

**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 EASTERN MEAT SOLUTIONS INC., SIERRA
CUSTOM FOODS INC., SIERRA SUPPLY CHAIN SERVICES INC.,
SIERRA REALTY CORPORATION, RVB HOLDINGS INC., VANDEN
BROEK HOLDINGS (2008) INC., SIERRA REALTY CALGARY
CORPORATION AND EASTERN MEAT SOLUTIONS (USA) CORP.**

(the “**Applicants**”)

REPORT OF THE PROPOSED MONITOR

DATED MAY 21, 2024

INTRODUCTION

1. Deloitte Restructuring Inc. (“**Deloitte**” or the “**Proposed Monitor**”) understands that Eastern Meat Solutions Inc. (“**EMS**”), Sierra Custom Foods Inc., Sierra Supply Chain Services Inc., Sierra Realty Corporation, RVB Holdings Inc., Vanden Broek Holdings (2008) Inc., Sierra Realty Calgary Corporation and Eastern Meat Solutions (USA) Corp. (collectively, the “**Applicants**”) intend to bring an application before the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) to commence proceedings (the “**CCAA Proceedings**”) under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”) and seek an initial order (the “**Proposed Initial Order**”) granting certain relief including, among other things:
 - a. a stay of proceedings until May 31, 2024, or such other date as may be ordered by the Court (the “**Stay Period**”);

- b. appointing Deloitte as monitor of the Applicants (the “**Monitor**”);
 - c. granting a charge (the “**Administration Charge**”) against the Applicants’ property to a maximum amount of \$500,000 as security for professional fees and disbursements incurred by counsel to the Applicants, the Monitor and its counsel (the parties taken together, the “**Professionals Group**”);
 - d. granting a charge (the “**D&O Charge**”) against the Applicants’ property to a maximum amount of \$600,000 as security for an indemnity granted in favour of the directors and officers of the Applicants (the “**D&O**”) in respect of obligations and liabilities that the D&Os may incur in such capacity after the commencement of the CCAA Proceedings; and
 - e. granting an intercompany charge against the Applicants’ property to secure any intercompany indebtedness incurred after the Proposed Initial Order (the “**Intercompany Charge**” and together with the Administration Charge and D&O Charge, the “**Charges**”).
2. The Proposed Monitor files this report (the “**Pre-Filing Report**”), to provide information to this Court for its consideration in respect of the Applicants’ CCAA application. Deloitte has consented to act as Monitor in these CCAA Proceedings should this Court grant the Proposed Initial Order.
3. Capitalized terms not defined in this Pre-filing Report are as defined in the Affidavit of Robert Vanden Broek sworn on May 21, 2024 (the “**Vanden Broek Affidavit**”) in support of the application filed by the Applicants in connection with these CCAA Proceedings and in support of the Proposed Initial Order.

PURPOSE

4. The purpose of this Pre-Filing Report is to provide the Court with information in respect of:
 - a. Deloitte’s qualifications to act as Monitor;
 - b. the Applicants’ 19-week cash flow forecast (the “**Cash Flow Forecast**”) through to September 29, 2024 (the “**Cash Flow Period**”) and the reasonableness thereof in accordance with section 23(1) of the CCAA; and
 - c. the Proposed Monitor’s comments on the proposed Charges, in addition to the other relief being sought by the Applicants as part of the Proposed Initial Order.
5. Background information leading to the need for these CCAA proceedings is set out in the Vanden Broek Affidavit.

TERMS OF REFERENCE

6. In preparing this Pre-Filing Report and making the comments herein, the Proposed Monitor has been provided with, and has relied upon certain unaudited financial information, books, records and financial information prepared by the Applicants, discussions with and information from the Applicants’ management (“**Management**”) and other third-party sources (collectively, the “**Information**”). Except as described in this Pre-Filing Report:
 - a. the Proposed 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 such information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards (“**GAAS**”) pursuant to the *CPA Canada Handbook*

(the “CPA Handbook”) and, accordingly, the Proposed Monitor expresses no opinion or other form of assurance contemplated under GAAS in respect of the Information; and

- b. some of the Information referred to in this Pre-Filing Report consists of forecasts and projections. An examination or review of the financial forecast and projections, as outlined in the CPA Handbook, has not been performed.
- 7. Future oriented financial information referred to in this Pre-Filing Report was prepared based on the Applicants’ 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.
- 8. The Proposed Monitor has prepared this Pre-Filing Report in connection with the proposed CCAA Proceedings and should not be relied on for any other purpose.
- 9. Unless otherwise stated, all dollar amounts contained in this Pre-Filing Report are expressed in Canadian dollars.

