CANADA
PROVINCE OF QUEBEC
DISTRICT OF MONTREAL

No: 500-11-060613-227

SUPERIOR COURT
(Commercial Division)
***(*Sitting as a court designated pursuant to the *Companies' Creditors Arrangement Act,* R.S.C. (1985), ch C-36 as Amended)**

IN THE MATTER OF THE PLAN OF COMPROMISE AND ARRANGEMENT OF:

RISING PHOENIX INTERNATIONAL INC.
and
10864285 CANADA INC.
and
11753436 CANADA INC.
and
CDSQ IMMOBILIER INC.
and
COLLÈGE DE L'ESTRIE INC.
and
ÉCOLE D'ADMINISTRATION ET DE SECRÉTARIAT DE LA RIVE-SUD INC.
and
9437-6852 QUÉBEC INC.
and
9437-6845 QUÉBEC INC.
and
9392-9073 QUÉBEC INC.

Debtors

and

RICHTER INC.
(FORMERLY RICHTER ADVISORY GROUP INC.)

Monitor

TWELFTH REPORT OF THE MONITOR RICHTER INC. (FORMERLY RICHTER ADVISORY GROUP INC.)

INTRODUCTION

1. The present report ("**Twelfth Report**") should be read in conjunction with the Amended Pre-Filing Report dated January 6, 2022 (the "**Pre-Filing Report**"), the Supplementary Report dated January 16, 2022 (the "**Supplementary Report**"), the Second Report dated February 2, 2022 (the "**Second Report**"), the Third Report dated February 14, 2022 (the "**Third Report**"), the Fourth Report dated February 24, 2022 (the "**Fourth Report**"), the Fifth Report dated March 10, 2022 (the "**Fifth Report**"),

the Sixth Report dated April 11, 2022 (the "**Sixth Report**"), the Seventh Report dated April 19, 2022 (the "**Seventh Report**"), the Eighth Report dated June 15, 2022 (the "**Eighth Report**"), the Ninth Report dated September 12, 2022 (the "**Ninth Report**"), the Tenth Report dated November 28, 2022 (the "**Tenth Report**") and the Eleventh Report dated February 22, 2023 ("**Eleventh Report**"), prepared by Richter Inc. (formerly Richter Advisory Group Inc.) ("**Richter**" or the "**Monitor**"), in its capacity as Monitor of Rising Phoenix International Inc. ("**RPI**") and the other entities listed in the style of cause (collectively, the "**Debtors**" or the "**Company**").

2. This Twelfth Report is subject to the Terms of Reference and Disclaimer found in the Pre-Filing Report. Capitalized terms not defined herein shall have the meanings ascribed thereto in the Monitor's previous reports.

3. This Twelfth Report is intended to provide the Court with information relating to:

   - Procedural Overview and Updates;
   - The CCAA Termination Application;
   - Receipts and Disbursements from January 7, 2022 to May 19, 2023;
   - Discharge of the Monitor and Termination of the CCAA Proceedings; and
   - Conclusion.

4. Unless otherwise stated, all monetary amounts noted herein are expressed in Canadian dollars.

PROCEDURAL OVERVIEW AND UPDATES

The Initial Order and Stay Period

5. On January 5, 2022, the Debtors filed with the Superior Court of Québec, Commercial Division (the "**Court**"), an *Application for the Issuance of a First Day Initial Order and an Amended and Restated Initial Order* (the "**First Application**") and on January 6, 2022, the Court granted the *First-Day Initial Order* (the "**First-Day Initial Order**"). Pursuant to the First-Day Initial Order, all creditors were stayed from commencing or continuing any proceedings against the Debtors and/or the directors and officers of the Debtors until and including January 14, 2022 (the "**Stay Period**").

6. On January 16, 2022, the Debtors filed an *Amended Application for the Issuance of an Amended and Restated Initial Order* (the "**Amended and Restated Initial Order**") and on January 17, 2022, the Court granted the *Amended and Restated Initial Order* and extended the Stay Period to February 28, 2022.

7. On March 10, 2022, the Debtors filed an *Application for (i) the Issuance of an Approval and Vesting Order (ii) the Approval of a Junior Interim Financing Agreement and (iii) a Re-Amended and Restated Initial Order* (the "**Re-Amended and Restated Initial Order**") and on March 14, 2022, the Court granted the *Re-Amended and Restated Initial Order*.

