to tender an Asset Bid, an Investment Bid, or Hybrid Bid;
  - (c) it includes a summary of:
    - i. the type and amount of consideration to be paid by the Qualified Bidder;
    - ii. the property or equity interests to be included in the transaction;
    - iii. the structure and financing of the transaction (including, but not limited to, the sources of financing and evidence of the availability of such financing);
    - iv. any anticipated corporate, shareholder, internal or regulatory approvals required to close the transaction and the anticipated time frame and any anticipated impediments for obtaining such approvals;
    - v. any additional due diligence required or desired to be conducted prior to the Phase 2 Bid Deadline (as defined herein), if any;
    - vi. any conditions to closing that the Qualified Bidder may wish to impose; and
    - vii. any other terms or conditions of the transaction that the Qualified Bidder believes are material to the transaction;
  - (d) it provides for the completion of the transactions contemplated therein on or before the Completion Date; and
  - (e) such other information reasonably requested by the Monitor, in consultation with the Companies and the Lender.
23. The Monitor, in consultation with the Companies and with the approval of the Lender, may waive non-compliance with any one or more of the requirements specified in paragraph 22 of these SISP Procedures and may deem any non-compliant letter of intent to be a Qualified LOI.

24. The Monitor, in consultation with the Companies and the Lender, will review and assess any Qualified LOIs received and will determine whether or not there is a reasonable prospect that the one or more Qualified LOI(s) is/are likely to be consummated from such Qualified LOIs. Such assessment will be made within three (3) Business Days after the Phase 1 Bid Deadline (the “**Qualified LOI Assessment Deadline**”); provided, however, that the Monitor may extend the Qualified LOI Assessment Deadline for a period of an additional three (3) Business Days, or such later time as approved by the Lender, if the Monitor deems it necessary to do so. In the event that the Monitor, after consultation with the Companies and the Lender, determines that one or more Qualified LOIs have been submitted, the Monitor shall notify all Qualified Bidders that they are proceeding to Phase 2 of the SISP and these SISP Procedures shall proceed to the next phase more particularly described below in paragraph 27.

### **Selection of a High Value LOI and Termination of the SISP**

25. If the Monitor receives one or more Qualified LOIs (each, a “**High Value LOI**”) and determines, with the approval of the Lender, that proceeding with Phase 2 of these SISP Procedures is not in the best interests of the Companies' and their stakeholders, the Monitor may elect to terminate the SISP (or certain aspect of the SISP). The Monitor, in consultation with the Companies and with the approval of the Lender, may then proceed to negotiate and finalize any High Value LOI for immediate approval by the Court. Prior to terminating the SISP, the Monitor shall provide at least three (3) Business Days' notice to the Companies and the Lender of the Monitor's intention to terminate the SISP.
26. If the Monitor elects to bypass Phase 2, the timelines set out in these SISP Procedures shall be proportionally accelerated.

### **Phase 2 Bid Deadline**

27. In order to continue to participate in this SISP from and after the Phase 1 Bid Deadline, a Qualified Bidder who submitted a Qualified LOI to the Monitor must deliver a binding and definitive agreement to the Monitor (a “**Qualified Bid**”) by no later than 5:00 pm (Winnipeg time) on June 23, 2023 (the “**Phase 2 Bid Deadline**”). A binding offer will only qualify as a qualified phase 2 bid (each a “**Qualified Phase 2 Bid**”) in the event that:
- (a) it is received by the Monitor on or before the Phase 2 Bid Deadline;
  - (b) it includes either:
    - (i) a fully binding and definitive agreement, duly authorized and executed, setting out the terms and conditions of the proposed transaction, including the aggregate amount of the proposed equity and debt investment, assumption of debt, if any, financing and details regarding the proposed equity and debt structure of the Companies following completion of the proposed transaction (a “**Definitive Restructuring Agreement**”); or
    - (ii) a fully binding and definitive purchase and sale agreement, duly authorized and executed, together with all exhibits and schedules thereto, and such ancillary agreements as may be required with all exhibits and schedules thereto (a “**Definitive Asset Purchase Agreement**”); or

- (iii) some combination of a Definitive Restructuring Agreement and a Definitive Asset Purchase Agreement, provided that such agreement is a fully binding definitive agreement that is duly authorized and executed (a “**Definitive Hybrid Agreement**”);

(Any Definitive Restructuring Agreement, Definitive Asset Purchase Agreement or Definitive Hybrid Agreement, as the case may be, shall be in the form provided by the Monitor to the Qualified Bidder.)

