

**COURT FILE NUMBER**

24-2582587

**COURT**

COURT OF QUEEN'S BENCH OF ALBERTA  
IN BANKRUPTCY AND INSOLVENCY

**JUDICIAL CENTRE**

EDMONTON

**DOCUMENT**

THIRD REPORT OF THE TRUSTEE  
IN THE MATTER OF S. 50.4(9) OF THE  
BANKRUPTCY AND INSOLVENCY ACT,  
R.S.C., 1985, c. B-3

IN THE MATTER OF THE NOTICE INTENTION TO  
MAKE A PROPOSAL OF  
MCG RESTAURANTS LTD.  
DATED MARCH 2, 2020

**ADDRESS FOR SERVICE AND  
CONTACT INFORMATION OF  
PARTY FILING THIS DOCUMENT**

COUNSEL:

MILLER THOMSON LLP  
2700 COMMERCE PLACE  
10155 - 102 STREET  
EDMONTON, AB T5J 4G8

ATTENTION: SPENCER NORRIS  
TELEPHONE: 780-429-9722  
FACSIMILE: 780-424-5866  
EMAIL: snorris@millerthomson.com

TRUSTEE:

DELOITTE RESTRUCTURING INC.  
1500 MANULIFE PLACE  
10180 101 STREET  
EDMONTON, ALBERTA T5J 4K1

ATTENTION: DARREN M. CROCKER  
TELEPHONE: 780-421-3687  
FACSIMILE: 780-421-3782  
EMAIL: dcrocker@deloitte.ca



# Table of Contents

Introduction	1
Notice to reader	2
Terms of reference	3
Currency	3
Purpose of this report	3
Activities of the Trustee	3
Monitoring for the seven (7) week period ended February 18, 2020	4
Company's restructuring efforts	5
Conclusions and Recommendations	7

## Appendices

Appendix A - Variance Analysis for the Seven (7) Weeks Ended February 18, 2020

Appendix B - Cash-Flow Projection for the Thirteen (13) Weeks Ending May 19, 2020

# Introduction

1. On November 12, 2019 (the "**NOI Date**"), MCG Restaurants Ltd. (the "**Company**") filed a Notice of Intention to Make a Proposal ("**NOI**") pursuant s. 50.4(1) of the *Bankruptcy and Insolvency Act* ("**BIA**"). Deloitte Restructuring Inc. (the "**Trustee**") was appointed Licensed Insolvency Trustee.
2. The Company is an amalgamated corporation registered in Alberta. Mr. Philip Clarke and Mr. Robert Morris are the directors of the Company.
3. The Company operates as the franchisee of a chain of restaurants known as Moxie's Grill & Bar under franchise agreements with Moxie's Restaurants, Limited Partnership as franchisor (the "**Franchisor**"). The Company currently operates five (5) franchised restaurants (the "**Locations**") in Edmonton with the following addresses:
  - 3.1. 13551 St. Albert Trail (the "**St. Albert Trail Location**");
  - 3.2. 10628 Kingsway Avenue (the "**Kingsway Location**");
  - 3.3. #1670, 8882-170th Street (the "**West Edmonton Mall Location**");
  - 3.4. 17109 100 Avenue (the "**170 Street Location**"); and
  - 3.5. 1739 102 Street (the "**South Common Location**").

The Company formerly operated a sixth location in Edmonton at 4790 Calgary Trail (the "**Calgary Trail Location**"), which was closed on October 29, 2019. The Calgary Trail Location has some ongoing lease obligations, but is not otherwise active.

4. The Company leased its head office space (the "**Head Office**") at 17811 106 Avenue, Edmonton, Alberta. The Head Office lease was disclaimed by the Company on December 30, 2019, and the administrative functions are now being carried on from the Kingsway Location.
5. On December 11, 2019, the Company applied for, and this Honourable Court granted, an Order (the "**First Extension Order**"):
  - 5.1. Extending the time for the Company to make a proposal to its creditors to January 24, 2020; and

- 5.2. Establishing the Electronic Service Protocol for these proceedings.
6. On January 22, 2020, the Company applied for, and this Honourable Court granted an Order (the "**Second Extension Order**") extending the time for the Company to make a proposal to its creditors to March 9, 2020.
7. Information on the NOI proceedings can be accessed on the Trustee's website (the "**Trustee's Website**") at [www.insolvencies.deloitte.ca](http://www.insolvencies.deloitte.ca) under the link "MCG Restaurants Ltd."