8. The Stay Period has since been extended on several occasions, including most recently, on April 26, 2023, when the Court granted an informal request by the Debtors extending the Stay Period to May 19, 2023.

Recent Procedural Updates

9. On February 21, 2023, the Students' Representative Counsel filed an *Application for the Issuance of an Amended and Restated Student Representative Order* (the "**Students' Recourse Application**"), which hearing took place on March 27, 2023. The purpose of the Student's Recourse Application was to enable the Students' Representative Counsel to be permitted to initiate an action in damages on behalf of the students against both the Provincial and Federal Government (the "**Government Litigation**"). On April 24, 2023, the Court dismissed the Students' Recourse Application.

10. On May 17, 2023, the Debtors filed an *Application to Terminate the CCAA Proceedings and for Other Ancillary Relief* (the "**CCAA Termination Application**").

THE CCAA TERMINATION APPLICATION

A – Restructuring Efforts: Initial Matters

11. At the time of the issuance of the First-Day Initial Order, the Debtors records (as updated) reflected the following with respect to students:

Category of Students	Number of Students(1)
Graduating	516
Registered	740
Pipeline(2)	308
Other(3)	502
ISI(4)	136
Total	**2,202**

(1) Includes students attending CCSQ Sherbrooke and Aviron.
(2) The Monitor has been informed by the Purchaser that as a result of the proposed termination of the CCAA Proceedings, the Purchaser is reserving their rights with respect to their obligations towards the Pipeline Students. To the best of the Monitor's knowledge, we understand that the majority of the Pipeline Students have not yet been paid.
(3) Includes approximately 200 AIP (Approval in Principal) students who were studying abroad and have received all or a portion of the studies that they paid for.
(4) Based on information from ISI (does not include students who were refunded or educated by ISI)

12. Following the commencement of the CCAA proceedings, the Debtors, aided by the Monitor focused on the most pressing issues at hand, namely the stabilization of operations including the recommencement of the education of the students (which had been paused due to a lack of liquidity) to enable the continuing education and graduation of as many students as possible based on funding available. The Monitor devoted substantial time and efforts to ensure the continuation of emergency medical insurance for the students, which was a requirement of their immigration visa. At the same time, the Monitor was launching an accelerated sales and investment solicitation process ("**SISP**") to find a going-concern buyer for the Colleges.

13. Funding for the continuation of operations and SISP was secured through an interim financing facility with Firm Capital Mortgage Fund Inc. ("**Firm Capital**"), the primary secured lender.

B – Restructuring Efforts: Sale Process

14. Following an active SISP conducted by the Monitor and the professionals, the Debtors reached an agreement with a strategic buyer (the "**Purchaser**") which provided for the sale of the Debtors' assets on a going concern basis including the facilities owned by the Debtors along with transfer of the various operating permits issued to the Colleges.

15. The sale transaction with the Purchaser contemplated a number of closing conditions that took some time to conclude. Extensive discussions and negotiations ensued with the provincial education ministries to ensure the transfer of the permits to the Purchaser, which permission was only obtained in late June 2022. The Monitor and the Debtors negotiated additional interim financing from the Purchaser to provide funding for the operations of the Colleges to permit the students to continue studying until the transaction closed, which occurred on June 30, 2022.

16. Ultimately, the sale allowed for students already in Canada and in the midst of their studies (and who did not graduate prior to completion of the Transaction) to continue their studies with the Purchaser as the operator of the Colleges. In addition, as detailed below, the Purchaser will be honoring the commitment to educate the Pipeline Students who were able to obtain their visa and wished to study at the Colleges or is assuming the obligation to refund their tuition fees paid. As such, the majority of students have either received their education or are eligible for a refund of the majority of the fees that

they paid. For students who have not received their education or who will not be receiving a refund, the Monitor understands that these students may recover a portion of fees paid out of the proceeds from $200,000 of surety bonds that are administered by the Provincial Education Ministries.

17. The sale transaction also permitted various College administrators and teachers to maintain employment with the Purchaser.

18. In addition, the proceeds from the sale transaction resulted in the full repayment of the interim financing facility from Firm Capital as well as the repayment of the remainder of Firm Capital's secured debt.