- (c) it is irrevocable for a minimum of thirty-five (35) days following the Phase 2 Bid Deadline;
  - (d) it provides for the completion of the transactions contemplated therein on or before the Completion Date;
  - (e) it is not conditional on (i) the outcome of the unperformed due diligence and/or (ii) obtaining any credit, capital or other form of financing;
  - (f) it is accompanied by a deposit (the “**Deposit**”) in the form of a wire transfer (to a trust account specified by the Monitor), payable to the Monitor in trust, in an amount equal to **five percent (5%)** of the total consideration to be paid, including the cash consideration, the amount to be financed or invested and/or the amount of debt to be assumed and to be paid pursuant to the Qualified Bid, to be held and dealt with in accordance with these SISP Procedures;
  - (g) it includes written evidence of a firm and irrevocable commitment for all required funding and/or financing from a creditworthy Person to consummate the proposed transaction;
  - (h) it fully discloses the identity of each Person that is bidding or that will otherwise be sponsoring or participating in the Qualified Bid, including the identification of the Qualified Bidder’s direct and indirect owners and their principals and the full and complete terms of any such participation;
  - (i) it includes evidence, in form and substance reasonably satisfactory to the Monitor, of compliance or anticipated compliance with any and all applicable regulatory approvals, the anticipated time frame for such compliance and any anticipated impediments for obtaining such approvals; and
  - (j) such other information reasonably requested by the Monitor in consultation with the Companies.
28. The Monitor, in consultation with the Companies and with the approval of the Lender, may waive non-compliance with any one or more of the requirements specified in paragraph 27 of these SISP Procedures and may deem any non-compliant Qualified Bid a Qualified Phase 2 Bid.
29. Subject to paragraph 28, the Monitor, in consultation with the Companies and the Lender, will assess any Qualified Bid and will determine whether it constitutes a Qualified Phase 2 Bid. Such assessment will be made as promptly as practicable but no later than five (5) Business Days after the Phase 2 Bid Deadline (the “**Qualified Phase 2 Bid Assessment**”

**Deadline**"); provided, however, that the Monitor may extend the Qualified Phase 2 Bid Assessment Deadline for an additional five (5) Business Days, or such later time as approved by the Lender, if the Monitor deems it necessary to do so.

30. The Monitor, in consultation with the Companies and with the approval of the Lender, shall select the best Qualified Phase 2 Bid(s) (as applicable, the "**Successful Bid**") and apply to the Court to approve such Successful Bid within five (5) Business Days of the Qualified Phase 2 Bid Assessment Deadline. The Companies shall thereafter complete the transactions contemplated by such selected Successful Bid within 14 days of the Court hearing (or such other deadline as may be agreed to by the parties with the consent of the Lender), and in accordance with the terms thereof and any order issued by the Court.

### **Deposits**

31. All Deposits shall be retained by the Monitor in a non-interest bearing trust account with a chartered bank in Canada. If there is a Qualified Phase 2 Bid that constitutes a Successful Bid, the Deposit paid by the Person making such Successful Bid shall be applied to the consideration to be paid by such Person upon closing of the transaction constituting the Qualified Bid.
32. The Deposit(s) of all Persons not making the Qualified Bid that constitutes a Successful Bid shall be returned to such Persons within five (5) Business Days of the earlier of the date that the Court approves a Qualified Phase 2 Bid as a Successful Bid.
33. If the Person making a Qualified Phase 2 Bid selected as the Successful Bid breaches or defaults on its obligation to close the transaction in respect of the Successful Bid, it shall forfeit its Deposit to the Monitor for and on behalf of the Companies; provided however that the forfeit on such Deposit shall be in addition to, and not in lieu of, any other rights in law or equity that the Companies have in respect of such breach or default.
34. If the Companies are unable to complete the Successful Bid as a result of their own actions and not as a result of steps or conditions contained in the Successful Bid (or the actions of the Successful Bidder) then the Deposit shall be returned to the Successful Bidder.

### **Notice**

35. The addresses used for delivering documents as prescribed by the terms and conditions of these SISP Procedures are set out in Schedule "**B**" hereto. A Bid and all associated documentation shall be delivered to the Monitor by electronic mail, personal delivery and/or courier. Persons requesting information about these SISP Procedures should contact the Monitor using the contact information set out in Schedule "**B**".

### **Reservation of Rights by Monitor**

36. In order to discharge its duties in connection with these SISP Procedures, the Monitor may engage professional or sale advisors or agents as the Monitor deems appropriate but subject to the approval of the Lender.
37. The Monitor's ability to conclude any proposed transaction is subject to obtaining Court approval of the transaction.

38. The Monitor, in consultation with the Companies and with the approval of the Lender, may:
- (a) reject or choose not to accept, at any time, any Bid made in respect of the Companies or their assets; and
  - (b) apply to Court to terminate the SISP if the Monitor believes it is in the best interests of the Companies and stakeholders to do so.

**No Amendment**

39. Subject to the terms of the Approval Order, the Monitor shall have the right to modify these SISP Procedures with the prior written approval of the Lender if, in its reasonable business judgment, such modification will enhance the process or better achieve the objectives of the SISP; provided that the service list in the CCAA Proceedings shall be advised of any substantive modification to the procedures set forth herein.

**Disclosure of Information to Lender**

40. The Lender shall have full and complete access to all Qualified LOIs, Qualified Phase 2 Bids and all related and ancillary materials and the Monitor shall provide such information to the Lender and regularly update the Lender on the SISP and the prospect of a Successful Bid being completed thereunder.

**Further Orders**

41. At any time during these SISP Procedures, the Monitor may apply to the Court for advice and directions with respect to the discharge of its powers and duties hereunder, including whether to terminate this SISP if deemed to be necessary by the Monitor.

## Schedule "A"

### Defined Terms

"**Approval Order**" has the meaning given to it in the Preamble to these Sale and Investment Solicitation Procedures.

"**Asset Bid**" has the meaning given to it in paragraph 10.