EXECUTIVE SUMMARY

- 10. The Proposed Monitor is of the view that:
 - a. the proposed Charges are appropriate and reasonable in the circumstances;
 - b. the other relief that the Applicants seek with respect to the restrictions on set-off and the ability to make pre-filing payments with respect to certain critical suppliers, with Monitor approval, is appropriate and reasonable in the circumstances;
 - c. the Applicants have sufficient cash to cover necessary expenses during the Stay

Period; and

- d. the Proposed Monitor recommends that the Court grant the requested relief.

DELOITTE’S QUALIFICATIONS TO ACT AS MONITOR

- 11. Deloitte is a trustee within the meaning of section 2 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended, and is not subject to any of the restrictions on who may be appointed as monitor set out in section 11.7(2) of the CCAA. Deloitte has provided its consent to act as Monitor.
- 12. Deloitte has been acting as financial advisor to the Applicants and is familiar with its business and operations, certain of its personnel, the key issues and the key stakeholders in these CCAA Proceedings. Deloitte was engaged by the Applicants in this capacity on May 8, 2024, for the purposes of assisting the Applicants in reviewing all available options and in preparing the Cash Flow Forecast in order to commence these CCAA Proceedings.
- 13. Deloitte has not provided accounting or auditing services to the Applicants. Fees payable to Deloitte pursuant to its financial advisory role are based on hours worked multiplied by normal hourly rates. Deloitte is not entitled to any success based or other contingency-based fee.

Resources Available Should Deloitte be Appointed Monitor

- 14. Should Deloitte be appointed Monitor by the Court, the following resources will be available on a website (the “**Monitor’s Website**”), which address will be <https://www.insolvencies.deloitte.ca/easternmeat>:
 - a. a telephone hotline will be available to contact the Monitor. The number is 416 601 6048; and

- b. an email inbox, at easternmeatsolutions@deloitte.ca, will be available for stakeholders to make written inquiries of Deloitte, should the Court appoint the Proposed Monitor as Monitor.

THE APPLICANTS' CASH FLOW FORECAST

15. The Applicants have prepared the Cash Flow Forecast, with the assistance of the Proposed Monitor, and it is attached hereto as **Appendix "A"** along with certain of the documents required by section 10(2)(b) of the CCAA. The Cash Flow Forecast is presented weekly and projects the Applicants' cash flows for the 19-week period to September 29, 2024. A summary of the Cash Flow Forecast is included in the table below:

Eastern Meats Solutions Inc. and its affiliates 19 Week Cash Flow Forecast (CAD) For the period May 20, 2024 to September 29, 2024		
	Total	Notes
RECEIPTS		
Customer receipts	57,893,238	1
HST refunds	1,097,572	2
DIP funding	3,100,000	3
Total receipts	62,090,810	
DISBURSEMENTS		
Raw materials	50,372,781	4
Salaries and benefits	3,935,625	5
Rent and leases	3,858,230	6
Utilities	510,964	7
Selling, general & admin	1,633,307	8
Interest	955,026	9
Professional fees	1,490,000	10
Total Disbursements	62,755,934	
Net Inflow/ (Outflow)	(665,124)	
Opening Balance	887,286	
Closing Balance	222,162	

16. Section 23(1)(b) of the CCAA states that the Monitor shall "review the company's cash-flow statement as to its reasonableness and file a report with the court on the monitor's

findings.”

17. Pursuant to section 23(1)(b) of the CCAA and in accordance with the Canadian Association of Insolvency and Restructuring Professionals Standard of Practice 9, the Proposed Monitor hereby reports as follows:

- a. the Cash Flow Forecast has been prepared by Management of the Applicants for the purpose of forecasting their liquidity through the forecast period using the probable assumptions and the hypothetical assumptions set out in the notes thereto;
- b. the Proposed Monitor’s review of the Cash Flow Forecast consisted of inquiries, analytical procedures and discussion related to information supplied by certain of Management and employees of the Applicants. Since hypothetical assumptions need not be supported, the Proposed Monitor’s procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the Cash Flow Forecast. The Proposed Monitor has also reviewed the support provided by Management for the probable assumptions, and the preparation and presentation of the Cash Flow Forecast;
- c. based on its review, nothing has come to the attention of the Proposed Monitor that causes it to believe that, in all material respects:
 - i. the hypothetical assumptions are not consistent with the purpose of the Cash Flow Forecast;
 - ii. as at the date of this Pre-Filing Report, the probable assumptions developed by Management are not suitably supported and consistent with the plans of the Applicants or do not provide a reasonable basis for the Cash Flow