C – Restructuring Efforts: CCAA Plan

19. Since the closing of the Transaction the main focus of the Debtors and the Monitor has been to develop a CCAA Plan to be presented to the creditors. As has been reported in the prior reports of the Monitor, the primary source of funding for the CCAA Plan was to have been a financial contribution from the Directors, conditional upon receipt of a full release in the CCAA Plan (the "**Directors' Contribution**").

20. The Directors' Contribution was to be used to fund a relatively *de minimus* distribution to ordinary creditors and to creditors with claims against the Directors. As well, the Directors' Contribution would set aside funds to be used to support the Government Litigation. The purpose of the Government Litigation, if successful, would have been to increase the distribution to students, and in particular, the category of Other Students who were not able to receive the education they had paid for in advance, who were not otherwise refunded via the CCAA Plan and AIP Students who were not permitted to come to Canada to complete their education. The Directors' Contribution would also provide the necessary funding to complete a claims process which was expected to be time consuming given the nature of the claims, including those of the students, many of whom reside outside of Canada, as well as some more litigious or contentious claims from other unsecured creditors.

21. Further complicating the path towards a CCAA Plan is the inability of ISI and the Students' Representative Counsel to agree on the terms that would allow ISI to support the CCAA Plan as well as contribute to the CCAA Plan, in exchange for the Students' Representative Counsel recommending a release in favor of ISI.

22. Without the prospect of having the Students' Representative Counsel prosecute the Government Litigation on a fast-track within the CCAA Proceedings, without the potential for an upside to the distribution to students via a CCAA Plan, without the certainty of a favorable vote in favor of a CCAA Plan, without the certainty of the releases sought by the Directors, and given the substantial cost of implementing a claims process with no certainty of funding from the Directors, the Debtors have determined, in consultation with the Monitor, that the appropriate course of action is to terminate the CCAA Proceedings and seek the discharge of the Monitor and Students' Representative Counsel.

23. The proposed order of termination would only be effective upon the issuance by the Monitor of a certificate which confirms that the following milestones have been achieved, namely:

- All assets from third parties have been realized, which will include closing adjustments due from Cestar;
- Resolution and distribution of amounts held in trust by the Monitor has been effected (see below);
- A distribution of amounts owing to beneficiaries of the Administration Charge has been effected; and,
- There are no further steps required for the Monitor to complete the administration of the CCAA proceedings.

RECEIPTS AND DISBURSEMENTS FROM JANAURY 7, 2022 TO MAY 19, 2023

24. The Monitor has submitted in support of the CCAA Termination Application the Final Statement of Receipts and Disbursement ("**Final R&D**") ("**Exhibit 1**") which we summarize as follows:

RPI Group - Statement of Receipts & Disbursements		
For the period January 7, 2023 to May 19, 2023		
Receipts		
Proceeds from Sale Transaction	$	12,028,456
Other Receipts		248,479
DIP Financing - Secured Lender		1,750,000
DIP Financing - Purchaser		2,500,000
Total Receipts		**16,526,935**
Disbursements		
Operating Expenses		1,947,480
Financial, Administrative and Other Costs		909,666
Sales Taxes Paid on Expenses		526,291
Monitor's Remuneration - Richter		1,510,443
Monitor's counsel - Stikeman		612,073
Solicitor to the Estate - Kaufman		690,955
Student Representative Counsel - McCarthy		343,513
Total Disbursements		**6,540,422**
Repayment of Secured Advances		
DIP repayment - secured lender		1,750,000
Repayment of Term Loan - Secured Lender		5,834,305
DIP repayment - Purchaser		2,500,000
Total Repayment of Secured Advances		**10,084,305**
Funds Available For Distribution	**$**	**(97,792)**
Funds Held in General Trust Account		
Cash on hand	**$**	**61,000**
Provision for:		
CRA Deemed Trust		23,000
MRQ Deemed Trust		34,000
Retraite Québec - Pension		4,000
Total Provision		**61,000**
Balance	**$**	**-**

25. Consistent with the presentation of information throughout the CCAA Proceedings, the Final R&D has been prepared on a consolidated basis.