### *Notice to reader*

8. In preparing this report, the Trustee has relied on unaudited financial information, the books and records of the Company, and discussions with the Company's management ("**Management**"), interested parties, and stakeholders. The Trustee has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards pursuant to the Chartered Professional Accountants of Canada Handbook. The Trustee expresses no opinion or other form of assurance with respect to the accuracy of any financial information presented in this report, or relied upon by the Trustee in preparing this report.
9. Certain of the information referred to herein consists of financial forecasts and/or projections. The financial forecasts included in this report are the responsibility of Management. Management's responsibility extends beyond ensuring that the individual assumptions used to prepare the financial forecasts are appropriate in the circumstances and to ensure that the assumptions as a whole are appropriate. While the Trustee has reviewed the information, the Trustee has not performed an audit or other verification of such information. The Trustee expresses no opinion or other form of assurance with respect to the accuracy of any financial information presented in the financial forecasts, or relied upon by it in reporting on the financial forecasts. Future oriented financial information included in this report is based upon Management's assumptions regarding future events. Actual results achieved may vary and these variations may be material.

10. The Trustee assumes no responsibility or liability for any loss or damage occasioned by any party as a result of the circulation, publication, reproduction, or use of this report. Any use, which any party makes of this report, or any reliance or decision to be made based on this report, is the sole responsibility of such party.

### *Terms of reference*

11. Capitalized terms not otherwise defined herein have the meanings given to them in reports previously filed with the Court by the Trustee.

### *Currency*

12. All amounts included herein are in Canadian dollars unless otherwise stated.

### *Purpose of this report*

13. The purpose of this third report of the Trustee (the "**Third Report**") is to provide the Court with:
  - 13.1. Information regarding the Trustee's activities since the Trustee's Second Report dated January 13, 2020;
  - 13.2. Information regarding the Company's restructuring efforts since the Second Report; and
  - 13.3. The Trustee's position with respect to the Company's application for an extension of time to make a proposal.

## Activities of the Trustee

14. Since the Second Report, the Trustee has performed the following activities:
  - 14.1. Participated in discussions, meetings, and teleconferences with Management and counsel to discuss the Company's restructuring efforts;

- 14.2. Posted materials in these proceedings to the Trustee's Website pursuant to the Electronic Service Protocol;
- 14.3. Reviewed the Company's updated cash-flow projections and filed same with the Office of the Superintendent of Bankruptcy;
- 14.4. Monitored the affairs and cash-flow of the Company on a weekly basis;
- 14.5. Corresponded with Management and requested certain records of the Company in support of the monitoring program pertaining to the Company's operations, liabilities, and cash-flow projections;
- 14.6. Addressed inquiries from various unsecured creditors and stakeholders; and
- 14.7. Prepared, reviewed, and finalized this Third Report.

### *Monitoring for the seven (7) week period ended February 18, 2020*

15. The Company's actual cash receipts and disbursements for the seven (7) week period ended February 18, 2020, compared to the Company's cash-flow projection for the same period, is set out in the variance analysis attached as Appendix "A" to this Third Report.
16. The Company had a net cash outflow of \$161,373 as compared to the forecast net cash outflow of \$226,442, for a positive variance of \$65,069. This positive variance is the result of the following:
  - 16.1. A positive variance of \$56,811 attributable to lower than estimated professional fees (anticipated to be a temporary timing difference). The Trustee has outstanding fees, and the activity of the professionals is anticipated to increase as a proposal is formulated and filed.
  - 16.2. A positive variance of \$37,458 due to lower than forecast (and deferred) payments for cleaning, waste removal, and technology costs.
  - 16.3. The Company not making an estimated \$22,949 principal payment to CWB that was intended to be made in January 2020 (anticipated to be a temporary timing difference). The Trustee is advised that the Company has agreed to make up the payment to CWB as soon as possible.

