P C A N A D A
P R O V I N C E O F Q U É B E C
D I S T R I C T O F M O N T R É A L

S U P E R I O R C O U R T
Companies' Creditors Arrangement Act
(R.S.C., c. C-36, as amended)

COURT N°: 500-11-063575-241

IN THE MATTER OF THE ARRANGEMENT OF:

ANFIS ENTERPRISES INC.
Legal person incorporated under the *Canada Business Corporations Act*, having its place of business at 97a Granby Street, Toronto, Ontario, Canada, M5B 1H9.

"Anfis"

9407-5173 QUÉBEC INC.
Legal person incorporated under the *Québec Business Corporations Act*, having its place of business at 5-1270 rue Montcalm, Montréal, Québec, Canada, H2L 3G7.

"9407"

Collectively the "**Debtors**"

- AND -

RAYMOND CHABOT INC.,
Legal person having its place of business at 600, rue de La Gauchetière Ouest, #2000, Montréal, Québec, H3B 4L8.

Hereinafter referred to as the "**Proposed Monitor**"

PRE-FILING REPORT BY RAYMOND CHABOT INC.
IN ITS CAPACITY AS PROPOSED MONITOR

To Justice Michel A. Pinsonnault of the Superior Court, sitting in commercial division, in and for the judicial district of Montréal, we respectfully submit the Pre-filing report of the Proposed Monitor.

Signed in Montréal, on March 8, 2024.

RAYMOND CHABOT INC.
Proposed Monitor

Ayman Chaaban, CPA, CIRP, LIT

1. INTRODUCTION

1.1. Raymond Chabot Inc. ("**RCI**") has been informed that Anfis and 9407 filed an application under the *Companies' Creditors Arrangement Act* ("**CCAA**") before the Superior Court of Québec, Commercial Division (the "**Court**"), seeking a first day initial order ("**First Day Order**") and an amended and restated initial order ("**Initial Order**") granting, *inter alia*, a stay of proceedings in favour of the Debtors and appointing Mazars Group Inc. ("**Mazars**") as Monitor of Debtor's CCAA proceedings, with extended powers (the "**Debtors' Application**"). As of the date of this report, RCI has been informed that the Debtors' Application has been withdrawn.

1.2. Raymond Chabot Inc. ("**RCI**") has also been informed that Dicepizza S de RL de CV ("**DicePizza**" or the ''**Applicant**''), in its capacity of unsecured creditor of the Debtors, will file, along with this report, an application under the *Companies' Creditors Arrangement Act* ("**CCAA**") before the Superior Court of Québec, Commercial Division, seeking an Initial Order and an Amended and Restated Initial Order granting, *inter alia*, a stay of proceedings in favour of the Debtors and appointing Raymond Chabot Inc. as Monitor of Debtor's CCAA proceedings, with extended powers ("**DicePizza's Application**").

1.3. This report has been prepared in connection with the DicePizza's Application presentable before the Court for the issuance of a First Day Order, followed by an Initial Order with respect to the Debtors.

1.4. The report is divided into the following sections:

Section 2 : Overview and context;

Section 3 : Summary analysis of the financial situation;

Section 4 : Proposed restructuring / liquidation plan;

Section 5 : Consolidated Projected Cash-Flow;

Section 6 : Interim Financing;

Section 7 : Proposed Administration Charge;

Section 8 : Impact of a Bankruptcy;

Section 9 : Conclusion and recommendation.

2. OVERVIEW AND CONTEXT

Overview of the Debtors

2.1. The Debtors consist of Anfis Enterprises Inc. and 9407-5173 Québec inc.

2.2. Anfis was incorporated in 2006 under the *Canada Business Corporations Act* and wholly owned by Fernando Reyes Dorador ("**Reyes**"), who is also the sole director and officer. As per the Debtors Application, **Anfis**'s main activity is to provide finance and management consulting services, and has been used previously to purchase, renovate and resell immovables in Ontario. **Anfis** had also been used to receive funds from DicePizza, the Applicant, to be used to purchase real estate in the Applicant's name. Anfis' only employee is Reyes.

