

Court File No.: CV-21-00669445-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT
OF MCEWAN ENTERPRISES INC.

**SUPPLEMENT TO THE THIRD REPORT OF THE MONITOR
ALVAREZ & MARSAL CANADA INC.**

DECEMBER 2, 2021

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1.0 INTRODUCTION

- 1.1 This report (this “**Third Report Supplement**”) is a supplement to the Third Report dated November 24, 2021 (the “**Third Report**”) of Alvarez & Marsal Canada Inc. (“**A&M**”), in its capacity as Court appointed Monitor (in such capacity, the “**Monitor**”) of McEwan Enterprises Inc. (“**MEI**” or the “**Applicant**”) under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”).
- 1.2 The proceedings commenced by the Applicant under the CCAA are referred to herein as the “**CCAA Proceedings**”. Capitalized terms used and not defined in this Third Report Supplement have the meanings given to them in the Third Report or the Second Report of the Monitor dated October 14, 2021 (the “**Second Report**”).
- 1.3 This Third Report Supplement should be read in conjunction with: (i) the Third Report; and (ii) the Applicant’s Amended Notice of Motion dated November 30, 2021 (the “**Amended Notice of Motion**”).¹
- 1.4 On November 26, 2021, the Applicant obtained an Order: (i) extending the Stay Period until and including December 15, 2021; and (ii) increasing the Interim Transaction Funding and corresponding Interim Transaction Funding Lender’s Charge to a maximum of \$1.4 million (from \$600,000).
- 1.5 The purpose of this Third Report Supplement is to provide the Court with information, and where applicable, the Monitor’s views on:

¹ The Third Report, the Second Report, the Amended Notice of Motion and other Court-filed documents in the CCAA Proceedings are available on the Monitor’s case website at www.alvarezandmarsal.com/McEwanEnterprises.

- (i) the Applicant's Amended Notice of Motion for an Order (the "**Sale Procedures Order**"), among other things:
 - (a) approving the sale procedures attached to the Amended Notice of Motion (the "**Sale Procedures**");
 - (b) authorizing the Applicant to implement the Sale Procedures under the supervision of the Monitor; and
 - (c) extending the Stay Period until and including December 22, 2021;
- (ii) the Applicant's cash flow results for the one-week period ended November 26, 2021; and
- (iii) the Applicant's updated cash flow forecast for the four-week period ending December 24, 2021.

2.0 TERMS OF REFERENCE AND DISCLAIMER

2.1 In preparing this Third Report Supplement, A&M, in its capacity as Monitor, has been provided with, and has relied upon unaudited financial information and the books and records prepared by MEI, and has had discussions with management of MEI and its legal counsel (collectively, the "**Information**"). Except as otherwise described in this Third Report Supplement in respect of the Applicant's cash flow forecast:

- (i) 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

- (ii) some of the information referred to in this Third Report Supplement 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.

2.2 Future oriented financial information referred to in this Third Report Supplement was prepared based on MEI management’s estimates and assumptions. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are not ascertainable, actual results will vary from the projections, even if the assumptions materialize, and the variations could be significant.

2.3 While this Third Report Supplement considers certain of the potential future impacts of the COVID-19 pandemic on MEI’s business and operations, such impacts cannot be fully determined at this time.

2.4 Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars (“CAD”).

3.0 AMENDED NOTICE OF MOTION

3.1 On November 12, 2021, the Applicant served a Notice of Motion (returnable on November 26, 2021) seeking, among other things: (i) approval of the Amended Transaction to be

implemented in the CCAA Proceedings, or in the alternative; (ii) approval of the Receivership Transaction to be implemented pursuant to concurrent receivership and bankruptcy proceedings (together, the “**Applicant’s Previously Proposed Relief**”).