"**Business Day**" means a day, other than a Saturday, Sunday or a statutory holiday, on which banks are open for business in the City of Calgary.

"**CAA**" has the meaning given to it in the Preamble to these Sale and Investment Solicitation Procedures.

"**CAA Proceedings**" has the meaning given to it in the Preamble to these Sale and Investment Solicitation Procedures.

"**Claims and Interest**" has the meaning given to it in paragraph 12.

"**Companies**" has the meaning given to it in the Preamble to these Sale and Investment Solicitation Procedures.

"**Completion Date**" means July 31, 2023, or such later date agreed to in writing by the Canadian Imperial Bank of Commerce, the Companies and the Monitor.

"**Confidentiality Agreement**" means a confidentiality agreement in favour of the Companies executed by a Prospective Bidder, in form and substance satisfactory to the Monitor, which shall enure to the benefit of any Prospective Bidder.

"**Court**" has the meaning given to it in the Preamble to these Sale and Investment Solicitation Procedures.

"**Definitive Asset Purchase Agreement**" has the meaning set out in paragraph 27(b)(ii).

"**Definitive Hybrid Agreement**" has the meaning set out in paragraph 27(b)(iii).

"**Definitive Restructuring Agreement**" has the meaning set out in paragraph 27(b)(i).

"**Data Room**" has the meaning given to it in paragraph 19.

"**Deposit**" has the meaning given to it in paragraph 27(f).

"**Financing Offer**" has the meaning set out in paragraph 10.

"**High Value LOI**" has the meaning set out in paragraph 25.

"**Hybrid Bid**" has the meaning given to it in paragraph 10.

"**Investment Bid**" has the meaning given to it in paragraph 10.

"**Lender**" has the meaning given to it in paragraph 2.

**"Monitor"** means Alvarez & Marsal Canada Inc. in its capacity as monitor in the CCAA Proceedings and not in its personal or corporate capacity.

**"Person"** means any individual, firm corporation, limited or unlimited liability company general or limited partnership, association, trust, unincorporated organization, joint venture, government or any agency or instrumentality thereof or any other entity.

**"Phase 1 Bid Deadline"** has the meaning given to it in paragraph 22.

**"Phase 2 Bid Deadline"** has the meaning given to it in paragraph 27.

**"Proposal Trustee"** has the meaning given to it in the Preamble.

**"Potential Bidders"** has the meaning given to it in paragraph 18.

**"Prospective Bidders"** has the meaning given to it in paragraph 6(a).

**"Qualified Bid"** and **"Qualified Bids"** has the meaning given to it in paragraph 27.

**"Qualified Bidder"** has the meaning given to it in paragraph 22.

**"Qualified LOI"** has the meaning set out in paragraph 22.

**"Qualified LOI Assessment Deadline"** has the meaning set out in paragraph 24.

**"Qualified Phase 2 Bid"** has the meaning set out in paragraph 27.

**"SISP"** has the meaning given to it in the Preamble to these Sale and Investment Solicitation Procedures.

**"SISP Procedures"** has the meaning given to it in the Preamble to these Sale and Investment Solicitation Procedures.

**"Successful Bid(s)"** has the meaning given to it in paragraph 30.

**"Teasers"** has the meaning given to it in paragraph 15.

**Schedule "B"**

**Address for Notices and Deliveries**

(a) To the Companies:

**Manitoba Clinic Medical Corporation and the Manitoba Clinic Holding Co. Ltd.**

790 Sherbrooke Street  
Winnipeg, MB, R3A 1M3

Attention: Keith McConnell

E-mail: [kmccconnell@manitobaclinic.ca](mailto:kmccconnell@manitobaclinic.ca)

with a copy to:

**Taylor McCaffery LLP**

#2200, 201 Portage Ave  
Winnipeg, MB, R3B 3L3

Attention: David Jackson / Doug Finkbeiner

E-mail: [djackson@tmlawyers.com](mailto:djackson@tmlawyers.com) / [dfinkbeiner@tmlawyers.com](mailto:dfinkbeiner@tmlawyers.com)

(b) To the Monitor:

**Alvarez and Marsal Canada Inc.**

Suite 1110, 250 6th Ave SW  
Calgary, AB T2P 3H7

Attention: Orest Konowalchuk / Cassie Riglin

E-mail: [okonowalchuk@alvarezandmarsal.com](mailto:okonowalchuk@alvarezandmarsal.com) / [criglin@alvarezandmarsal.com](mailto:criglin@alvarezandmarsal.com)

with a copy to:

**McDougall Gauley LLP**

500-616 Main Street  
Saskatoon, SK, S7H 0J6

Attention: Ian Sutherland/ Craig Frith

Email: [isutherland@mcdougallgauley.com](mailto:isutherland@mcdougallgauley.com) / [cfrith@mcdougallgauley.com](mailto:cfrith@mcdougallgauley.com)