26. We comment on the Final R&D as follows:

I) <u>Operating Accounts</u>

27. The Final R&D reflects an amount of approximately $387,000 in the operating account utilized by the Monitor prior to payment of outstanding professional fees which are accrued in the Final R&D. This amount includes the release of certain reserves for post-filing expenses that were not required as well projected receipts of $40,000 from the Purchaser in connection with settlement of the final closing adjustment. The final amount to be collected from the Purchaser may increase or decrease following resolution of this matter. These funds are subject to the Senior Administration and Junior Administration charges of $600,000 in aggregate and rank in priority to the other creditors.

- The Final R&D reflects all of the funds that have passed through the accounts of the Monitor which we comment briefly as follows:

  a) Receipts – consist primarily of the proceeds from the Transaction, the DIP advances, as well as other recoveries including property tax reserves and cash on hand;

  b) Disbursements – consist primarily of:

     - Operating expenses – in connection with operations of the Colleges from January 6, 2022 to the closing of the Transaction on June 30, 2022;

     - Financial expenses – relating primarily to the fees and costs incurred in connection with the DIP advances from both Firm Capital and the Purchaser;

     - Professional fees – consisting of the costs of the Monitor, Monitor's counsel, Debtor's counsel and Student's Representative Counsel both paid and accrued. All professionals involved have provided discounts in connection with the services provided; and

     - Repayment of secured advances – consisting of both the Firm Capital pre-filing advances and the post-filing DIP advances which were paid in full (as more fully detailed in the Ninth Report).

II) <u>Trust Account</u>

- During the course of the CCAA proceedings, the Monitor has segregated approximately $61,000 pending resolution of the following potential priorities:

  a) As discussed in the Supplementary Report, the Monitor was informed by the Canada Revenue Agency ("**CRA**") that there were deductions at source owing by Collège de L'Estrie Inc. ("**CDE**") which is covered by a deemed trust. The Monitor received a Notice of Assessment for approximately $23,000 (including interest and penalties) relating to 2020. The Monitor set aside this amount in the general trust account pending a more detailed review;

  b) In February 2022, a similar deemed trust claim was filed by Revenu Québec ("**MRQ**") against CDE for unremitted deductions at source totalling approximately $34,000. The Monitor segregated an amount in its general trust account pending a more detailed review as well; and

  c) As per a *Retraite Québec* statement provided to the Monitor, an amount of approximately $4,000 was outstanding for unremitted pension withheld from teachers. This amount was segregated in the Monitor's general trust account until further details are made available to validate the priority of this claim.

28. The Monitor believes that further work will be required to determine if the funds held in the Monitor's general trust account should be paid directly to the creditors who claim that they have a priority. Alternatively, any amounts that are deemed not to be a priority would be subject to the aforementioned Senior Administration charge and Junior Administration charge and be paid to the professionals for outstanding post-filing balances.

29. To the knowledge of the Monitor, except as highlighted above and as indicated in the CCAA Termination Application, all of its duties have been fulfilled. Further, based on funds on hand as well as accruals for amounts to complete the administration of the estate, there will be insufficient funds to pay any distribution to unsecured creditors including the students.

30. The Debtors believe that all post-filing obligations have been paid, other than professional fees, the payment of which had been deferred since November 2022 with the consent of the professionals. With the termination of the CCAA Proceedings, the CCAA Termination Application seeks the payment of the outstanding professional fees which amount to approximately $427,488 (taxes included) as of April 30, 2023 plus an estimate of $57,488 (taxes included) to complete the administration of the CCAA. The outstanding professional fees exceed the balance of funds available in the Monitor's operating account.

Professional Fees Summary (incl. sales taxes) Amounts owing *For the Period ended April 30, 2023*		Including sales taxes		Provision to terminate CCAA		Total
Richter - Monitor	$	206,206	$	17,246	$	223,453
Stikeman - Monitor's counsel		68,078		17,246		85,324
Kaufman - Debtors' counsel		89,866		17,246		107,112
McCarthy - Student Representative's Counsel		63,338		5,749		69,087
Total	**$**	**427,488**	**$**	**57,488**	**$**	**484,975**

DISCHARGE OF THE MONITOR AND TERMINATION OF THE CCAA PROCEEDINGS

31. As noted in the CCAA Termination Application and in this Report, notwithstanding the concerted efforts (by the Directors, the Monitor and all professionals) to put forth a Plan of Arrangement, there does not appear to be a clear path to a Plan that can be voted on and accepted by the statutory majority of creditors. While a claims process was prepared and could be initiated, absent a reasonable path forward, it would not be logical to incur the costs required to do so, nor would the information assist in achieving a successful Plan.