- 3.2 First Capital Holdings (Ontario) Corporation (the “**Yonge & Bloor Landlord**”) opposed the relief sought by the Applicant and filed a motion seeking to terminate the CCAA Proceedings and to appoint a receiver to conduct a sale process in respect of MEI’s business (the “**Y&B Landlord’s Motion**”).
- 3.3 The Applicant’s Previously Proposed Relief and the Y&B Landlord’s Motion are each described in the Third Report.
- 3.4 At the November 26 hearing, the Applicant’s Previously Proposed Relief and the Y&B Landlord’s Motion were adjourned on consent of the Applicant and the Yonge & Bloor Landlord, and subsequently rescheduled to December 3, 2021. The adjournment was intended to provide the parties more time to continue ongoing discussions in order to try to reach a consensual resolution or narrow the issues between them. The Monitor understands that while these discussions remain ongoing, the parties have not reached a resolution.
- 3.5 As described in the Amended Notice of Motion, the Applicant has withdrawn the Applicant’s Previously Proposed Relief (including the Amended Transaction and the Receivership Transaction as contemplated therein) on a without prejudice basis and now seeks the proposed Sale Procedures Order.

4.0 SALE PROCEDURES ORDER

The Sale Process

- 4.1 The Applicant has developed a bidding process (the “**Sale Process**”) intended to determine whether a bid superior to the Stalking Horse Bid (as defined and described below) to be submitted by 2864785 Ontario Corp. (the “**Stalking Horse Bidder**” or “**286Co**”)² will materialize from the Yonge & Bloor Landlord. In the context of the Applicant’s consideration of its available alternatives, the Monitor has consulted with the Applicant in respect of a potential Sale Process. Further to those consultations, the Monitor was provided with an opportunity to review and comment on the draft Sale Procedures and certain of the Monitor’s comments were incorporated in the Sale Procedures.
- 4.2 A copy of the Sale Procedures is attached as Appendix “A” to the Amended Notice of Motion. The Sale Procedures’ key terms and dates include the following:
- (i) the Sale Process will be supervised by the Monitor;
 - (ii) the two parties eligible to participate in the Sale Process will be: (a) the Stalking Horse Bidder; and (b) the Yonge & Bloor Landlord (each, a “**Participating Bidder**”). No other parties will be permitted to participate;
 - (iii) all bids (in each case, a “**Bid**”) must be received by the Monitor no later than December 10, 2021 at 5:00 p.m. Toronto time (the “**Bid Deadline**”);
 - (iv) any Bid submitted must satisfy the criteria enumerated in the Sale Procedures, which include, among others, that any Bid submitted by a Participating Bidder: (i)

² The Stalking Horse Bidder is 2864785 Ontario Corp., referred to as the “**Purchaser**” in the Third Report.

may not be subject to any due diligence or financing conditions; (ii) must be no less favourable than the Stalking Horse Bid; (iii) must be executed by the Participating Bidder and be irrevocable; and (iv) must be accompanied by a bid letter providing the additional information mandated under the Sale Procedures to assist the Monitor in its review and assessment of the Bid;

- (v) any Bid submitted by the Yonge & Bloor Landlord must provide for payment of a stalking horse break fee in an amount to be agreed between the Stalking Horse Bidder and the Monitor, which amount shall not exceed \$390,000 (the “**Stalking Horse Fee**”);
- (vi) following the Bid Deadline, the Monitor will review and assess the Bids received and will prepare a report to the Court providing its recommendation in respect of the winning Bid, taking into account all relevant facts and considerations the Monitor considers appropriate, including, without limitation, structure, purchase price, conditions, timing, certainty of close and impact on and the support of key stakeholders; and
- (vii) the Sale Procedures expressly preserve all of MEI’s rights in the CCAA Proceedings and provide that the Applicant shall not be required to accept or complete any Bid submitted under the Sale Process (collectively, “**MEI’s Reservation of Rights**”).

The Stalking Horse Bid

- 4.3 As described in the Amended Notice of Motion, the Stalking Horse Bidder has confirmed that it will submit a Bid (the “**Stalking Horse Bid**”) in the Sale Process on terms and

conditions no less favourable (individually or in the aggregate) than the transaction previously set forth in the Purchase Agreement dated September 27, 2021 between MEI and 286Co, as amended by the Amending Agreement dated November 12, 2021 between MEI and 286Co (the “**Purchase Agreement**”); provided however, that the Stalking Horse Bidder may amend the consideration previously contemplated to be paid to the Yonge & Bloor Landlord under the Purchase Agreement.³ The Stalking Horse Bid is not underpinned by a conventional executed stalking horse agreement that is binding subject to Court approval and filed in support of the Applicant’s motion. Rather the Stalking Horse Bid is contemplated to be provided to the Monitor on or before the Bid Deadline.