2.3. 9407 was incorporated in 2019 under the *Québec Business Corporations Act* and is wholly owned by Reyes, who is also the sole director and officer. **9407** purchases and renovates immovables in the province of Québec. 9407 has no employees. Currently, its property portfolio consists of:

2.3.1. A 5-unit property located at 7601-7609 Henri-Julien Avenue, in Montréal, Québec ("**7601 HJ**"). According to the Debtors' Application, the transformation of this building is completed, and it is ready to be sold. All the units in this building have been rented.

2.3.2. A 3-unit residential property located at 7259-7263 Henri-Julien Avenue, in Montréal, Québec ("**7259 HJ**"). According to the Debtors' Application, the transformation of this building is almost complete and requires only minimal cosmetic work as well as the subdivision of the building into three separate condos.

2.3.3. A 2-unit residential property located at 1294-1296A Panet Street, in Montréal, Québec ("**Panet**") which, according to the Debtors' Application, has not yet undergone construction. The intended transformation would result in a 6-unit building, the plans and permits for which have already been obtained.

2.3.4. A 4-unit mixed commercial and residential property located at 1871-1877 Atateken Street, in Montréal, Québec ("**Atateken**") which, according to the Debtors' Application, has not yet undergone construction. The intended transformation would result in an 8-unit mixed use building (6 residential, 2 commercial), the plans and permits for which have already been obtained.

(Collectively the "**Properties**")

2.4. It is the Proposed Monitor understanding that Anfis and 9407 have integrated business affairs, share the same management and the same administrative structure.

Chronology of events leading to the civil proceedings

2.5. The facts surrounding the relationship, both personal and commercial, between the Applicant and the Debtors, including between their respective principals, Mr. Gonzalo Diaz Cevallos for the Applicant ("**Mr. Diaz**"), and Mr. Reyes for the Debtors, are elaborated at length in the *Re-Amended Application for the issuance of a Norwich order* (the "**Norwich Application**"), copy of which is communicated as an exhibit of DicePizza's Application.

2.6. Through discussions with the Applicant's legal counsel, and review of various legal proceedings, the chronology of event leading to the civil proceedings can be summarized as follows:

2.6.1. Reyes and DicePizza's owner, Mr. Gonzalo Diaz Cevallos ("**Mr. Diaz**"), have known each other since childhood. Reyes moved to Canada about 30 years ago. Mr. Diaz, a businessman operating several franchises mainly in Mexico, has contemplated immigrating to Canada in the recent years.

2.6.2. On July 4, 2019, Anfis and DicePizza entered into an agreement (the "**Agreement**") whereby Anfis would purchase real estate on behalf of DicePizza. All funding requirement was to be provided by DicePizza.

2.6.3. Over the course of three years, DicePizza wired about CAD$ 5,57 million, first to Anfis then, on instructions from Mr. Reyes, to 9404-5903 Québec inc., of which Mr. Diaz is a majority shareholder, and Mr. Reyes a minority shareholder and sole director ("**SharedCo**").

2.6.4. DicePizza is the Debtors' most significant unsecured creditor.

2.6.5. Mr. Reyes represented to Mr. Diaz that properties had been acquired by DicePizza in Canada, namely 7601 HJ on March 31, 2020, 7259 HJ on August 12, 2020, Panet on April 18, 2022, and Atateken on May 31, 2022.

2.6.6. The information was always provided to Mr. Diaz after the fact, and no deed of title was provided to DicePizza.

2.6.7. In the summer of 2022, DicePizza requested documentation to substantiate the use of its funds. Mr. Reyes avoided providing such documentation. Mr. Reyes eventually couriered a bundle of printed documents which did not concur with the Agreement nor account for the sums transferred by DicePizza's. Some of the documents were allegedly forged.

2.6.8. The relationship appears to have turned sour and DicePizza continued to ask for a proper rendering of accounts over the fall of 2022 and received none.

2.6.9. On September 30, 2022, faced with a blatant breach of trust, DicePizza terminated the Agreement, and asked for a rendering of accounts and the return of all assets and amount transferred, which has not yet been obtained.

2.6.10. Words continued to be exchanged until December 2022 where communications faltered. Thereafter in 2023, in an attempt to reconcile the information on hand, DicePizza took investigative steps in Québec, where it discovered, inter alia:

2.6.10.1. That the Properties allegedly purchased through Reyes for the purposes of the Agreement, had in fact been acquired by Mr. Reyes's personal company, the Debtor 9407-5173 Québec Inc.