- 16.4. A positive variance of \$19,200 as a result of lower than forecast GST remittances.
  - 16.5. A positive variance of \$13,024 from cash float. This is attributable to a greater portion of customers paying in cash, and not being used up in tipping out staff. This is anticipated to fluctuate, as Management does not forecast cash float.
  - 16.6. A positive variance of \$10,687 due to lower than forecast purchases, cost of goods sold, and supplies.
  - 16.7. A positive variance of \$15,044 in utilities partially offset by a \$10,404 unfavourable variance in rent, common area costs, and property taxes.
17. The above favourable variances were primarily offset by negative variances in the amounts of:
- 17.1. \$57,486 in lower than forecast sales primarily attributable to the Kingsway Location not performing as well as expected;
  - 17.2. \$18,110 due to higher than anticipated salaries and group benefit expenses; and
  - 17.3. \$20,765 due to higher than anticipated advertising and royalties costs.
18. No material adverse change has come to the attention of the Trustee as of the date of this Third Report.

## Company's restructuring efforts

19. Management advised the Trustee that the approximately \$68,975 of payments made for pre-NOI expenses, which cleared the Company's bank account post-NOI filing (discussed in the Second Report), have not been recovered. In the event these payments are not recovered, they will be taken into consideration in the Company's contemplated proposal.
20. The CRA trust examination for payroll source deductions was completed on January 28, 2020, and resulted in assessments of approximately \$726,867 owing for the 2019 year, and approximately \$66,957 owing for January 1 to 21, 2020.

21. For the 2019 year, Management had previously estimated its payroll source deduction liability to be approximately \$580,000. Management's estimate approximates the actual unremitted balance of \$591,380, with the balance of the CRA assessment for 2019 being attributable to interest and penalties.
22. Management has advised the Trustee that the assessed liability of \$66,957 for the period of January 1 to 21, 2020, has been paid in the normal course on the dates they were due. The Company has provided evidence satisfactory to the Trustee that the 2020 remittances outstanding identified in the CRA trust examination have been remitted and the Company appears to be current with its payroll source obligations.
23. The Company has prepared an updated cash-flow projection for the thirteen (13) weeks ending May 19, 2020, which is attached to this Third Report as Appendix "B".
24. The Company anticipates being able to continue to meet its obligations in the normal course, and does not anticipate requiring interim financing to address any cash shortfalls at this time. Over the thirteen (13) week projection period ending May 19, 2020, the Company anticipates a net cash inflow of approximately \$57,703, with an ending cash balance of approximately \$454,650.
25. The Company has recently completed long-term cash flow and profitability projections to assess both a possible proposal to creditors as well as the long-term sustainability of its business. The Trustee, the Company, and its advisors have not yet had the opportunity to assess the long-term projections in the context of a proposal, and carry out the requisite discussions with its stakeholders.
26. As such, the Company has advised the Trustee that it does not anticipate that it will be in a position to file a proposal to its creditors before the stay expires on March 9, 2020, and that it intends to seek an extension of the NOI proceedings.



# Conclusion and recommendation

26. The Company is seeking an extension of time to make its proposal for a further forty-five (45) days to April 23, 2020. The Trustee is supportive of the Company's requested relief for the following reasons:

- 26.1 The Company requires additional time to assess its long-term projections in the context of a possible proposal to achieve sustainability of its business, and carry out discussions with its stakeholders;
- 26.2 The Company has acted, and is acting in good faith, and with due diligence;
- 26.3 The Company is likely to be able to make a viable proposal if the extension being applied for is granted; and
- 26.4 No creditor would be materially prejudiced if the requested extension is granted.

27. The Trustee therefore respectfully recommends that this Honourable Court grant an Order extending the time for the Company to make a proposal to April 23, 2020, or such other date as may be directed by the Court.

All of which is respectfully submitted this 2<sup>nd</sup> day of March, 2020.

**DELOITTE RESTRUCTURING INC.,**

In its capacity as Trustee acting in *re* the proposal of  
MCG Restaurants Ltd.,

And not in its personal capacity



Darren Crocker, CPA, CGA, CIRP, LIT  
Senior Vice-President

# Appendix "A"

District of: Alberta  
 Division No.: 01 - Edmonton  
 Court No.: 24-2582587  
 Estate No.: 24-2582587

**IN THE COURT OF QUEEN'S BENCH OF ALBERTA**  
**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF**  
**MCG RESTAURANTS LTD.**  
**OF THE CITY OF EDMONTON, IN THE PROVINCE OF ALBERTA**  
**PROJECTED CASH-FLOW VS. ACTUAL RESULTS REPORTED**  
**FOR THE PERIOD OF JANUARY 1, 2020 TO FEBRUARY 18, 2020**