**APPENDIX C**  
**Cash Flow Forecast Budget to Actual Results**

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

	Reporting Period			YTD Actual
	Forecast	Actual	Variance	
<b>Medco</b>				
Cash Receipts	8,875	8,794	(81)	14,572
Operating Disbursements	9,470	8,383	1,086	14,227
<b>Medco Net Cash Flow from Operations</b>	<b>(594)</b>	<b>411</b>	<b>1,005</b>	<b>345</b>
<b>Realco</b>				
Cash Receipts	2,354	1,987	(367)	2,653
Operating Disbursements	700	500	200	711
<b>Realco Net Cash Flow from Operations</b>	<b>1,653</b>	<b>1,486</b>	<b>(167)</b>	<b>1,943</b>
<b>Net Cash Flow from Operations</b>	<b>1,059</b>	<b>1,897</b>	<b>838</b>	<b>2,288</b>
Non-Operating Cash Disbursements	1,002	764	239	1,240
<b>Net Cash Flow</b>	<b>57</b>	<b>1,134</b>	<b>1,077</b>	<b>1,048</b>
<b>Opening Cash</b>	<b>264</b>	<b>264</b>	<b>-</b>	<b>-</b>
Net Cash Flow	57	1,134	1,077	1,048
DIP Advance (Repayment)	200	-	(200)	350
<b>Ending Cash</b>	<b>521</b>	<b>1,398</b>	<b>877</b>	<b>1,398</b>
<b>Opening DIP Facility Availability</b>	<b>3,623</b>	<b>3,623</b>	<b>-</b>	<b>3,973</b>
DIP Borrowings	200	-	200	350
DIP Repayments	-	-	-	-
<b>Closing DIP Facility Availability</b>	<b>3,423</b>	<b>3,623</b>	<b>200</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	8,603	8,168	(434)	13,723
Sundry, Injectables and Tray Fees	212	289	76	446
Research/Clinical Trial Revenue	-	147	147	190
EKG Revenue	61	63	3	85
Equipment Sales	-	128	128	128
<b>Total Cash Receipts</b>	<b>8,875</b>	<b>8,794</b>	<b>(81)</b>	<b>14,572</b>
<b>Operating Cash Disbursements</b>				
Physician Draw	5,567	4,986	581	8,371
True-Up Payments	-	255	(255)	814
Tweak Revenue Offset	-	-	-	-
Payroll and All Benefits	1,481	1,517	(35)	2,477
Medical Supplies	249	164	85	275
Office Supplies	131	118	13	191
Repairs and Maintenance	90	-	90	18
Non-Salary Research Clinic Trial	159	17	143	270
Rent	1,556	1,167	389	1,556
Audit and Legal Fees	11	6	4	6
Insurance	144	148	(4)	244
GST	7	6	1	6
Contingency	75	-	75	-
<b>Total Operating Cash Disbursements</b>	<b>9,470</b>	<b>8,383</b>	<b>1,086</b>	<b>14,227</b>
<b>Net Cash Flow from Operations</b>	<b>(594)</b>	<b>411</b>	<b>1,005</b>	<b>345</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	165	228	63	355
Lab Revenue	360	360	-	360
MBMC Rent	1,556	1,167	(389)	1,556
Other Lease Income	122	116	(6)	197
X-Ray Income	150	115	(35)	185
Other Income	0	0	(0)	1
<b>Total Cash Receipts</b>	<b>2,354</b>	<b>1,987</b>	<b>(367)</b>	<b>2,653</b>
<b>Operating Cash Disbursements</b>				
R/M, security, cleaning, supplies	188	180	8	289
Salaries and Benefits	67	74	(7)	135
Radiologist Fees	64	68	(4)	68
Repairs and Maintenance	28	17	11	17
Audit and Legal Fees	44	14	30	24
Insurance	-	-	-	-
Utilities	123	135	(12)	165
Office Supplies, Expense, & Consulting	2	3	(1)	4
Business taxes	51	-	51	-
GST Remittance	60	10	50	10
Contingency	75	-	75	-
<b>Total Operating Cash Disbursements</b>	<b>700</b>	<b>500</b>	<b>200</b>	<b>711</b>
<b>Net Cash Flow from Operations</b>	<b>1,653</b>	<b>1,486</b>	<b>(167)</b>	<b>1,943</b>

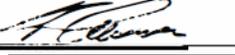
**APPENDIX D**  
**Updated Forecast and Assumptions**

Manitoba Clinic Medical Corporation ("Medco") and The Manitoba Clinic Holding Co. Ltd. ("Realco")  
Management Prepared 21 Week Cash Flow Forecast - Consolidated  
For the period from April 8, 2023 to September 1, 2023  
unaudited, in CAD \$000's