2.6.10.2. That the Properties were heavily mortgaged.

2.6.10.3. That the Properties were partially mortgaged to private lenders, which Dicepizza had specifically forbidden.

2.6.10.4. That some mortgages had been consented after the termination of the Agreement.

The civil proceedings

2.7. As it appears from the Civil Proceedings (number 500-17-126063-232):

2.7.1. On July 31, 2023, an application for the issuance of a Norwich Order was presented before the Court.

2.7.2. On August 4, 2023, a judgment was rendered on the Norwich Application granting the conclusions sought almost in their entirety (the "**Norwich Order**").

2.7.3. On September 7, 2023, an application for the issuance of a Mareva Order (the "**Mareva Application**") was presented before the Court.

2.7.4. On September 22, 22023, most of the conclusions of the Mareva Application were granted by the Court (the "**Mareva Order**").

2.7.5. Despite the Norwich Order and the Mareva Order, DicePizza:

2.7.5.1. had not been reimbursed as of the date of this report;

2.7.5.2. had not received any proper rendering of account (i.e., such as to see and understand where the money wired is and why it cannot be reimbursed), both for the sums used by the Debtors, Mr. Reyes or SharedCo, before and after the termination of the Agreement; and

2.7.5.3. was faced with many non-compliances with regards to the Mareva Order.

2.8. Further to the issuance of the Mareva Order, several proceedings were filed by both the Applicant and the Debtors in the context of the civil proceedings, including sworn statements, defence, case management applications etc., before the Debtors' counsel ceasing to represent them as of January 26, 2024, in the Civil Proceedings.

The financial difficulties of the Debtors

2.9. The Debtors are faced with a liquidity crisis, which was exacerbated by the Mareva Order. Indeed, Debtors' cash flow has been severely restricted, and Debtors are no longer able to honour their obligations, nor do the Debtors have the sufficient access to funds to continue their operations.

2.10. As of February 2024, the Debtors have fallen behind on all mortgage payments and alleged that they will soon be unable to adequately insure the properties due to complete lack of liquidity.

2.11. A summary analysis of the Debtors financial situation is presented in section 3 of this report.

The CCAA Procedures

2.12. On February 16, 2024, DicePizza and all the Debtors' secured creditors were served by the Debtors with the Debtors Application. The hearing was set to February 19, 2024.

2.13. On that same day, following a request from the Applicant to postpone the hearing given the short notice period, the Debtors agreed to postpone the presentation of the Debtors' Application until March 11, 2024, provided that a stay in favour of the Debtors is ordered by the Court until such date, and that the Mareva Order is lifted for the sole purposes of the insurance payment to be made by the Debtors.

2.14. During that period, the Applicant informed the Debtors of its intention to contest the Debtors' Application (the appointment of Mazars Group Inc. and its proposed restructuring plan), and to alternatively seek approval for the DicePizza's Application, namely the appointment of RCI as the proposed monitor along with an alternative restructuring plan.

2.15. Several discussions and working sessions occurred between both the Applicant and the Debtors' representatives, and the parties arrived at an agreement: the Debtors Application will be withdrawn, and the DicePizza's Application will be filed and will not be contested by the Debtors.

2.16. The DicePizza's Application seeks the issuance of a First Day Order under the CCAA providing for, inter alia, the following reliefs:

2.16.1. The appointment of RCI as a "super" monitor with all the necessary powers to manage the Debtors' affairs and assets and to implement the restructuring / liquidation process.

2.16.2. A stay of proceedings against the Debtors for an initial period of ten (10) days in accordance with the CCAA (the "**Stay Period**").

2.16.3. A sealing order with regards to certain exhibits filed in support of the DicePizza Application.

2.17. At the comeback hearing, the Applicant will seek the issuance of an Initial Order providing for, inter alia, the following additional reliefs:

2.17.1. The extension of the Stay Period until May 31, 2024.

2.17.2. The granting of administration charges.

2.17.3. The approval of an interim financing and the granting of an interim financing charge.

3. SUMMARY ANALYSIS OF THE FINANCIAL SITUATION

3.1. The table below summarizes the financial statements of the Debtors for the years ended December 31, 2022, and 2023.

3.2. Given that the Proposed Monitor had no access to the books and records of the Debtors nor its management, the table below is a compilation of the financial statements obtained from the Debtors' Application exhibits. This work does not constitute an audit or review of the financial statements in accordance with generally accepted auditing standards established by CPA Canada or by the American Institute of Certified Public Accountants (AICPA), and consequently, we do not express any opinion on these financial statements.