CDN\$ unaudited	Forecast Total	Actual Total	Variance
<b>For the Period of January 1, 2020 to February 18, 2020</b>			
<b>Operating receipts</b>			
Cash Sales	2,304,172	2,246,686	(57,486)
GST Collected	110,139	108,660	(1,479)
<b>Total operating receipts</b>	<b>2,414,311</b>	<b>2,355,346</b>	<b>(58,965)</b>
<b>Operating disbursements</b>			
Purchases - Cost of Goods Sold	555,447	598,747	(43,300)
Advertising & Promotions	108,297	123,399	(15,102)
Bank & CC Charges	40,547	37,897	2,650
Repairs and Maintenance	34,563	31,075	3,488
Supplies	72,678	18,691	53,987
Quality Control Meals	41,914	46,805	(4,891)
Royalties	110,649	116,312	(5,663)
Salaries - Variable	605,552	616,082	(10,530)
Salaries - Fixed	201,851	190,382	11,469
Payroll Source Remittances	159,989	171,106	(11,117)
Group Benefits	2,797	21,846	(19,049)
WCB	20,998	20,970	28
Cleaning	38,416	17,107	21,309
Waste Removal	6,500	-	6,500
Equipment & Technology Costs	17,750	8,101	9,649
Rent - Base	173,440	218,959	(45,519)
Common Area Costs and Property Taxes	117,990	82,875	35,115
Utilities	90,330	75,286	15,044
Professional Fees	90,386	33,575	56,811
Head Office Charges	28,460	20,659	7,801
Cash Float	-	(13,024)	13,024
GST remittances	73,421	54,221	19,200
<b>Total operating disbursements</b>	<b>2,591,975</b>	<b>2,491,071</b>	<b>100,904</b>
<b>Cash from operations</b>	<b>(177,664)</b>	<b>(135,725)</b>	<b>41,939</b>
<b>Financing receipts and disbursements</b>			
CWB Loan Interest Cost	20,529	20,529	-
CWB Loan Principal Costs	22,949	-	22,949
Rick Young / Rye Inc.	5,300	5,300	-
Interest Income	-	(181)	181
<b>Cash from financing</b>	<b>48,778</b>	<b>25,648</b>	<b>23,130</b>
<b>Net cash-flow</b>	<b>(226,442)</b>	<b>(161,373)</b>	<b>65,069</b>
<b>Opening Cash</b>	<b>475,114</b>	<b>558,320</b>	<b>83,206</b>
<b>Closing Cash</b>	<b>248,672</b>	<b>396,947</b>	<b>148,275</b>

# Appendix "B"

District of Alberta  
 Division No.: 01 - Edmonton  
 Court No.: 24-2582587  
 Estate No.: 24-2582587

IN THE COURT OF QUEEN'S BENCH OF ALBERTA  
  
 IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF  
 MCG RESTAURANTS LTD.  
 OF THE CITY OF EDMONTON, IN THE PROVINCE OF ALBERTA