32. It is unfortunate that a CCAA Plan could not be implemented, however the Monitor notes that as a result of the CCAA Proceedings:

    - 516 Graduating Students that were enrolled in the Colleges at the time of the CCAA filing were given the opportunity to graduate;
    - 740 Registered Students that were registered in the Colleges however had not commenced their studies or studies were on pause at the time of the filing were able to continue their education, many of which have since graduated;
    - The majority of the Pipeline Students who at the time of the CCAA filing were still waiting for a response on their visa application, were either given the opportunity to attend one of the Colleges if their visa application was accepted or if the visa application was rejected, the Purchaser would assume the liability for tuition fees to be reimbursed; and
    - A number of the college administrators and teachers were able to continue employment with the Colleges.

33. With the completion of the Transaction, the Debtors ceased having any ongoing business operations, nor any remaining employees. Subject to completing certain matters as indicated above and given the obstacles to the successful implementation of a CCAA Plan, there is no justification to continuing the CCAA Proceedings.

34. The Debtors are seeking the approval of the CCAA Termination Application, which provides for the termination of the CCAA Proceedings effective upon serving the Monitor's Certificate on the service list once all remaining matters have been dealt with.

35. In addition, the Debtors are seeking the lifting of the Freeze Order (as defined in the CCAA Termination Application) that was issued by the Court to ensure that the Directors did not dispose of any assets while the stay in respect of litigation against the Directors was in place.

36. As per the CCAA Termination Application, the Monitor would serve the Monitor's Certificate upon completion of the following:

- Finalize the closing adjustment with Cestar and collect the balance outstanding;
- Request additional support from the CRA and MRQ for its deemed trust claims against CDE to determine and distribute the amount, if any, to both governments as a priority payment;
- Request additional support from *Retraite Québec* for its pension claim to determine and distribute the amount, if any, as a priority payment;
- Transfer any remaining funds held in the Monitor's general trust account to the RPI operating account; and
- Distribute the amount held in the RPI trust account to the professionals pursuant to the Court's approval of the fees and disbursements.

37. Upon serving of the Monitor's Certificate on the Service List, the CCAA Termination Application also provides for, *inter alia*, the following:

- Discharge of Richter as Monitor, and the release of Richter and its counsel, from any and all liability that it now has, or may hereafter have, by reason of, or in any way arising out of, its acts or omissions as Monitor, save and except for gross negligence or willful misconduct on the part of the Monitor;
- Release of the directors and officers of the Debtors, legal counsel to the Debtors, and each of their respective affiliates, officers, directors, partners, employees and agents, as applicable from any obligations and liabilities that may have incurred since the commencement of the CCAA Proceedings, except to the extent that the obligation of liability was incurred as a result of gross negligence of wilful misconduct;
- Discharge of McCarthy as Student Representative's Counsel and the release of McCarthy, from any and all liability that it now has, or may hereafter have, by reason of, or in any way arising out of, its acts or omissions as Student Representative's Counsel, save and except for gross negligence or willful misconduct on the part of the Student Representative's Counsel;

- Termination of the stay of protection in favor of the Directors and the Freeze Order effective five (5) business days following the issuance of the Monitor's Certificate; and
- Termination, release and discharge of the Senior Administration Charge, Junior Administration Charge and Directors' Charge.

CONCLUSION

38. As outlined in this Twelfth Report, the Monitor, the Monitor's counsel, the Debtors' counsel and the Students" Representative counsel currently see no clear path to the implementation of a CCAA Plan.

39. Consequently, the Monitor supports the CCAA Termination Application and the relief sought therein, namely:

    - The termination of the CCAA Proceedings;
    - The release of the Freeze Order;
    - The discharge of the Monitor; and
    - The discharge of the Students Representative Counsel.

40. In addition, the Monitor supports the CCAA Termination Application with respect to the extension of the Stay Period until the CCAA Termination Date.