- 4.4 The Monitor notes that the Purchase Agreement referred to above is described in detail at paragraph 3.6 of the Second Report, and is therefore not summarized again herein.

Monitor’s Review and Assessment of the Sale Procedures

- 4.5 The Monitor considered, among other things, the following in assessing the reasonableness of the proposed Sale Procedures:
- (i) the Sale Procedures are intended to maximize value through a competitive bid process while mitigating against downside risks for MEI’s stakeholders by: (a) providing certainty of a going-concern transaction to be completed pursuant to the Stalking Horse Bid should the Sale Process not produce a superior result; and (b) using a bespoke truncated process to manage costs and the incurrence of additional debt;

³ A copy of the Purchase Agreement is attached as Exhibit “C” to the Second McEwan Affidavit (sworn October 1, 2021), Motion Record of the Applicant dated October 1, 2021 at Tab 4.

- (ii) if the Sale Procedures are not approved, the Monitor has no assurances that the Stalking Horse Bid will still be available, particularly given the ever-increasing debt being put on the Applicant to fund ongoing losses and the CCAA Proceedings;
- (iii) the Monitor is of the view that a two-party sale process is reasonable based on the following unique circumstances:
 - (a) it allows the Sale Process to be completed quickly and efficiently within the month of December, which will limit MEI's incurrence of additional debt. Based on the Applicant's cash flow forecast, net cash flow during the month of December (a five week period) is projected to be approximately negative \$1.4 million. If the Sale Process were to be extended through January 28, 2022 (an additional four week period), the Applicant's net cash flows are projected to be approximately negative \$1 million;⁴
 - (b) it is consistent with the preferences of MEI's secured creditors, being RBC and the Cadillac Fairview Entities, who have expressed to the Monitor their preference that any sale process implemented be completed as quickly as possible to minimize additional costs and uncertainty to MEI's business;
 - (c) it would be difficult for a third-party, other than possibly the Yonge & Bloor Landlord, to offer consideration superior to that of the Purchase Agreement (and now the Stalking Horse Bid), given, among other things: (I) that the

⁴ With the exception of restructuring professional fees and certain rent payments, certain of the costs contributing to the projected negative cash flows would incur regardless of an extended sale process and/or continuation of the CCAA Proceedings.

Stalking Horse Bid provides for the full settlement or assumption of all of MEI's liabilities, with the exception of obligations owing to the Yonge & Bloor Landlord, and the continuation of employment for all of MEI's current employees; (II) as described in the Third Report, the Yonge & Bloor Location incurs material cash losses and it would appear to be uneconomical for a third-party purchaser (other than the Yonge & Bloor Landlord) to assume those substantial lease obligations without significant concessions from the Yonge & Bloor Landlord; (III) it would be uneconomical for a third-party purchaser to take an assignment of the five Cadillac Fairview Leases (which make up the majority of MEI's business) without significant concessions from the Cadillac Fairview Entities, which the Monitor (based on discussions with the Cadillac Fairview Entities) expects would be difficult for a third-party to obtain in a reasonable time frame, if at all; and (IV) Mr. McEwan's continued involvement as chef and operator is an important component of MEI's business and its future success, and Mr. McEwan has advised that he is only prepared to continue with the business if Fairfax remains his partner. The Monitor notes that, since the commencement of the CCAA Proceedings, two parties have expressed an interest to the Monitor in participating in a sale process should one be implemented and one of those parties has recently reiterated its interest; and

- (d) the Yonge & Bloor Landlord previously confirmed in an affidavit that it was prepared to complete a transaction without a broad canvassing of the

market on the terms of the Yonge & Bloor Landlord's Purchase Agreement pending satisfaction of a short 14-day due diligence process;⁵