**STATEMENT OF PROJECTED CASH-FLOW  
 FOR THE PERIOD OF FEBRUARY 19, 2020 TO MAY 19, 2020**

CDN\$ unaudited Wk #	15	16	17	18	19	20	21	22	23	24	25	26	27	Forecast	Total
Week ending:	25-Feb-20	3-Mar-20	10-Mar-20	17-Mar-20	24-Mar-20	31-Mar-20	7-Apr-20	14-Apr-20	21-Apr-20	28-Apr-20	5-May-20	12-May-20	19-May-20	Forecast	Total
<b>Operating receipts</b>															
Cash sales	334,309	343,314	330,741	352,908	378,333	357,988	329,819	339,232	319,147	360,114	345,497	360,728	324,362	360,728	4,476,492
GST Collected	15,980	16,410	15,809	16,869	18,084	17,112	15,765	16,215	15,255	17,213	16,515	17,243	15,504	17,243	213,975
<b>Total operating receipts</b>	<b>350,289</b>	<b>359,724</b>	<b>346,550</b>	<b>369,777</b>	<b>396,417</b>	<b>375,100</b>	<b>345,584</b>	<b>355,447</b>	<b>334,402</b>	<b>377,328</b>	<b>362,012</b>	<b>377,971</b>	<b>339,866</b>	<b>377,971</b>	<b>4,690,468</b>
<b>Operating disbursements</b>															
Purchases - Cost of Goods Sold	80,557	82,736	79,725	85,067	91,234	86,305	79,424	81,656	76,802	86,646	83,177	86,914	78,145	86,914	1,078,388
Advertising & Promotions	15,713	16,136	15,545	16,587	17,782	16,825	15,501	15,944	15,000	16,925	16,238	16,954	15,245	16,954	210,396
Bank & CC Charges	-	19,737	-	-	-	-	26,441	-	-	-	20,586	-	-	-	66,764
Repairs and Maintenance	5,015	5,150	4,961	5,294	5,675	5,370	4,947	5,088	4,787	5,402	5,182	5,411	4,865	5,411	67,148
Supplies	10,549	10,832	10,424	11,149	11,957	11,326	10,392	10,668	10,335	11,316	10,894	11,395	10,218	11,395	141,155
Quality Control Meals	6,101	6,311	6,065	6,490	7,009	6,572	6,026	6,170	5,797	6,520	6,292	6,625	5,886	6,625	81,864
Royalties	16,053	16,484	15,881	16,944	18,164	17,188	15,837	16,290	15,325	17,293	16,590	17,321	15,576	17,321	214,947
Salaries - Variable	-	150,746	-	147,894	-	155,933	-	151,457	-	153,097	-	157,624	-	157,624	916,751
Salaries - Fixed	-	50,249	-	49,298	-	51,978	-	50,486	-	51,032	-	52,541	-	52,541	305,584
Payroll Source Remittances	50,614	-	62,662	-	65,971	-	58,268	-	56,421	-	59,359	-	56,094	-	411,389
Group Benefits	-	-	8,000	-	-	8,000	-	-	-	-	8,000	-	-	-	24,000
WCB	-	-	8,000	-	-	8,000	-	-	-	-	8,000	-	-	-	24,000
Cleaning	-	18,017	-	-	-	-	22,163	-	-	-	17,731	-	-	-	57,911
Waste Removal	9,098	-	-	3,124	-	-	-	3,250	-	-	-	-	3,250	-	18,722
Equipment & Technology Costs	-	8,774	-	-	-	-	10,240	-	-	-	8,192	-	-	-	27,207
Rent - Base	-	86,719	-	-	-	-	86,719	-	-	-	86,719	-	-	-	260,157
Common Area Costs and Property Taxes	-	58,998	-	-	-	-	58,998	-	-	-	58,998	-	-	-	176,994
Insurance	-	-	-	-	-	-	-	-	-	-	28,000	-	-	-	28,000
Utilities	-	-	30,251	-	-	-	-	42,161	-	-	-	41,565	-	-	113,977
Professional Fees	18,451	-	7,120	-	28,083	-	-	-	-	28,845	-	-	-	-	73,379
Head Office Charges	-	7,120	-	7,120	-	7,120	-	7,120	-	-	-	7,120	-	-	42,720
GST remittances	-	41,000	-	-	-	45,348	-	-	-	56,425	-	-	-	-	146,773
<b>Total operating disbursements</b>	<b>212,152</b>	<b>579,009</b>	<b>233,514</b>	<b>348,967</b>	<b>245,875</b>	<b>403,965</b>	<b>402,959</b>	<b>390,291</b>	<b>184,167</b>	<b>392,951</b>	<b>482,384</b>	<b>403,469</b>	<b>191,279</b>	<b>482,384</b>	<b>4,470,982</b>
<b>Cash from operations</b>	<b>138,137</b>	<b>(219,285)</b>	<b>113,036</b>	<b>20,810</b>	<b>150,542</b>	<b>(28,865)</b>	<b>(57,375)</b>	<b>(34,843)</b>	<b>150,235</b>	<b>(15,624)</b>	<b>(120,372)</b>	<b>(25,498)</b>	<b>148,587</b>	<b>(25,498)</b>	<b>219,486</b>
<b>Financing receipts and disbursements</b>															
CWB Loan Interest Cost	20,529	-	-	-	20,529	-	-	-	-	-	-	-	-	-	61,587
CWB Loan Principal Costs	-	22,949	-	22,949	-	-	-	-	-	45,898	-	-	-	-	91,796
Bank Young / Ryve Inc.	-	2,800	-	2,800	-	-	-	-	-	-	2,800	-	-	-	8,400
<b>Cash from financing</b>	<b>20,529</b>	<b>25,749</b>	<b>-</b>	<b>22,949</b>	<b>20,529</b>	<b>2,800</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>66,427</b>	<b>2,800</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>161,783</b>
<b>Net cash flow</b>	<b>158,666</b>	<b>(193,536)</b>	<b>113,036</b>	<b>(227,157)</b>	<b>171,071</b>	<b>(31,665)</b>	<b>(57,375)</b>	<b>(34,843)</b>	<b>150,235</b>	<b>(31,249)</b>	<b>(123,172)</b>	<b>(25,498)</b>	<b>148,587</b>	<b>(25,498)</b>	<b>57,703</b>
Opening Cash	396,945	514,555	269,521	387,557	380,418	510,432	428,767	428,767	386,549	536,784	454,733	331,561	306,063	331,561	396,947
Closing Cash	555,611	321,019	382,557	365,260	551,509	478,767	421,392	391,524	536,784	454,733	331,561	306,063	306,063	306,063	454,650