41. The professionals have significant fees outstanding and have an Administrative Charge of up to $600,000. The funds on hand are lower than the Administrative Charge and are not expected to exceed $600,000. The Monitor supports the CCAA Termination Application with respect to the distribution of the funds on hand towards payment of the total outstanding professional fees on a pro rata basis.

Respectfully submitted at Montreal, this 19th day of May 2023.

Richter Inc.
(formerly Richter Advisory Group Inc.)
Monitor

Olivier Benchaya, CPA, CIRP, LIT

Andrew Adessky, CPA, MBA, CIRP, LIT

EXHIBIT 1

CANADA
PROVINCE OF QUÉBEC
DISTRICT OF QUEBEC
COURT NO.: 500-11-060613-227

SUPERIOR COURT
(Commercial Division)

IN THE MATTER OF THE PLAN OF ARRANGEMENT AND COMPROMISE OF RISING PHOENIX INTERNATIONAL INC,. AND 10864285 CANADA INC. ("M COLLEGE") AND 11753436 CANADA INC. AND CDSQ IMMOBILIER INC., COLLEGE DE L'ESTRIE INC. AND ECOLE D'ADMINISTRATION ET DE SECRETARIAT DE LA RIVE SUD INC. AND 9437-6845 QUEBEC INC. AND 9437-6852 QUEBEC INC. AND 9392-9073 QUEBEC INC. (Note 1)

MONITOR'S FINAL STATEMENT OF RECEIPTS AND DISBURSEMENTS (Note 1)

RECEIPTS		
1. Proceeds from sale transaction (Note 2)		$ 12,028,456.03
2. Cash on hand		61,516.70
3. Property tax reserve funds (Note 3)		127,305.72
4. Reimbursement of deposits & other miscellaneous receipts		19,885.11
5. Interest		23,155.97
6. Taxes		
a) GST received	60.00	
b) QST received	119.70	
c) Reimbursement of sales taxes	16,435.80	16,615.50
7. DIP Financing		
a) DIP Financing from Secured Lender (Note 4)	1,750,000.00	
b) DIP Financing from Purchaser (Note 5)	2,500,000.00	4,250,000.00
TOTAL RECEIPTS		**16,526,935.03**
DISBURSEMENTS		
8. Operating		
a) Rent (Note 6)	194,996.82	
b) Salaries (Note 7)	359,425.04	
c) Educational Services (Note 8)	719,657.73	
d) Student Insurance (Note 9)	379,634.00	
e) Property insurance	25,311.12	
f) Municipal taxes	149,823.63	
g) Utilities	71,095.45	
h) Other	47,535.72	1,947,479.51
9. Financial, administrative and other costs		
a) Commitment fees and other financing costs (Note 10)	525,618.93	
b) Accounting fees	45,000.00	
c) Interest on Term Loan FCC	91,194.09	
d) Interest on DIP FCC	124,443.58	
e) Interest on DIP Purchaser	104,232.88	
f) Bank charges	4,758.90	
g) Other	14,417.98	909,666.36
TOTAL DISBURSEMENTS BEFORE SALES TAXES, MONITORS FEES, LEGAL FEES AND LOAN REPAYMENTS		**2,857,145.87**
10. Taxes:		
a) GST paid on disbursements exclusive of fees	175,763.89	
b) QST paid on disbursements exclusive of fees	350,527.59	
c) Payment of sales taxes	-	526,291.47
11. Monitor's remuneration		1,510,443.19
12. Legal fees and costs		
a) Monitor's counsel - Stikeman Elliott	612,073.09	
b) Solicitor to the Estate - Kaufman	690,955.00	
c) Student Representative Counsel - McCarthy	343,513.26	1,646,541.35
13. DIP Financing Repayment		
c) DIP Repayment - Secured Lender	1,750,000.00	
d) DIP Repayment - Purchaser	2,500,000.00	4,250,000.00
14. Repayment of Term Loan - Secured Lender		5,834,305.08
TOTAL DISBURSEMENTS		**16,624,726.97**
REMAINING FUNDS FOR DISTRIBUTION PURPOSES (Note 11)		**$ (97,791.94)**