Forecast, given the hypothetical assumptions; or

iii. the Cash Flow Forecast does not reflect the probable and hypothetical assumptions;

d. since the Cash Flow Forecast is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material. Accordingly, the Proposed Monitor expresses no assurance as to whether the Cash Flow Forecast will be achieved. The Proposed Monitor expresses no opinion or other form of assurance with respect to the accuracy of any financial information presented in this Pre-Filing Report, or relied upon by the Proposed Monitor in preparing this Pre-Filing Report; and

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

18. As set out in the Cash Flow Forecast, the Applicants project that they will have sufficient liquidity to fund their operations during the Stay Period, until such time as they schedule a hearing (the “**Comeback Hearing**”) to seek approval of a debtor-in-possession credit facility that is currently being negotiated.

19. Prior to the Comeback Hearing the Applicants are forecasting only those disbursements that are necessary in the circumstances to fund normal course operations. The Applicants are not forecasting any cash receipts out of the ordinary course.

THE PROPOSED ADMINISTRATION CHARGE

20. The Applicants are currently seeking the Court's approval of the proposed Administration Charge for the benefit of the Professionals Group. The proposed Administration Charge, in the amount of \$500,000, represents security for the Professionals Group's fees and disbursements incurred both before (in respect of preparing for this filing) and after the commencement of these CCAA Proceedings.
21. The proposed amount of the Administration Charge is \$500,000 in the Proposed Initial Order, which represents the estimated billings of the Professionals Group through to the Comeback Hearing. The Applicants have advised the Proposed Monitor that they will request a \$250,000 increase to the amount of the Administration Charge to \$750,000 at the comeback hearing to be scheduled in these proceedings (the "**Comeback Hearing**"). The Proposed Monitor has reviewed and considered the underlying assumptions that the Applicants have based the quantum of the proposed Administration Charge, the complexities of the CCAA Proceedings and the services to be provided by the beneficiaries of the Administration Charge and is of the view that the proposed scope and quantum of the Administration Charge is appropriate and reasonable in the circumstances.
22. Accordingly, the Proposed Monitor respectfully recommends that the Applicants' request for the Administration Charge be granted by the Court.

THE PROPOSED D&O CHARGE

23. The Proposed Initial Order provides a D&O Charge in the amount of \$600,000 ranking second in priority behind the Administration Charge.
24. The beneficiaries of the D&O Charge, if granted, would be the D&Os. It is the Proposed Monitor's view that the continued support and service of the existing D&Os during the

CCAA Proceedings is critical to the Applicants' efforts to preserve and maximize value for stakeholders.

25. The quantum of the proposed D&O Charge is based on estimated amounts for which directors could potentially have statutory personal liability that could accrue in the ordinary course during the CCAA Proceedings and include items such as payroll, vacation pay and HST amounts owing to Canada Revenue Agency. The Applicants have advised the Proposed Monitor that they will request a \$150,000 increase to the amount of the D&O Charge to \$750,000 at the Comeback Hearing.
26. While the D&Os are the beneficiaries of insurance coverage for certain liabilities, there is no certainty that such policy will cover liabilities that may be faced by the D&Os during the CCAA Proceedings. As such, the Proposed Monitor is of the view that providing the D&O Charge for the benefit of the D&Os will provide them the necessary comfort to continue to provide services to the Applicants during these CCAA Proceedings. The Proposed Monitor views the quantum and scope of the D&O Charge as appropriate and reasonable in the circumstances.
27. For the reasons set out above, the Proposed Monitor is supportive of the establishment of the D&O Charge and recommends that the Court grant the Applicants' requested relief in this regard.

THE PROPOSED INTERCOMPANY CHARGE

28. As set out in the Vanden Broek Affidavit, the Applicants employ an integrated cash management system whereby certain disbursements are made by one Applicant on behalf of other Applicants. This could include costs that are not allocated out to each subsidiary.