This Statement of Projected Cash-Flow is prepared in accordance with Subsection 50.4(2) of the Bankruptcy and Insolvency Act and should be read in conjunction with the Trustee's Report on Cash-Flow Statement.

Dated this 2nd day of March 2020

**DELOITTE/RESTRUCTURING INC.**  
 In its capacity as Trustee in re: The Notice of Intention to Make a Proposal of  
**MCG Restaurants Ltd.**  
 and not in its personal capacity

Per:   
 Garrett Chan CHRP, LLT  
 Vice-President

**MCG RESTAURANTS LTD.**

  
 Per: Rob Morris  
 Director

District of: Alberta  
Division No. 01 - Edmonton  
Court No. 24-2582587  
Estate No. 24-2582587

-- FORM 29 --  
Trustee's Report on Cash-Flow Statement  
(Paragraphs 50(6)(b) and 50.4(2)(b) of the Act)

In the Matter of the proposal of  
MCG Restaurants Ltd.  
of the City of Edmonton, in the Province of Alberta

The attached statement of projected cash flow of MCG Restaurants Ltd., as of the 2nd day of March 2020, consisting of weekly projections for the period of February 19, 2020 to May 19, 2020., has been prepared by the management of the insolvent person (or the insolvent debtor) for the purpose described in the notes attached, using the probable and hypothetical assumptions set out in the notes attached.

Our review consisted of inquiries, analytical procedures and discussion related to information supplied to us by:  the management and employees of the insolvent person or  the insolvent person. Since hypothetical assumptions need not be supported, our procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the projection. We have also reviewed the support provided by:  management or  the insolvent person for the probable assumptions and preparation and presentation of the projection.

Based on our review, nothing has come to our attention that causes us to believe that, in all material respects,

(a) the hypothetical assumptions are not consistent with the purpose of the projection;

(b) as at the date of this report, the probable assumptions developed are not suitably supported and consistent with the plans of the insolvent person or do not provide a reasonable basis for the projection, given the hypothetical assumptions; or

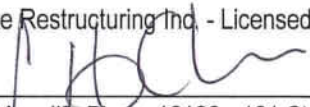
(c) the projection does not reflect the probable and hypothetical assumptions.

Since the projection 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, we express no assurance as to whether the projection will be achieved.

The projection has been prepared solely for the purpose described in the notes attached, and readers are cautioned that it may not be appropriate for other purposes.

Dated at the City of Edmonton in the Province of Alberta, this 2nd day of March 2020.

Deloitte Restructuring Inc. - Licensed Insolvency Trustee

  
1500 Manulife Place, 10180 - 101 Street  
Edmonton AB T5J 4K1  
Phone: (780) 401-3913 Fax: (780) 421-3782

District of: Alberta  
Division No. 01 - Edmonton  
Court No. 24-2582587  
Estate No. 24-2582587

\_FORM 29\_ - Attachment  
Trustee's Report on Cash-flow Statement  
(Paragraphs 50(6)(b) and 50.4(2)(b) of the Act)

In the Matter of the proposal of  
MCG Restaurants Ltd.  
of the City of Edmonton, in the Province of Alberta

Purpose:

This Statement of Projected Cash-Flow is prepared in accordance with Subsection 50.4(2) of the Bankruptcy and Insolvency Act.