	Notes	Forecast Period																			Total Week 40 to Week 40		
		Week 20 14-Apr-23	Week 21 21-Apr-23	Week 22 28-Apr-23	Week 23 5-May-23	Week 24 12-May-23	Week 25 19-May-23	Week 26 26-May-23	Week 27 2-Jun-23	Week 28 9-Jun-23	Week 29 16-Jun-23	Week 30 23-Jun-23	Week 31 30-Jun-23	Week 32 7-Jul-23	Week 33 14-Jul-23	Week 34 21-Jul-23	Week 35 28-Jul-23	Week 36 4-Aug-23	Week 37 11-Aug-23	Week 38 18-Aug-23		Week 39 25-Aug-23	Week 40 1-Sep-23
<b>Medco</b>																							
Cash Receipts	1	-	817	-	846	-	834	-	868	-	1,007	-	1,041	-	-	999	-	1,033	-	912	-	946	9,303
Operating Disbursements	2-14	311	403	875	1,027	329	183	647	1,042	225	196	138	474	816	238	136	666	819	221	154	608	880	10,385
<b>Medco Net Cash Flow from Operations</b>		<b>(311)</b>	<b>414</b>	<b>(875)</b>	<b>(181)</b>	<b>(329)</b>	<b>651</b>	<b>(647)</b>	<b>(174)</b>	<b>(225)</b>	<b>811</b>	<b>(138)</b>	<b>567</b>	<b>(816)</b>	<b>(238)</b>	<b>863</b>	<b>(666)</b>	<b>214</b>	<b>(221)</b>	<b>759</b>	<b>(608)</b>	<b>66</b>	<b>(1,082)</b>
<b>Realco</b>																							
Cash Receipts	1	-	545	-	41	-	302	-	41	-	301	-	-	41	169	129	-	41	169	-	129	-	1,909
Operating Disbursements	2-14	137	-	38	56	103	-	36	56	99	17	4	276	86	42	4	87	86	31	4	87	86	1,334
<b>Realco Net Cash Flow from Operations</b>		<b>(137)</b>	<b>545</b>	<b>(38)</b>	<b>(15)</b>	<b>(103)</b>	<b>302</b>	<b>(36)</b>	<b>(15)</b>	<b>(99)</b>	<b>285</b>	<b>(4)</b>	<b>(276)</b>	<b>(45)</b>	<b>126</b>	<b>125</b>	<b>(87)</b>	<b>(45)</b>	<b>137</b>	<b>(4)</b>	<b>42</b>	<b>(86)</b>	<b>574</b>
<b>Net Cash Flow from Operations</b>		<b>(448)</b>	<b>960</b>	<b>(913)</b>	<b>(196)</b>	<b>(432)</b>	<b>954</b>	<b>(682)</b>	<b>(188)</b>	<b>(323)</b>	<b>1,096</b>	<b>(142)</b>	<b>290</b>	<b>(861)</b>	<b>(112)</b>	<b>987</b>	<b>(752)</b>	<b>169</b>	<b>(83)</b>	<b>754</b>	<b>(566)</b>	<b>(20)</b>	<b>(609)</b>
<b>Non-Operating Cash Disbursements</b>																							
Monitor's Fees	15	125	-	-	-	125	-	-	-	100	-	-	-	-	75	-	-	-	-	75	-	-	500
Monitor's Expenses	15	10	-	-	-	10	-	-	-	10	-	-	-	-	10	-	-	-	-	10	-	-	50
Monitor's Counsel's Fees	15	53	-	-	-	50	-	-	-	50	-	-	-	-	38	-	-	-	-	38	-	-	228
Company's Counsel's Fees	15	50	-	-	-	50	-	-	-	50	-	-	-	-	50	-	-	-	-	50	-	-	250
M/LT Legal Fees	15	40	-	-	-	25	-	-	-	25	-	-	-	-	25	-	-	-	-	25	-	-	140
Key Employee Retention	16	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	25	-	-	25
Interim Financing Interest	17	-	-	3	-	-	-	-	5	-	-	-	10	-	-	-	9	-	-	-	9	-	36
<b>Total Non-Operating Cash Disbursements</b>		<b>278</b>	<b>-</b>	<b>3</b>	<b>-</b>	<b>260</b>	<b>-</b>	<b>-</b>	<b>5</b>	<b>235</b>	<b>-</b>	<b>-</b>	<b>10</b>	<b>-</b>	<b>198</b>	<b>-</b>	<b>9</b>	<b>-</b>	<b>-</b>	<b>223</b>	<b>9</b>	<b>-</b>	<b>1,229</b>
<b>Net Cash Flow</b>		<b>(726)</b>	<b>960</b>	<b>(916)</b>	<b>(196)</b>	<b>(692)</b>	<b>954</b>	<b>(682)</b>	<b>(194)</b>	<b>(558)</b>	<b>1,096</b>	<b>(142)</b>	<b>280</b>	<b>(861)</b>	<b>(309)</b>	<b>987</b>	<b>(761)</b>	<b>169</b>	<b>(83)</b>	<b>532</b>	<b>(575)</b>	<b>(20)</b>	<b>(1,738)</b>
<b>Opening Cash</b>	18	<b>1,398</b>	<b>672</b>	<b>1,632</b>	<b>716</b>	<b>520</b>	<b>29</b>	<b>982</b>	<b>300</b>	<b>106</b>	<b>48</b>	<b>1,144</b>	<b>1,002</b>	<b>1,282</b>	<b>421</b>	<b>112</b>	<b>1,099</b>	<b>338</b>	<b>507</b>	<b>424</b>	<b>955</b>	<b>381</b>	<b>1,398</b>
Net Cash Flow		(726)	960	(916)	(196)	(692)	954	(682)	(194)	(558)	1,096	(142)	280	(861)	(309)	987	(761)	169	(83)	532	(575)	(20)	(1,738)
DIP Advance (Repayment)		-	-	-	200	-	-	-	-	500	-	-	-	-	-	-	-	-	-	-	-	-	700
<b>Ending Cash</b>		<b>672</b>	<b>1,632</b>	<b>716</b>	<b>520</b>	<b>29</b>	<b>982</b>	<b>300</b>	<b>106</b>	<b>48</b>	<b>1,144</b>	<b>1,002</b>	<b>1,282</b>	<b>421</b>	<b>112</b>	<b>1,099</b>	<b>338</b>	<b>507</b>	<b>424</b>	<b>955</b>	<b>381</b>	<b>361</b>	<b>361</b>
<b>Opening DIP Facility Availability</b>		<b>3,623</b>	<b>3,623</b>	<b>3,623</b>	<b>3,623</b>	<b>3,623</b>	<b>3,423</b>	<b>3,423</b>	<b>3,423</b>	<b>3,423</b>	<b>2,923</b>	<b>2,923</b>	<b>2,923</b>	<b>2,923</b>	<b>2,923</b>	<b>2,923</b>	<b>2,923</b>	<b>2,923</b>	<b>2,923</b>	<b>2,923</b>	<b>2,923</b>	<b>2,923</b>	<b>3,623</b>
DIP Borrowings		-	-	-	200	-	-	-	-	500	-	-	-	-	-	-	-	-	-	-	-	-	700
DIP Repayments		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Closing DIP Facility Availability</b>		<b>3,623</b>	<b>3,623</b>	<b>3,623</b>	<b>3,623</b>	<b>3,423</b>	<b>3,423</b>	<b>3,423</b>	<b>3,423</b>	<b>2,923</b>	<b>2,923</b>	<b>2,923</b>	<b>2,923</b>	<b>2,923</b>	<b>2,923</b>	<b>2,923</b>	<b>2,923</b>	<b>2,923</b>	<b>2,923</b>	<b>2,923</b>	<b>2,923</b>	<b>2,923</b>	<b>2,923</b>