- (iv) the Yonge & Bloor Landlord submitted an initial non-binding bid to the Monitor on October 11, 2021, which proposed a due-diligence period of 14 days. Commencing the week of November 15, 2021, the Applicant began providing information to the Yonge & Bloor Landlord so that it could begin its financial and legal due diligence. The Monitor notes that the Yonge & Bloor Landlord has indicated that it has only submitted preliminary diligence requests. However, this initial review period, having regard to the 14 days originally contemplated by the Yonge & Bloor Landlord's Purchase Agreement, positions the Yonge & Bloor Landlord to engage in and quickly advance an additional due diligence process on MEI's business;
- (v) a sale of the Applicant's assets and business pursuant to the Stalking Horse Bid or a superior Bid submitted in the Sale Process would benefit MEI's stakeholders and provide for a going concern result that is expected to be superior to the result that could be achieved in a bankruptcy liquidation for the majority of creditors; and
- (vi) the Stalking Horse Fee, to be no greater than \$390,000, represents approximately 3% of the purchase price expected under the Stalking Horse Bid.⁶

⁵ Affidavit of Jordan Robins sworn November 4, 2021 at paras 47, 50, Motion Record of First Capital Holdings (Ontario) Corporation dated November 4, 2021 at Tab 4.

⁶ Based on the Monitor's review, stalking horse break fees in recent Canadian insolvency transactions have ranged from 2-5% of the purchase price.

4.6 Notwithstanding the foregoing, The Monitor understands that the Yonge & Bloor Landlord, which would be the sole affected creditor in the event that the Stalking Horse Bid is successful, has concerns regarding the proposed Sale Procedures and the Amended Notice of Motion, including, but not limited to, the following:

- (i) the short-service of the Applicant's Amended Notice of Motion;
- (ii) the Sale Process only allows for two Participating Bidders;
- (iii) the proposed Bid Deadline of December 10, 2021;
- (iv) the Stalking Horse Fee where the Stalking Horse Bidder is a related party to the Applicant;
- (v) the use of a Stalking Horse Bid that is not disclosed, in its entirety, to the other Participating Bidder prior to the Bid Deadline; and
- (vi) MEI's Reservation of Rights.

4.7 The Monitor understands that the Yonge & Bloor Landlord will be seeking an adjournment of the relief sought in the Amended Notice of Motion given the short-service, but has not yet been advised how long of an adjournment is being sought or what steps the Yonge & Bloor Landlord intends to take during any adjournment period. The Monitor intends to continue discussions with the parties regarding the request for an adjournment.

4.8 Ultimately, while the Monitor is supportive of a two-party sale process in the unique circumstances of this case for the reasons articulated in paragraph 4.5(iii) hereof, the Monitor is alive to both the: (i) Yonge & Bloor Landlord's concerns regarding the proposed

Sale Procedures; and (ii) Applicant's concerns regarding the uncertainty, time and costs associated with a sale process that is not appropriately tailored.

- 4.9 The Monitor is of the view that the Sale Procedures should be approved and recommends that the Court grant the Sale Procedures Order, subject to the following issue being addressed to ensure the fairness, transparency and integrity of the Sale Process in the circumstances: the Bid Deadline should be extended to December 17, 2021 (regardless of the outcome of the Yonge & Bloor Landlord's adjournment request) to provide the Yonge & Bloor Landlord with additional time to perform its due diligence.
- 4.10 To address potential concerns regarding MEI's Reservation of Rights, the Applicant has undertaken to provide the Monitor with a minimum of two business days' notice of any material step it wishes to take in the CCAA Proceedings. This notice period will provide the Monitor with an opportunity to seek advice or direction from the Court on an urgent basis if the Monitor deems it appropriate to do so in the circumstances.