29. In the Proposed Monitor's view, maintaining the cash flow management system on a *status quo* basis is appropriate in the circumstances given that it represents a continuation of current practice and processes. The Intercompany Charge will ensure that no creditor of any Applicant is prejudiced by the ordinary course flow of funds between and among the Applicants during the CCAA proceeding. The proposed Intercompany Charge will rank subordinate to the proposed Administration Charge and the D&O Charge as well as security in favour of the Applicant's senior secured operating lender, Bank of Montreal.
30. For the reasons above, the Proposed Monitor is of the view that the Intercompany Charge is appropriate and reasonable in the circumstances.

OTHER RELIEF BEING SOUGHT BY THE APPLICANTS

31. In addition to seeking the Charges, the Applicants are also seeking the following relief:
- a. orders regarding set-off between the Applicants and certain customers and suppliers. This includes prohibiting pre-versus-post and “triangular set-off” as detailed in the Vanden Broek Affidavit; and
 - b. the ability to make pre-filing payments to certain critical suppliers should the Applicants’ Monitor consent to same.

Restriction on Set-off

32. As set out in the Vanden Broek Affidavit, the Applicants regularly transact with entities that may seek to assert set-off rights at the commencement of these CCAA Proceedings. This includes those entities that may seek to assert set-off rights for other entities within the same corporate family on a consolidated basis (e.g., one member of a corporate family acts as supplier while another is a customer of one or more of the Applicants).
33. The Applicants are not seeking to prohibit the set-off of receivables and payables with the same Applicant entity for pre-filing amounts with the same counterparty.
34. Given the material implications this could have on the Applicants’ cash flows, the Proposed Monitor views this relief as appropriate and necessary in the circumstances. In this regard the Proposed Monitor recommends that this Court grant the relief sought by the Applicants.

Critical Supplier Payments

35. As set out in the Vanden Broek Affidavit, the Applicants are seeking the Court’s approval to make payments to a limited number of suppliers that are critical to their ongoing business.

36. While the Applicants will have the benefit of a stay of proceedings, should it be approved by the Court, such stay may not be effective with respect to certain suppliers, especially those that are based outside of Canada. The Applicants regularly source raw materials from the United States and, as such, are dependent on supply from this jurisdiction.
37. Further, certain suppliers that are owed amounts that would be subject to the stay of proceeding have the ability to negatively affect Applicants' operations if they discontinued service as a result of non-payment.
38. While every effort will be made by the Applicants and the Proposed Monitor to ensure that the stay of proceedings is respected, the Proposed Monitor is of the view that, given the importance of continued supply to, and uninterrupted operation of the Applicants' business, it is important to have the necessary flexibility to make such critical payments and recommends that the Court grant the Applicants' requested relief in this regard.

RECOMMENDATIONS

39. As set out above, the Proposed Monitor is of the view that the relief requested by the Applicants is both appropriate and reasonable in the circumstances and recommends that the Court issue the requested Proposed Initial Order subject to any modifications that the Court sees fit to make.

All of which is respectfully submitted this 21st day of May, 2024.

DELOITTE RESTRUCTURING INC.

Solely in its capacity as Proposed Monitor of
Eastern Meat Solutions Inc. and its subsidiaries,
and not in its personal capacity

Per:



