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 PROPOSED 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.

Applicants

and

RICHTER ADVISORY GROUP INC

Proposed Monitor

AMENDED PRE-FILING REPORT OF RICHTER ADVISORY GROUP INC., PROPOSED MONITOR

This report is an amended version of the Pre-Filing Report produced by the Proposed Monitor on January 5, 2022. It was amended solely to replace the table entitled "RPI Group Current Liability Summary as at January 4, 2022" on page 17 and the text in paragraph 42 (c).

INTRODUCTION

1. Richter Advisory Group Inc. ("**Richter**" or the "**Proposed Monitor**") understands that the Applicants will make an application before the Superior Court of Quebec, Commercial Division for the District of Montreal (the "**Court**") to commence proceedings under the *Companies' Creditors Arrangement Act* (the "**CCAA**" and the "**CCAA Proceedings**"), seeking a first day order ("**First Day Order**"), and an amended and restated initial order (the "**Amended and Restated Initial Order**") collectively providing a stay of proceedings in respect of the Applicants and their Directors and Officers and the appointment of the Proposed Monitor along with other relief set out in the First Day Order and the Amended and Restated Initial Order.

2. This pre-filing report ("**Pre-Filing Report**") is intended to provide the Court with information relating to:

    a) Terms of Reference and Disclaimer;

    b) Richter's Qualifications to act as Monitor;

    c) Background Information;

    d) Operating Results and Financial Position;

    e) Cash Flow Projections;

    f) Interim Financing Facility;

    g) Proposed Sale and Investment Solicitation Process;

    h) Proposed Court-Ordered Charges;

    i) Filing of Exhibit Under Confidential Seal; and

    j) Conclusions and Recommendations.

TERMS OF REFERENCE AND DISCLAIMER

3. In preparing this Pre-Filing Report, the Proposed Monitor has relied solely on information and documents provided by the Applicants and their advisors, including unaudited financial information, declarations and affidavits of the Applicants' executives (collectively the "**Information**"). In accordance with industry practice, except as otherwise noted in the Pre-Filing Report, Richter has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Proposed Monitor has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Canadian Auditing Standards ("**CASs**") pursuant to the *Chartered Professional Accountants of Canada Handbook* and, accordingly, the Proposed Monitor expresses no opinion or other form of assurance contemplated under CASs in respect of the Information.

4. Future oriented information contained in the Cash Flow Forecast is based on the Applicants' estimates and assumptions regarding future events. Actual results will vary from the information presented even if the hypothetical assumptions occur, and variations may be material. Accordingly, the Proposed Monitor expresses no assurance as to whether the Cash Flow Forecast will be achieved.

5. This Pre-Filing Report should be read in conjunction with Applicants' application entitled *Application for the Issuance of a First Day Initial Order and an Amended and Restated Initial Order* (the "**Application**"), as well the affidavits of Caroline Mastantuono and Joseph Mastantuono, sworn on January 5, 2022, filed in support of this Application. Capitalized terms used and not defined in this Report have the meanings given to them in the Application.

6. If the Proposed Initial Order is granted and Richer is appointed as Monitor, Richter will make available all Court documents and other material documents pertaining to the CCAA Proceedings on its website at https://www.richter.ca/insolvencycase/rising-phoenix-international-inc. In addition, Richter has arranged for a toll-free hotline (1-866-773-2196) and an email address (rpigroup@richter.ca) through which the Applicants' creditors or other interested parties can make inquiries related to the CCAA Proceedings.

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

RICHTER'S QUALIFICATIONS TO ACT AS MONITOR

8. Richter is a licensed insolvency trustee within the meaning of subsection 2(1) of the *Bankruptcy and Insolvency Act (Canada)*. Richter is not subject to any of the restrictions to act as Monitor set out in section 11.7(2) of the CCAA and, in particular, neither Richter nor any of its representatives has been at any time in the two preceding years:

   a) a director or an employee of the Applicants;