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

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



Keith McConnell  
Chief Executive Officer

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 21 Week Cash Flow Forecast  
For the period from April 8, 2023 to September 1, 2023  
unaudited, in CAD \$000's

	Forecast Period																				Total Week 20 to Week 40	
	Week 20	Week 21	Week 22	Week 23	Week 24	Week 25	Week 26	Week 27	Week 28	Week 29	Week 30	Week 31	Week 32	Week 33	Week 34	Week 35	Week 36	Week 37	Week 38	Week 39		Week 40
	Notes	14-Apr-23	21-Apr-23	28-Apr-23	5-May-23	12-May-23	19-May-23	26-May-23	2-Jun-23	9-Jun-23	16-Jun-23	23-Jun-23	30-Jun-23	7-Jul-23	14-Jul-23	21-Jul-23	28-Jul-23	4-Aug-23	11-Aug-23	18-Aug-23		25-Aug-23
<b>Cash Receipts</b>																						
Professional Fees		-	769	-	769	-	788	-	788	-	961	-	961	-	-	953	-	953	-	867	-	867
Sundry, Injectables, Tray Fees		-	23	-	52	-	20	-	54	-	20	-	54	-	-	20	-	54	-	20	-	54
Research/Clinical Trial Revenue		-	16	-	16	-	16	-	16	-	16	-	16	-	-	16	-	16	-	16	-	16
EKG Revenue		-	9	-	9	-	9	-	9	-	9	-	9	-	-	9	-	9	-	9	-	9
Equipment Sales		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Cash Receipts</b>	1	-	817	-	846	-	834	-	868	-	1,007	-	1,041	-	-	999	-	1,033	-	912	-	946
<b>Operating Cash Disbursements</b>																						
Physician Draw	2	-	-	628	628	-	-	625	625	-	-	-	604	604	-	-	606	606	-	-	608	608
True-Up Payments	3	15	-	-	335	-	-	-	335	-	-	-	-	-	-	-	-	-	-	-	-	-
Tweak Revenue Offset		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Payroll and All Benefits	4	213	-	198	16	244	-	138	33	138	17	138	17	152	17	136	17	152	-	154	-	170
Medical Supplies	5	31	-	31	-	28	-	28	-	28	-	28	-	27	-	27	-	27	-	27	-	27
Office Supplies	6	18	-	18	-	15	-	15	-	15	-	15	-	15	-	15	-	15	-	15	-	15
Repairs and Maintenance	6	-	14	-	-	-	-	-	-	-	10	-	-	-	-	10	-	-	-	-	-	-
Non-Salary Research Clinic Trial	7	3	-	-	-	3	-	-	-	-	3	-	-	-	3	-	-	-	-	-	-	3
Rent	8	-	389	-	-	-	169	-	-	-	169	-	-	-	169	-	-	-	-	169	-	-
Audit and Legal Fees	9	2	-	-	-	10	-	-	-	-	13	-	-	-	-	-	-	-	-	-	-	-
Insurance	10	-	-	-	48	-	-	(159)	48	-	-	-	(190)	29	-	-	-	29	-	-	-	29
GST	13	4	-	-	4	-	-	-	-	-	4	-	-	4	-	-	-	4	-	-	-	4
Contingency	14	25	-	-	-	25	-	-	-	25	-	-	-	25	-	-	-	25	-	-	-	25
<b>Total Operating Cash Disbursements</b>		311	403	875	1,027	329	183	647	1,042	225	196	138	474	816	238	136	666	819	221	154	608	880
<b>Net Cash Flow from Operations</b>		(311)	414	(875)	(181)	(329)	651	(647)	(174)	(225)	811	(138)	567	(816)	(238)	863	(666)	214	(221)	759	(608)	66