Jorden Sleeth, CPA, CA, CIRP, LIT
Senior Vice-President



Todd Ambachtsheer, CPA, CA, CIRP, LIT
Senior Vice-President

Appendix “A”
Cash Flow Forecast

Eastern Meats Solutions Inc. 19 Week Cash Flow Forecast (CAD) For the period May 20, 2024 to September 29, 2024										
	20-May-24	27-May-24	3-Jun-24	10-Jun-24	17-Jun-24	24-Jun-24	1-Jul-24	8-Jul-24	15-Jul-24	22-Jul-24
	26-May-24	2-Jun-24	9-Jun-24	16-Jun-24	23-Jun-24	30-Jun-24	7-Jul-24	14-Jul-24	21-Jul-24	28-Jul-24
RECEIPTS										
Customer receipts	1,670,243	1,805,364	3,997,781	3,664,633	2,998,336	2,665,187	3,719,534	3,270,624	2,629,325	2,308,676
HST Refund	-	274,393	-	-	274,393	-	-	-	274,393	-
DIP Funding requirement	-	200,000	-	500,000	-	500,000	-	-	-	-
Total Receipts	1,670,243	2,279,757	3,997,781	4,164,633	3,272,729	3,165,187	3,719,534	3,270,624	2,903,718	2,308,676
DISBURSEMENTS										
Raw Materials	1,106,354	2,709,531	2,470,551	3,612,043	2,569,242	2,766,624	1,692,997	2,116,247	2,398,413	2,499,522
Salaries and benefits	331,045	51,307	308,976	100,043	308,976	100,043	308,302	100,043	307,403	100,043
Rent and leases	-	45,000	885,808	22,500	22,500	22,500	885,808	22,500	22,500	22,500
Utilities	-	-	128,376	-	-	-	126,273	-	-	-
Selling, General, and Admin	53,646	80,469	130,243	167,869	136,031	147,609	71,334	89,167	101,056	105,316
Interest	-	179,572	-	-	-	179,572	-	-	-	193,572
Professional fees (consultants)	-	-	125,000	125,000	125,000	125,000	122,500	122,500	122,500	122,500
Total Disbursements	1,491,045	3,065,879	4,048,953	4,027,455	3,161,749	3,341,348	3,207,213	2,450,456	2,951,872	3,043,453
Net Inflow/ (Outflow)	179,197	(786,122)	(51,172)	137,178	110,979	(176,160)	512,321	820,168	(48,153)	(734,777)
Opening Balance	887,286	1,066,484	280,362	229,189	366,367	477,347	301,187	813,507	1,633,675	1,585,522
Closing Balance	1,066,484	280,362	229,189	366,367	477,347	301,187	813,507	1,633,675	1,585,522	850,745

Eastern Meats Solutions Inc. 19 Week Cash Flow Forecast (CAD) For the period May 20, 2024 to September 29, 2024											
	29-Jul-24	5-Aug-24	12-Aug-24	19-Aug-24	26-Aug-24	2-Sep-24	9-Sep-24	16-Sep-24	23-Sep-24		
	4-Aug-24	11-Aug-24	18-Aug-24	25-Aug-24	1-Sep-24	8-Sep-24	15-Sep-24	22-Sep-24	29-Sep-24	Total	Notes
RECEIPTS											
Customer receipts	2,730,199	3,010,340	3,206,667	2,683,129	2,355,918	4,553,184	4,173,752	3,414,888	3,035,456	57,893,238	1
HST Refund	-	-	-	274,393	-	-	-	-	-	1,097,572	2
DIP Funding requirement	500,000	-	-	-	300,000	-	-	-	1,100,000	3,100,000	3
Total Receipts	3,230,199	3,010,340	3,206,667	2,957,522	2,655,918	4,553,184	4,173,752	3,414,888	4,135,456	62,090,810	
DISBURSEMENTS											
Raw Materials	2,358,742	2,186,169	2,495,877	2,981,692	2,639,341	2,753,887	3,511,206	3,373,512	4,130,831	50,372,781	4
Salaries and benefits	303,611	100,043	289,709	100,043	289,709	100,043	318,123	100,043	318,123	3,935,625	5
Rent and leases	885,808	22,500	22,500	22,500	-	885,808	22,500	22,500	22,500	3,858,230	6
Utilities	128,950	-	-	-	-	127,366	-	-	-	510,964	7
Selling, General, and Admin	64,730	47,557	54,295	64,863	57,465	52,331	66,723	64,106	78,497	1,633,307	8
Interest	-	-	-	-	199,405	-	-	-	202,905	955,026	9
Professional fees (consultants)	-	62,500	62,500	62,500	62,500	62,500	62,500	62,500	62,500	1,490,000	10
Total Disbursements	3,741,840	2,418,769	2,924,880	3,231,598	3,248,421	3,981,935	3,981,052	3,622,660	4,815,356	62,755,934	
Net Inflow/ (Outflow)	(511,641)	591,571	281,786	(274,075)	(592,502)	571,250	192,701	(207,772)	(679,900)	(665,124)	
Opening Balance	850,745	339,104	930,675	1,212,461	938,386	345,884	917,133	1,109,834	902,062	887,286	
Closing Balance	339,104	930,675	1,212,461	938,386	345,884	917,133	1,109,834	902,062	222,162	222,162	

Eastern Meat Solutions Inc. and its affiliates
Notes to Cash Flow Forecast
For the 19 Weeks Ended September 29, 2024

The cash flow forecast ("**CF**") for the period May 20, 2024 to September 29, 2024 (the "**Cash Flow Period**") was prepared by Eastern Meat Solutions Inc. ("**EMS**") and its affiliates with the assistance of the Proposed Monitor. The Proposed Monitor relied on EMS's internal books and records, discussions with management and forecast realizations during the Cash Flow Period to assist in the preparation of the CF. the Proposed Monitor notes that while the CF was prepared on a consolidated basis, each entity operates and accounts for its business on a stand-alone basis.