Projection Notes:

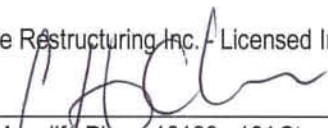
Sales at St. Albert location down 5% from same period last year.  
Sales at West Edmonton Mall location up 5% from same period last year.  
Sales at South Common location down 3% from same period last year.  
Sales at 170 Street and Kingsway locations remain at same levels as same period last year.  
Fixed costs do not increase by a material amount beyond management estimates.  
Variable costs and margins remain at same levels as previous year.  
Insurance costs will be paid semi-annually.

Assumptions:

Creditors take no steps to terminate the stay of proceedings.  
The Company is able to fulfill the terms of its franchise agreement.  
The Company is supported by its critical vendors throughout the proposal proceedings.

Dated at the City of Edmonton in the Province of Alberta, this 2nd day of March 2020.

Deloitte Restructuring Inc. - Licensed Insolvency Trustee

  
1500 Manulife Place, 10180 - 101 Street  
Edmonton AB T5J 4K1  
Phone: (780) 401-3913 Fax: (780) 421-3782

District of: Alberta  
Division No. 01 - Edmonton  
Court No. 24-2582587  
Estate No. 24-2582587

- FORM 30 -  
Report on Cash-Flow Statement by the Person Making the Proposal  
(Paragraphs 50(6)(c) and 50.4(2)(c) of the Act)

In the Matter of the proposal of  
MCG Restaurants Ltd.  
of the City of Edmonton, in the Province of Alberta

The Director of MCG Restaurants Ltd., has/have developed the assumptions and prepared the attached statement of projected cash flow of the insolvent person, as of the 2nd day of March 2020, consisting of weekly projections for the period of February 19, 2020 to May 19, 2020..

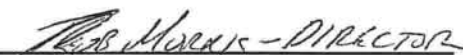
The hypothetical assumptions are reasonable and consistent with the purpose of the projection described in the notes attached, and the probable assumptions are suitably supported and consistent with the plans of the insolvent person and provide a reasonable basis for the projection. All such assumptions are disclosed in the notes attached.

Since the projection is based on assumptions regarding future events, actual results will vary from the information presented, and the variations may be material.

The projection has been prepared solely for the purpose described in the notes attached, using a set of hypothetical and probable assumptions set out in the notes attached. Consequently, readers are cautioned that it may not be appropriate for other purposes.

Dated at the City of Edmonton in the Province of Alberta, this 2nd day of March 2020.

  
\_\_\_\_\_  
MCG Restaurants Ltd.  
Debtor

  
\_\_\_\_\_  
Name and title of signing officer

\_\_\_\_\_  
Name and title of signing officer



District of: Alberta  
Division No. 01 - Edmonton  
Court No. 24-2582587  
Estate No. 24-2582587

FORM 30 - Attachment  
Report on Cash-Flow Statement by the Person Making the Proposal  
(Paragraphs 50(6)(c) and 50.4(2)(c) of the Act)

In the Matter of the proposal of  
MCG Restaurants Ltd.  
of the City of Edmonton, in the Province of Alberta

Purpose:

This Statement of Projected Cash-Flow is prepared in accordance with Subsection 50.4(2) of the Bankruptcy and Insolvency Act.

Projection Notes:

Sales at St. Albert location down 5% from same period last year.  
Sales at West Edmonton Mall location up 5% from same period last year.  
Sales at South Common location down 3% from same period last year.  
Sales at 170 Street and Kingsway locations remain at same levels as same period last year.  
Fixed costs do not increase by a material amount beyond management estimates.  
Variable costs and margins remain at same levels as previous year.  
Insurance costs will be paid semi-annually.

Assumptions:

Creditors take no steps to terminate the stay of proceedings.  
The Company is able to fulfill the terms of its franchise agreement.  
The Company is supported by its critical vendors throughout the proposal proceedings.

Dated at the City of Edmonton in the Province of Alberta, this 2nd day of March 2020.



---

MCG Restaurants Ltd.