Anfis Enterprises Inc. financial statements

Income Statement

(in thousands of $ - unaudited)	**FY23**	**FY22**
Revenues	**138**	**1 088**
Operating expenses		
Management salaries	106	236
Professionnal fees	86	72
Interest and mortgage payments	13	197
Others	31	122
	236	627
Net Income	**(98)**	**461**

3.2.1. Revenues: mainly consists of interest income generated by a GIC for FY23. The revenues of FY22 must be investigated to assess their nature.

3.2.2. Expenses: mainly consist of management salaries and professional fees.

Balance Sheet

(in thousands of $ - unaudited)	**FY23**	**FY22**
Assets		
Bank	24	7
Short term deposits	2 705	2 795
Due from related parties	4 824	3 959
Other assets	-	221
	7 553	**6 982**
Fixed assets	-	457
	7 553	**7 439**
Liabilities		
Accounts payable	96	56
Line of credit	2 308	1 957
Shareholders loan	3 917	3 442
Other liabilities	306	444
	6 627	**5 899**
Shareholders Equity	926	1 540
	7 553	**7 439**

3.2.3. As at the date of this report, the Proposed Monitor understand that Anfis has no cash on hand and is not able to pay its liabilities as they become due.

3.2.4. Short term deposits: guaranteed investment certificates ("**GIC**") held at the National Bank of Canada. The GIC has been granted as collateral to the line of credit.

3.2.5. Due from related parties: the Proposed Monitor assumes that this is due from 9407 but requires further investigation to confirm.

3.2.6. Line of credit: issued by National Bank of Canada and secured by the GIC.

3.2.7. Shareholders loan: the Proposed Monitor assumes that this is a loan from DicePizza, which was loaned to 9407, but requires further investigation to confirm.

9407-5173 Québec Inc. financial statements

Income Statement

(in thousands of $ - unaudited)	**FY23**	**FY22**
Revenues	**-**	**(15)**
Operating expenses		
Professionnal fees	64	8
Interest and mortgage payments	-	33
Others	17	8
	81	49
Net Income	**(81)**	**(64)**

Balance Sheet

(in thousands of $ - unaudited)	FY23	FY22
Assets		
Reserved Cash	50	-
Other assets	1	208
	51	**208**
Fixed assets	7 847	6 099
	7 898	**6 307**
Liabilities		
Accounts payable	30	-
Long term debt	3 292	2 739
Loans from related parties	4 817	3 728
	8 139	**6 467**
Shareholders Equity	(241)	(160)
	7 898	**6 307**

3.2.8. As at the date of this report, the Proposed Monitor understands that 9407 has no cash on hand and is not able to pay its liabilities as they become due.

3.2.9. Fixed assets: consists of the Properties, as described in section 2.

3.2.10. Long-term debt can be summarized as follows:

- National Bank of Canada: $1,3 million;
- Royal Bank of Canada: $376,000;
- Belabri Capital & al.: $1,1 million;
- Gestion Pierre Sabourin & al.: $500,000.

3.2.11. An estimated book value equity analysis for each property is presented in **Appendix A**.

3.2.12. Loans from related parties: the Proposed Monitor assumes that this is a loan from Anfis but requires further investigation to confirm.

Summary of Anfis and 9407 main secured and unsecured creditors

3.2.13. Based on the above financial statements, the following table presents a summary of the secured and unsecured creditors of the Debtors:

(in thousands of $ - unaudited)	Anfis	9407	Total
Secured Creditors			
National Bank of Canada	2 308	1 317	3 625
Royal Bank of Canada	-	374	374
Belabri & al.	-	1 100	1 100
Gestion Pierre Sabourin & al.	-	500	500
	2 308	**3 291**	**5 599**
Unsecured Creditors			
DicePizza (to be confirmed)	3 917	-	3 917
CEBA Loan	26	-	26
Accounts payable	96	30	126
Due to Anfis	-	4 817	Interco
	4 039	**4 847**	**4 069**
	6 347	**8 138**	**9 668**

Classification: Confidentiel

4. PROPOSED RESTRUCTURING / LIQUIDATION PLAN

4.1. The ultimate objective of the Applicant, through the proposed CCAA proceedings, is to attempt to preserve and maximize the value of the Debtors' assets.