The Proposed Monitor has not audited or otherwise attempted to verify the accuracy or completeness of the financial information in the CF in a manner that would wholly or partially comply with Canadian Auditing Standards pursuant to the *Chartered Professional Accountants Canada Handbook* and, accordingly, the Proposed Monitor expresses no opinion or other form of assurance in respect of the financial information.

Some of the information referred to in the CF and these notes consists of financial forecasts and projections. An examination or review of the financial forecast and projections, as outlined in the *Chartered Professional Accountants Canada Handbook*, has not been performed.

Future oriented financial information referred to in the accompanying CF was prepared based on Management's 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 material.

The information and assumptions contained in the CF and these notes is not intended to be relied upon by any prospective purchaser or investor in any transactions with EMS. All amounts referenced herein are in Canadian dollars unless otherwise noted.

RECEIPTS

1 Customer receipts - \$57,893,238

This amount is primarily made up of receipts from EMS' meat brokerage ("**Trading**"), meat processing ("**Processing**") and Cold Storage ("**Storage**") operations.

Trading, totaling \$15.0M, represent receipts generated from the sale of meat to buyers. This business is assumed to decrease significantly over the course of the forecast period as this business is wound down. Collections for sales recorded the month of April and May are assumed to be collected to the extent of 85% during the month and 15% in the subsequent month. Collection for the months starting in June are assumed to be in the same month.

Processing and Storage receipts are forecast by Management based on estimates of normal customer payment terms.

2 HST refunds - \$1,097,572

This amount represents the total HST refunds the Applicants are forecasting to receive during the CF Period. Management forecast the quantum of HST refunds using the average refund from last three months.

3 DIP funding – \$3,100,000

Receipts through debtor-in-possession financing (which has not been approved by the Court and for which the Applicants will seek approval at the Comeback Hearing) are estimated based on anticipated cash requirements throughout the CF Period.

If any funds are required to be advanced by BMO after the granting of the Initial Order but prior to the approval of the debtor-in-possession financing, such amounts will be included in the DIP Facility and secured by the DIP Charge once approved at the Comeback Hearing

DISBURSEMENTS

4 *Raw materials - \$50,372,781*

Raw material expenses are assumed to support the Applicants' forecast level of sales based on historic margins and are assumed with significantly reduced credit terms.

5 *Employee costs - \$3,935,625*

Salaries and benefits are estimated by Management based on existing payroll cost and planned staff reductions given the wind down of the Trading business. Only normal course wages and benefits are assumed to be paid in the Cash Flow Forecast.

6 *Rent and leases - \$3,858,230*

This forecast amount represents rent expenses, totaling \$3,453,230, and lease expenses, totaling \$405,000. The expenses are forecast by Management assuming that the existing leases of property and equipment remain in effect.

7 *Utilities - \$510,964*

Utility expenses are assumed to be disbursed throughout the forecast period based on historical trends given the assumed level of activity.

8 *Selling, general & admin- \$1,633,307*

Selling, General, and Admin expenses are assumed to be disbursed throughout the forecast period based on historical trends with a reduction over the CF Period as cost reduction initiatives are implemented by Management.

9 *Interest Expense - \$901,360*

This forecast amount represents existing interest obligations accruing and payable on the Applicants' senior secured pre-filing credit facility. The DIP Interest obligation is forecast by Management at a 14% interest rate which is payable monthly in arrears.

10 *Professional fees - \$1,490,000*

This line item represents fees for counsel to the Applicants, the Monitor, and its counsel.

Court File No.:

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AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF EASTERN MEAT SOLUTIONS INC., SIERRA CUSTOM FOODS INC., SIERRA SUPPLY CHAIN SERVICES INC., SIERRA REALTY CORPORATION, RVB HOLDINGS INC., VANDEN BROEK HOLDINGS (2008) INC., SIERRA REALTY CALGARY CORPORATION AND EASTERN MEAT SOLUTIONS (USA) CORP.

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

PROCEEDING COMMENCED IN TORONTO

REPORT OF THE PROPOSED MONITOR
Dated May 21, 2024

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