5.0 CASH FLOW RESULTS RELATIVE TO FORECAST

- 5.1 Actual receipts and disbursements for the one-week period November 20 to November 26, 2021 (the "**Reporting Period**"), as compared to the cash flow forecast attached as Appendix "C" to the Third Report, are summarized in the following table:

Cash Flow Results		CAD\$000's	
	Budget	Actual	Variance
Receipts	751	780	29
Disbursements			
Vendors	(504)	(472)	32
Employee wages	(227)	(201)	26
Rent	-	-	-
Other SG&A	(139)	(36)	103
RBC principal, lease payments & interest	-	(17)	(17)
Restructuring professional Fees	(90)	-	90
Net Cash Flow	(209)	54	263
Cash balance, opening	(18)	(18)	-
Net Cash Flow	(209)	54	263
Revolving Facility draws	600	(5)	(605)
Transaction Deposit	-	-	-
Ending Cash Balance	373	31	(342)

5.2 During the Reporting Period:

- (i) total receipts actualized slightly above forecast;
- (ii) total disbursements were approximately \$234,000 less than forecast. These variances are considered timing differences and are expected to reverse in future weeks; and
- (iii) overall, MEI experienced a positive net cash flow variance of approximately \$263,000.

5.3 As at November 26, 2021, MEI's available liquidity was approximately \$1.5 million, comprised of: (i) \$31,000 cash on hand; (ii) \$705,000 available under the Revolving Facility; and (iii) the \$800,000 increase to the Interim Transaction Funding (approved on November 26, 2021).

6.0 UPDATED CASH FLOW FORECAST

6.1 The Applicant, with the assistance of the Monitor, has prepared an updated cash flow forecast (the “**Updated Cash Flow Forecast**”) for the four-week period from November 27, 2021 to December 24, 2021 (the “**Cash Flow Period**”). A copy of the Updated Cash Flow Forecast, together with the Notes and Summary of Assumptions, is attached hereto as **Appendix “A”**.

6.2 The following table provides a summary of the Updated Cash Flow Forecast:

Updated Cash Flow Forecast		CAD\$000's
		4-Week Period
		<i>Dec-24</i>
		<hr/>
Receipts		3,230
Disbursements		
Vendors		(2,076)
Employee wages		(921)
Rent		(725)
Other SG&A		(335)
RBC principal, lease payments & interest		(64)
Restructuring professional Fees		(408)
		<hr/>
Net Cash Flow		(1,299)
		<hr/>
Cash balance, opening		31
Net Cash Flow		(1,299)
Revolving Facility draws		605
Interim Transaction Funding		800
		<hr/>
Ending Cash Balance		137

6.3 The Monitor notes that during the requested Stay Period extension to December 22, 2021, net cash flows are projected to be negative approximately \$1.3 million. These negative cash flows are projected to be financed by a combination of: (a) draws on the Revolving Facility of \$605,000; and (b) Interim Transaction Funding of \$800,000.

7.0 EXTENSION OF THE STAY PERIOD

7.1 The current Stay Period expires on December 15, 2021. As previously noted, the Applicant is seeking an extension of the Stay Period to and including December 22, 2021.

7.2 The Monitor supports the Applicant's request to extend the Stay Period for the following reasons:

- (i) the Applicant is projected to have sufficient liquidity through the extended Stay Period;
- (ii) the proposed extension to the Stay Period will provide the Applicant with the stability necessary to continue its ordinary course business operations;
- (iii) if the Sale Procedures Order is granted, the proposed Stay Extension will provide the Applicant with the time required to implement the Sale Process, consider any Bid submitted by the Yonge & Bloor Landlord in the Sale Process and seek approval of the best Bid; and
- (iv) the Applicant has acted, and continues to act, in good faith and with due diligence to advance the CCAA Proceedings and its restructuring efforts.

8.0 CONCLUSIONS AND RECOMMENDATIONS

8.1 For the reasons set out in this Third Report Supplement, subject to the Yonge & Bloor Landlord's adjournment request, which the Monitor is not yet able to take a position on, the Monitor respectfully recommends that the Court grant the relief requested by the Applicant, subject to the modification discussed above.

All of which is respectfully submitted to the Court this 2nd day of December, 2021.

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

Per:



Greg Karpel
Senior Vice-President

APPENDIX A
UPDATED CASH FLOW FORECAST

See attached.