4.2. As of the date of this report, the Applicant and the Proposed Monitor restructuring plan for the next 13 weeks can be summarized as follows:

4.2.1. Cash in the GIC (net of the line of credit reimbursement).

4.2.2. Draw on the Interim Financing facility.

4.2.3. Control the Debtors receipts and disbursements through, among other things, opening a segregated bank account.

4.2.4. Visit the Properties and assess their current condition, with the assistance of a general contractor or other real estate professionals.

4.2.5. Put in place or ensure continuity of conservatory measures, if required, such as insurance, access (security, locks, alarm, etc.), public services, etc.

4.2.6. If deemed appropriate by the Monitor, engage real estate brokers to rent the completed units of 7259 HJ.

4.2.7. Analyze, assess, and review, in consultation with the main creditors, among others, the following restructuring options:

4.2.7.1. Engaging real estate brokers to market the Properties; and/or

4.2.7.2. Completing construction work or other required work prior to marketing the Properties (and engage independent experts/contractors/evaluators to assist the Proposed Monitor); and/or

4.2.7.3. Carrying-out a sale and investment solicitation process ("SISP") regarding the Properties; and/or

4.2.7.4. Filing of a plan of arrangement.

4.2.8. In consultation with the main creditors, initiate and put in place one or more of the restructuring options.

4.2.9. Update cash-flow projections.

4.2.10. If deemed appropriate, continue the prosecution of proceedings on behalf of or involving the Debtors and settle or compromise any proceedings or claims by the Debtors.

4.3. The restructuring plan essentially consists of a court driven CCAA liquidation process, which would be supervised and executed by the Proposed Monitor given the alleged actions and behaviour of the Debtors' principal, Reyes, and the Applicant complete loss of confidence in the Debtors' management.

Proposed monitor's extended powers sought

4.4. Consequently, to carry out the proposed restructuring plan, and given the context (as described in section 2 of this report), the Applicant seeks extended power for the Monitor.

4.5. The proposed extended powers of the Monitor will provide greater assurance to all stakeholders throughout the CCAA proceedings.

4.6. In addition to the prescribed powers and obligations of a Monitor referred to in section 23 of the CCAA, the Applicant is seeking, among others, the following extended powers :

4.6.1. Conduct, operate, carry-on and control the affairs and operations, financial and otherwise, of the Debtors and carry on the business of the Debtors.

4.6.2. Control the Debtors' receipts and disbursements.

4.6.3. Take steps for the preservation and protection of the Debtor's property.

4.6.4. Prepare the Debtors' cash-flow projections and any other projections or reports and, if appropriate, develop and implement a restructuring plan on behalf of the Debtors, the whole in consultation with the Applicant and the main creditors.

4.6.5. Retain and employ such agents, advisers and other assistants as are reasonably necessary for the purpose of carrying out the restructuring plan.

4.6.6. Engage or retain legal counsel to the extent the Monitor's considers necessary.

4.6.7. Negotiate and enter into any agreements or incur any obligations necessary or reasonably incidental to the exercise of the powers.

4.6.8. Market or solicit one or several potential buyers of all or any part of the property of the Debtors, including, without limitation, the right to carry out a public call for tenders or private solicitations to dispose of the property of the Debtors.

4.6.9. Negotiate and enter into any agreements or incur any obligations necessary or reasonably incidental to the exercise of the powers.

4.6.10. Initiate, prosecute, make and respond to applications and motions in, and continue the prosecution of any and all proceedings on behalf of or involving one or more of the Debtors (including the within proceedings) and settle or compromise any proceedings or claims by and against one or more of the Debtors.

Qualifications to act as Monitor

4.7. RCI is a “trustee” within the meaning of Section 2 of the *Bankruptcy and Insolvency Act* and is not subject to any of the restrictions set out in subsection 11.7(2) of the CCAA, and, in particular, neither RCI nor any of its representatives has been at any time in the two preceding years a director or an employee of the Debtors, related to the Debtors or any director or officer of the Debtors or the auditor of the Debtors.

4.8. RCI consents to act as Monitor and in a position to immediately act as Monitor in the CCAA proceedings, if appointed by this court.