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



Keith McConnell  
Chief Executive Officer

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 21 Week Cash Flow Forecast  
For the period from April 8, 2023 to September 1, 2023  
unaudited, in CAD \$000's

	Forecast Period																				Total Week 20 to Week 40		
	Week 20	Week 21	Week 22	Week 23	Week 24	Week 25	Week 26	Week 27	Week 28	Week 29	Week 30	Week 31	Week 32	Week 33	Week 34	Week 35	Week 36	Week 37	Week 38	Week 39		Week 40	
Notes	14-Apr-23	21-Apr-23	28-Apr-23	5-May-23	12-May-23	19-May-23	26-May-23	2-Jun-23	9-Jun-23	16-Jun-23	23-Jun-23	30-Jun-23	7-Jul-23	14-Jul-23	21-Jul-23	28-Jul-23	4-Aug-23	11-Aug-23	18-Aug-23	25-Aug-23	1-Sep-23		
<b>Cash Receipts</b>																							
Parking Revenue	-	66	-	-	-	44	-	-	-	43	-	-	-	-	39	-	-	-	-	39	-	231	
Lab Revenue	-	90	-	-	-	90	-	-	-	90	-	-	-	-	90	-	-	-	-	90	-	450	
MBMC Rent	8	389	-	-	-	169	-	-	-	169	-	-	-	169	-	-	-	169	-	-	-	1,064	
Other Lease Income	-	-	-	41	-	-	-	-	41	-	-	-	41	-	-	-	41	-	-	-	-	163	
X-Ray Income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other Income	-	-	-	0	-	-	-	-	0	-	-	-	0	-	-	-	0	-	-	-	-	0	
<b>Total Cash Receipts</b>	-	545	-	41	-	302	-	41	-	301	-	-	41	169	129	-	41	169	-	129	-	1,908	
<b>Operating Cash Disbursements</b>																							
R/M, security, cleaning, supplies	6	31	-	31	-	31	-	31	-	31	-	31	-	31	-	31	-	31	-	31	-	313	
Salaries and Benefits	4	12	-	7	-	9	-	4	-	4	-	4	-	4	-	4	-	4	-	4	-	62	
Radiologist Fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Repairs and Maintenance - Capex	-	17	-	-	-	-	-	-	-	17	-	-	-	11	-	-	-	-	-	-	-	44	
Audit and Legal Fees	9	15	-	-	15	-	-	-	15	-	-	-	15	-	-	-	15	-	-	-	15	88	
Insurance	10	-	-	-	-	-	-	-	-	-	-	190	18	-	-	-	18	-	-	-	-	245	
Utilities	11	-	-	41	-	-	-	41	-	-	-	41	-	-	-	41	-	-	-	41	-	205	
Office Supplies, Expense, & Consulting	-	1	-	-	1	-	-	-	1	-	-	-	1	-	-	-	1	-	-	-	-	6	
Business taxes	12	17	-	-	17	-	-	-	17	-	-	-	17	-	-	-	17	-	-	-	-	102	
GST Remittance	13	20	-	-	20	-	-	20	-	-	-	20	-	-	-	20	-	-	-	-	20	120	
Contingency	14	25	-	-	25	-	-	25	-	-	-	25	-	-	-	25	-	-	-	-	25	150	
<b>Total Operating Cash Disbursements</b>		137	-	38	56	103	-	36	56	99	17	4	276	86	42	4	87	86	31	4	87	86	1,334
<b>Net Cash Flow from Operations</b>		(137)	545	(38)	(15)	(103)	302	(36)	(15)	(99)	285	(4)	(276)	(45)	126	125	(87)	(45)	137	(4)	42	(86)	574

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.



Keith McConnell  
Chief Executive Officer

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 21 Week Cash Flow Forecast**  
**For the period from April 8, 2023 to September 1, 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 potential 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 monthly financing costs for the insurance premium.

**Manitoba Clinic Medical Corporation and The Manitoba Clinic Holding Co. Ltd. (the "Company")**  
**Notes to Management Prepared 21 Week Cash Flow Forecast**  
**For the period from April 8, 2023 to September 1, 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 protections will be realized. The Forecast is presented in thousands of Canadian dollars.*

**Note 11 Utilites**

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

**Note 12 Business taxes**

Realco incurs monthly business tax payable to the City of Winnipeg which is estimated at \$17,000 per month.

**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 SISP 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.

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and not in its personal or corporate capacity



Keith McConnell  
Chief Executive Officer



Orest Konowalchuk, LIT  
Senior Vice President

**APPENDIX E**  
**First Amendment to Interim Financing**  
**Term Sheet**

**FIRST AMENDMENT TO INTERIM FINANCING TERM SHEET**

**THIS AGREEMENT** made as of April 1, 2023 (this "**Amending Agreement**").

**BETWEEN:**

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

**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 (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. A number of physicians ceased contracting with the Borrowers following execution of the Loan Agreement resulting in certain previous Revised Budgets that were not based on a one week roll forward of the previous Agreed Budget or Revised Budget, as applicable, as required by Section 15(b)(ii) and which were outside the permitted budget variances specified in Section 15(c).
- D. The Interim Lender and the Borrowers have agreed on a new baseline Revised Budget for the purposes of the Loan Agreement effective as of 1 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 TO LOAN AGREEMENT**