McEwan Enterprises Inc.

Cash Flow Forecast

For the 4-week period ending December 24, 2022

(Unaudited, in 000s CAD)

		Week 1	Week 2	Week 3	Week 4	4 Week
Week ending		Dec 03	Dec 10	Dec 17	Dec 24	Total
Receipts	(1)	751	789	826	864	3,230
Disbursements						
Vendors	(2)	(429)	(523)	(546)	(578)	(2,076)
Employee wages	(3)	(227)	(221)	(231)	(242)	(921)
Rent	(4)	(725)	-	-	-	(725)
Other SG&A (incl. HST remittances)	(5)	(124)	(52)	(52)	(107)	(335)
Total Disbursements		(1,505)	(796)	(829)	(927)	(4,057)
Operating Net Cash Flow		(754)	(7)	(3)	(63)	(827)
RBC principal, lease payments & interest	(6)	(64)	-	-	-	(64)
Restructuring professional fees	(7)	(134)	(94)	(90)	(90)	(408)
Net Cash Flow		(952)	(101)	(93)	(153)	(1,299)
Beginning Cash		31	184	233	290	31
Net Cash Flow		(952)	(101)	(93)	(153)	(1,299)
Interim Funding / Transaction Deposit	(8)	500	150	150	-	800
Change in Revolving credit line		605	-	-	-	605
Ending Cash		184	233	290	137	137
<u>RBC Credit Line</u>						
Revolving credit line limit		850	850	850	850	850
Revolving credit line drawn		(750)	(750)	(750)	(750)	(750)
Revolving credit line available		100	100	100	100	100

McEwan Enterprises Inc. ("MEI")

Updated Cash Flow Forecast

Notes

Disclaimer

*In preparing this cash flow forecast (the "**Forecast**"), MEI 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.*

Assumptions

1) Receipts

Receipts include sales from MEI's restaurant, grocery, catering and events businesses, inclusive of sales tax. The projections are based on management's estimates of near-term sales, taking into consideration recent sales experience and expectations with respect to ongoing social distancing measures, capacity restrictions and other COVID-19 related impacts on the business.

2) Vendors

Consists primarily of disbursements to purchase produce, meat, seafood and other food & groceries used in MEI's restaurant, grocery and catering businesses. The Forecast includes the payment of both pre-filing and post-filing obligations to vendors in accordance with the Initial Order.

3) Employee wages

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

4) Rent

Disbursements include the payment for post-filing monthly rent obligations at each of MEI's locations. Forecast rent includes catch-up payments to the Cadillac Fairview Entities of approximately \$185,000 relating to October and November rents at certain locations, as well as increased rents for December and January, based on recent discussions and agreement among the Applicant and the Cadillac Fairview Entities.

5) Other SG&A

Consists primarily of packaging, logistics, IT, facility management, other costs and monthly HST remittances. Forecast includes the payment of both pre-filing and post-filing obligations in accordance with the Initial Order.

6) RBC principal, lease payments & interest

Forecast includes principal and interest payments owing to RBC for mortgages, equipment leases and the Secured Credit Facilities. The Secured Credit Facilities consist of: (i) a revolving credit facility with cumulative maximum availability of \$850,000 (the "**Revolving Facility**"); (ii) credit cards with a cumulative maximum availability of \$360,000; and (iii) a \$90,000 letter of credit, as well as the equipment leasing arrangements.

7) Restructuring professional fees

Disbursements include forecast payments to the Monitor and the Monitor's legal counsel. The Forecast does not include any payments to MEI's legal counsel.

8) Transaction Deposit / Interim Funding

Pursuant to the Stay Extension and Interim Transaction Funding Approval Order, the Interim Transaction Funding and corresponding Interim Transaction Funding Lender's Charge was increased from \$600,000 to a maximum of \$1.4 million to fund near term liquidity requirements.

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

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**ONTARIO
SUPERIOR COURT OF JUSTICE
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Proceeding commenced at Toronto

**SUPPLEMENT TO THE
THIRD REPORT OF THE MONITOR**

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