5. CONSOLIDATED PROJECTED CASH-FLOW

5.1. The Proposed Monitor prepared a consolidated projected cash-flow statement based on information provided for in the Debtors Application. A copy of this cash-flow statement as well as our comments of same is presented in the table below.

5.2. Our compilation was limited to presenting in the form of a projected cash-flow statement, information obtained from the Debtors Application. We did not evaluate the support of any of the assumptions or other information underlying the forecast. The Proposed Monitor, if appointed, will update, and review the consolidated Projected Cash Flow as soon as practicably possible to assess the underlying assumptions.

5.3. Given that these projections are based on assumptions regarding future events, actual results will vary from the information presented and the variances may be material.

(in thousands of $ - unaudited)	**Month 1** March-24	**Month 2** April-24	**Month 3** May-24	**Total**
Receipts				
Rent	-	9	9	18
Interim Financing	100	-	-	100
GIC (net)	-	250	-	250
	100	**259**	**9**	**368**
Disbursements				
Insurance	6	1	6	13
Electricity	1	1	1	3
Other conservatory measures	10	5	5	20
Mortgage payments		To be determined		-
Professionnal fees	75	70	30	175
	92	**77**	**42**	**211**
Variance	**8**	**182**	**(33)**	**157**
Cash - Beginning balance	-	8	190	-
Cash - Ending balance	**8**	**190**	**157**	**157**

5.4. The main underlying assumptions are the following:

5.4.1. Rent: collected from 7601 HJ tenants.

5.4.2. Interim Financing: provided for by the Applicant to finance a portion of the restructuring plan.

5.4.3. GIC (net): the Monitor intends to cash Anfis' Guaranteed Investment Certificate of approximately $2,6 million. The line of credit of Anfis is secured by the GIC, therefore the net proceeds resulting from this transaction is estimated to $250,000.

5.4.4. Insurance, electricity, and other conservatory measures: based on the Debtors Application projected cash-flow, and the Proposed Monitor experience.

5.4.5. Mortgage payments: the Proposed Monitor does not have the information on hand to determine the quantum of the mortgage payments. If appointed, cash-flow projections will be adjusted to reflect mortgage payments, should cash availability allows it.

5.4.6. Professional fees: based on experience, and includes the Proposed Monitor, the Applicant's legal counsel, the Debtors legal counsel and Mazars Group Inc. fees.

5.4.7. The Proposed Monitor notes that cash-flow was and will continue to be managed on a consolidated basis, i.e., Anfis and 9407.

6. INTERIM FINANCING

6.1. In view of the cashflow projections discussed in the preceding section, the Debtors require interim financing to initiate the restructuring plan and support restructuring costs.

6.2. The Applicant, the largest unsecured creditor of the Debtors, confirmed its interest and support by providing Interim Financing under this CCAA proceeding.

6.3. The Applicant will seek approval of the interim financing and the interim financing charge at the comeback hearing.

7. PROPOSED ADMINISTRATIVE CHARGE

7.1. The draft Initial Order provides for a charge in favour of the Proposed Monitor, the Proposed Monitor's counsel, if any, and the Applicant legal counsel, as security for the professional fees and disbursements incurred both before and after the making of the Initial Order in respect of these proceedings (the "**Administration Charge**"). The Administration Charge as described in the Initial Order provides for an amount of $150,000 (limited to $50,000 during the First Day Order period).

7.2. Furthermore, at the comeback hearing, the Applicant will request a separate administration charge in the amount of $25 000, over the assets of the Debtors for the benefit of the Debtors' insolvency and restructuring professionals, namely Spiegel Sohmer Inc. and Mazars Inc. (the "**Debtors' Administration Charge**"),

7.3. The Administration Charge and the Debtors' Administration Charge threshold were established based on the various professionals' previous history and experience with restructurings of similar magnitude and complexity. The Proposed Monitor believes that the Administration Charge and the Debtors' Administration Charge are required and reasonable in the circumstances having regard to the complexity of the proceedings, anticipated work levels of the applicable professional firms and the size of similar charges in comparable cases.

7.4. The requested charges will rank behind the Debtors' secured creditors' respective encumbrances in the following specific order : 1) the interim financing charge, 2) the Administration Charge, and 3) the Debtors' Administration Charge.