### **2.1 Amendments to Definitions**

- (a) Section 15(b)(ii) of the Loan Agreement is hereby deleted and replaced with the following:

a one-week roll-forward of the Agreed Budget, which shall reflect the Borrowers' good faith projections and be in form and detail consistent with the initial Agreed Budget and subject to the approval of the Interim Lender (if so approved by the Interim Lender, the "**Revised Budget**"). Notwithstanding the foregoing, the Interim Lender may, from time to time, and in its sole discretion, waive the one-week roll-forward requirement and allow the Borrowers to rely on new assumptions to calculate a Revised Budget or replace a Revised Budget. The parties acknowledge and agree that the Revised Budget on Schedule C represents the new Revised Budget for the purposes of calculating the one-week roll-forward Revised Budget for the week commencing April 24, 2023.

### **2.2 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.

### **2.3 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.

### **2.4 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.

### **2.5 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.

## 2.6 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]*

**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: Senior Director, Special Loans

Per:

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

**SCHEDULE A**

Schedule "C" to the Loan Agreement  
Revised Budget

Attached.

**APPENDIX F**  
**Fees and Expenses**

**Manitoba Clinic Medical Corporation and the Manitoba Clinic Holding Co. Ltd.****Summary of Monitor's Fees and Disbursements**

January 1, 2023 to March 31, 2023

**Invoices subject to Court Approval**

<b>Inv. No.</b>	<b>Period</b>	<b>Fees</b>	<b>Disbursements</b>	<b>Total Fees &amp; Disbursements</b>	<b>GST</b>	<b>Total</b>
#3	January 1, 2023 to January 31, 2023	171,907.00	11,151.44	183,058.44	9,152.92	192,211.36
#4	February 1, 2023 to February 28, 2023	90,647.50	3,339.43	93,986.93	4,699.35	98,686.28
#5	March 1, 2023 to March 31, 2023	109,367.00	8,795.11	118,162.11	5,908.11	124,070.22
<b>Total</b>		<b>371,921.50</b>	<b>23,285.98</b>	<b>395,207.48</b>	<b>19,760.38</b>	<b>414,967.86</b>

**Manitoba Clinic Medical Corporation and The Manitoba Clinic Holding Co. Ltd.****Summary of Monitor's Counsel's Fees and Disbursements**

December 29, 2022 to March 31, 2023

**Invoices subject to Court Approval**

<b>Inv. No.</b>	<b>Period</b>	<b>Fees</b>	<b>Disbursements</b>	<b>Total Fees &amp; Disbursements</b>	<b>GST &amp; PST</b>	<b>Total</b>
689267	December 29, 2022 to January 31, 2023	77,132.00	57.91	77,189.91	3,859.50	81,049.41
690438	February 1, 2023 to February 26, 2023	18,323.50	13.60	18,337.10	916.86	19,253.96
692046	February 27, 2022 to March 26, 2023	47,872.00	7.60	47,879.60	2,393.98	50,273.58
<b>Total</b>		<b>143,327.50</b>	<b>79.11</b>	<b>143,406.61</b>	<b>7,170.34</b>	<b>150,576.95</b>

**Manitoba Clinic Medical Corporation and The Manitoba Clinic Holding Co. Ltd.****Summary of the Debtor's Counsel's Fees and Disbursements**

October 28, 2022 to March 31, 2023

<b>Inv. No.</b>	<b>Date</b>	<b>Fees</b>	<b>Disbursements</b>	<b>Total Fees &amp; Disbursements</b>	<b>GST &amp; PST</b>	<b>Total</b>
671777	December 5, 2022	86,462.96	583.55	87,046.51	10,384.74	97,431.25
672805	December 20, 2022	24,769.50	221.20	24,990.70	2,983.41	27,974.11
672810	November 24, 2022	50.00	5.00	55.00	6.25	61.25
673244	January 3, 2023	15,102.00	216.30	15,318.30	1,823.06	17,141.36
674095	January 17, 2023	17,440.00	1.65	17,441.65	2,092.88	19,534.53
674430	January 25, 2023	22,479.10	300.00	22,779.10	2,697.50	25,476.60
675666	February 14, 2023	135.00	80.00	215.00	16.95	231.95
675672	February 14, 2023	135.00	80.00	215.00	16.95	231.95
675474	February 8, 2023	11,162.50	38.25	11,200.75	1,341.43	12,542.18
676143	February 22, 2023	13,886.00	0.60	13,886.60	1,666.35	15,552.95
677049	March 7, 2023	10,690.00	45.75	10,735.75	1,285.11	12,020.86
Memo	March 14, 2023	(381.95)	-	(381.95)	-	(381.95)
677718	March 23, 2023	21,291.00	-	21,291.00	2,554.92	23,845.92
677727	March 21, 2023	2,801.00	45.00	2,846.00	338.37	3,184.37
677778	March 22, 2023	200.00	15.00	215.00	16.95	231.95
678671	April 4, 2023	19,780.50	-	19,780.50	2,373.67	22,154.17
<b>Total</b>		<b>246,002.61</b>	<b>1,632.30</b>	<b>247,634.91</b>	<b>29,598.54</b>	<b>277,233.45</b>