IN THE MATTER OF THE PLAN OF ARRANGEMENT AND COMPROMISE OF RISING PHOENIX INTERNATIONAL INC,. AND 10864285 CANADA INC. ("M COLLEGE") AND 11753436 CANADA INC. AND CDSQ IMMOBILIER INC., COLLEGE DE L'ESTRIE INC. AND ECOLE D'ADMINISTRATION ET DE SECRETARIAT DE LA RIVE SUD INC. AND 9437-6845 QUEBEC INC. AND 9437-6852 QUEBEC INC. AND 9392-9073 QUEBEC INC.
MONITOR'S FINAL STATEMENT OF RECEIPTS AND DISBURSEMENTS

NOTES

Note 1: Pursuant to an order of the Quebec Superior Court, District of Montreal (Commercial Division) made on January 6, 2022, Rising Phoenix International Inc., 10864285 Canada Inc. ("M College"), 11753436 Canada Inc., CDSQ Immobilier Inc., College De L'Estrie Inc., Ecole D'Administration et De Secretariat De La Rive Sud Inc., 9437-6845 Quebec Inc., and 9437-6852 Quebec Inc. (collectively the "Company" or "Debtors") were granted protection under the Companies Creditors' Arrangement Act ("CCAA") and Richter Inc. (formerly Richter Advisory Group Inc.) ("Richter") was appointed as the Monitor in the CCAA proceedings. On December 10, 2022, the Court amended the initial order to include an additional applicant, 9392-9073 Quebec Inc. to the CCAA Proceedings.

The Stay Period was extended on several occasions until most recently, May 19, 2023.

Following the sale of the various colleges on a going-concern basis, the Debtors were unable to develop a viable Plan of Arrangement to be presented to their creditors and on May 17, 2023, the Debtors filed an Application to Terminate the CCAA Proceedings.

Note 2: On June 30, 2022, the Company entered into a transaction whereby pursuant to an Asset Purchase Agreement ("APA") with 13901823 Canada Inc. ("Cestar" or the "Purchaser") , it agreed to sell virtually all of the assets of the Company, including the permits of the Colleges, the real estate properties owned by the Debtors, the furniture, fixtures and equipment and other operating assets used in the operations of the Colleges, accounts receivable and prepaid expenses, intellectual property and key leases and other contracts. In addition, the Purchaser assumed certain liabilities as relates to the ongoing education of Registered Students and a commitment to educate or refund those Pipeline Students waiting to obtain a Visa.

On July 6, 2022, the Monitor issued the Amended Certificate of the Monitor certifying that it has been advised by the Company and the Purchaser that:
- The APA was executed and delivered
- The purchase price (as defined in the APA), was paid to the Monitor, on behalf of the Company
- All conditions of closing were either satisfied or waived by the Purchaser and the Company

Note 3: Property tax reserves relates to funds held by Firm Capital Mortgage Fund Inc. which were remitted to the Monitor to be applied to outstanding property taxes.

Note 4: The Secured Lender, Firm Capital Mortgage Fund Inc., upon Court approval, provided DIP financing in two tranches totaling $1,750,000, which amount was repaid in full following completion of the transaction with the Purchaser.

Note 5: The Purchaser, upon Court approval, provided additional interim financing of $2.5 million following the signing of the APA to the closing of the transaction on June 30, 2022 to finance the continued operations of the Debtors. The additional interim financing was subsequently repaid in full following completion of the transaction with the Purchaser.

Note 6: Represents monthly payments for the M College lease location until the completion of the transaction with the Purchaser.

Note 7: Salaries for administrative positions at Rising Phoenix International Inc. and the Colleges.

Note 8: Costs required to educate the students mainly represented by teachers' salaries.

Note 9: Represents the monthly cost of emergency hospital and medical insurance for the students.

Note 10: The amount represents various costs with respect to the DIP financing agreements undertaken by the Company. The costs include, but are not limited to the professional fees of the DIP lenders, loan commitment fees (% of loan) as well as a break fee for a DIP loan agreement that was entered into, however never consummated.

Note 11: In addition to the funds in the Monitor's operating account, the Monitor has segregated $61,000 in a separate trust account in respect of potential priority claims. Pursuant to the terms of the CCAA Termination Order, the Monitor will review these potential claims to determine their ultimate disposition.

Dated May 19, 2023

Richter Inc. (formerly Richter Advisory Group Inc.)
Monitor

Per: Andrew Adessky, CPA, CIRP, LIT