8. IMPACT OF A BANKRUPTCY

8.1. The bankruptcy of the Debtors would:

8.1.1. Negatively affect the realization/sale value of the Properties.

8.1.2. Not allow the Applicant to put in place the restructuring / liquidation plan in a view to maximize the realization value of the Properties.

8.1.3. Have the following impact on the stakeholders:

8.1.3.1. Secured creditors: would likely need to take the necessary steps to directly or indirectly put in place conservatory measures and realize/sell off the assets held under guarantee in an attempt to seek repayment.

8.1.3.2. Tenants: potential disruption of services.

8.1.3.3. Unsecured creditors: would see their equity significantly decrease given that the restructuring plan could not be initiated.

8.1.3.4. Shareholders: would lose their entire investment.

9. CONCLUSION AND RECOMMENDATION

9.1. Given that:

9.1.1. The Debtors are under a Mareva Order, and are unable to meet their obligations as they become due.

9.1.2. The total amounts owed by the Debtors to their creditors exceed the minimum threshold of $5 million required under the CCAA.

9.1.3. In a bankruptcy scenario, the only other alternative of the Debtors, the value of the assets would be jeopardized, with negative impacts on stakeholders.

9.1.4. The initiation of the restructuring plan, the stay of proceedings, the lifting of the Mareva Order on the Debtors as well as the other restructuring measures provided for in the draft First Day Order and in the draft Initial Order are key to the Debtors' ability to restructure their operations and maximize the value of the Properties for the benefit of its creditors.

9.1.5. The CCAA proceedings will ensure the Debtors protects its limited cash resources and, subject to the court's approval of the Interim Financing, Debtors would have sufficient funds until at least May 31, 2024, as presented in the cash-flow projections.

9.1.6. The main secured creditors support the DicePizza Application, thus the CCAA proceedings will simplify the restructuring / liquidation process for all stakeholders (vs multiple proceedings).

9.2. The Proposed Monitor is of the opinion that it is in the interest of all stakeholders for the First Day Order and the Initial Order pursuant to the CCAA to be issued to allow the Debtors to initiate the restructuring plan.

9.3. The Proposed Monitor is of the opinion that all the Debtors' stakeholders will benefit from a court-supervised liquidation process under the CCAA, with the ultimate goal of maximizing realization.

9.4. The Proposed Monitor is of the opinion that it is appropriate and reasonable in the circumstances, as well as beneficial to the stakeholders of the CCAA Debtors, for the Court to grant the First Day Order and the Initial Order based on the conclusions sought set out in the draft orders, which inter alia:

9.4.1. Initiate restructuring procedures under the CCAA, which allows for a stay of proceedings, including the lift of the Mareva Order on the Debtors.

9.4.2. Appoints RCI as Monitor of the Debtors.

9.4.3. Grants the Monitor extended powers required to control and pursue the activities of the Debtors and to act for and on behalf of the Debtors.

9.4.4. Allows for the creation of the Interim Financing charge and Administrative Charge described in this report.

APPENDIX A

PROPERTIES' ESTIMATED BOOK VALUE EQUITY ANALYSIS

(in thousands of $ - unaudited)	7601 HJ	7259 HJ	Atateken	Panet	Total
Book value*	**2 797**	**2 869**	**964**	**1 144**	**7 774**
Secured creditors*					
National Bank of Canada	(776)	(541)	-	-	(1 317)
Royal Bank of Canada	-	-	(374)	-	(374)
Belabri Capital & Al.	(600)	(500)	-	-	(1 100)
Gestion Pierre Sabourin & al.	-	-	-	(500)	(500)
	(1 376)	**(1 041)**	**(374)**	**(500)**	**(3 291)**
Estimated book value equity**	**1 421**	**1 828**	**590**	**644**	**4 483**

*based on internal financial statements as at December 31, 2023.

**before selling and restructuring fees and costs, as well as any potential corporate income tax.

The above analysis is for information purposes only (as it is based on book value) and will be perfected by the Proposed Monitor, if the latter is appointed, to consider, among other things :

- Market value;
- Liquidation value;
- Brokers commission;
- Conservatory measures cost;
- Management costs;
- Staging, renovation and/or construction costs;
- Other overhead costs;
- Restructuring fees and costs;
- Potential corporate income tax.