   b) related to the Applicants or to any director or officer of the Applicants; or

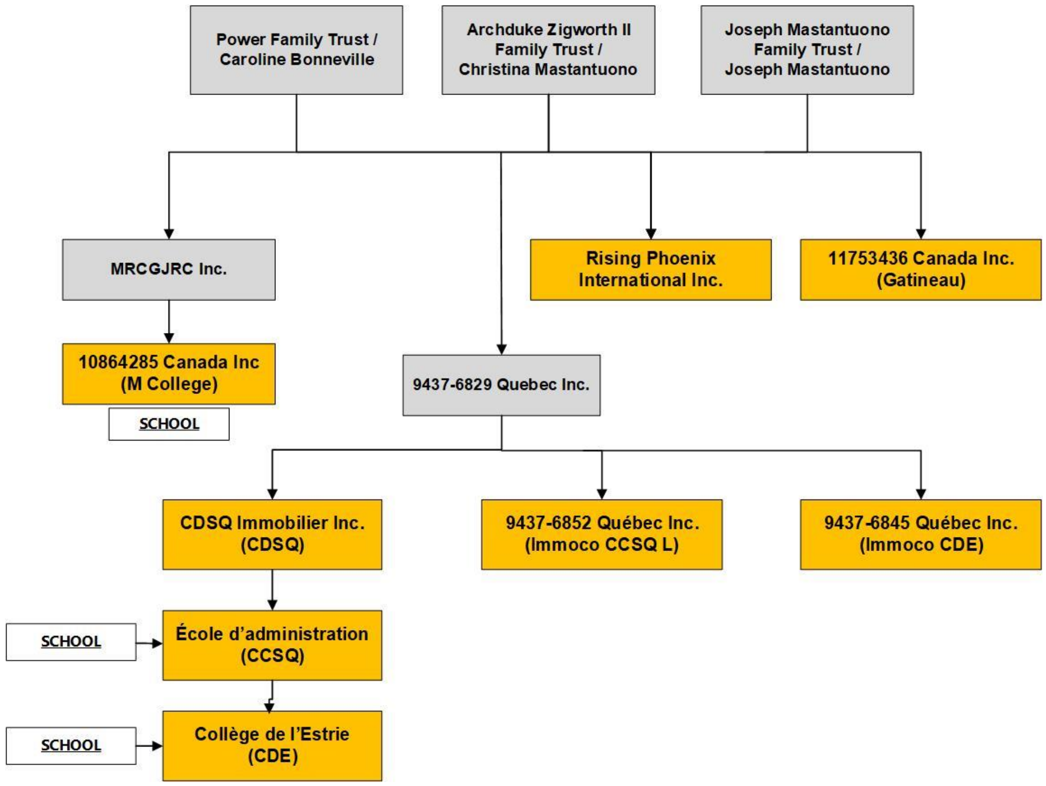
   c) the auditor of the Applicants.

9. Should the Court grant the Applicants' request to make the Proposed Initial Order, Richter has consented to act as Monitor. Furthermore, the Proposed Monitor has retained Stikeman Elliott LLP to act as its independent legal counsel in the CCAA proceedings.

BACKGROUND INFORMATION

A) Filing Entities

10. The following organigram depicts the Applicants (in orange) and their position within the broader corporate group:



11. As appears from the foregoing, the Applicants, also referred to as the "**RPI Group**", are all directly or indirectly controlled by members of the Mastantuono family, namely Caroline Mastantuono, Christina Mastantuono and Joseph Mastantuono. The same individuals are also all former and/or current directors of the Applicants.

12. The Application provides a detailed outline of the business operations of the RPI Group. Accordingly, in order to avoid duplication, this Pre-Filing Report will only provide a summary overview of the Applicants as follows:

Company	Description
Rising Phoenix International Inc. ("**RPI**")	RPI is the main operating entity of the RPI Group. It operates as a recruiter of students and provides administrative services and management for related partner colleges (including M College, CCSQ and CDE as defined and described below, collectively the "**Colleges**"), as well as third-party private colleges. RPI operates out of leased premises in Montreal, Québec.

10864285 Canada Inc. (“**M College**”)	M College is a private institution accredited by the *Ministère de l’Éducation et de l’Enseignement supérieur* (“**MEES**”) which is sanctioned to dispense the *Attestation d’études collégiales* (“**AEC**”). M College offers courses in various areas including business management, project management in graphic communications, multimedia techniques and early childhood education. As of the date hereof, M College has 688 students in its various programs. M College operates out of leased premises in Montreal, Québec.
11753436 Canada Inc. (“**Gatineau**”)	Gatineau owns the land and building located at 115 rue Champlain in Gatineau, Québec (the “**Gatineau Property**”). This property, although it was purchased in March 2020 with the intention of utilizing it as a school, has ultimately never been used in the operations of the RPI Group.
École d'Administration et de Secrétariat de la Rive-Sud Inc. (“**CCSQ**”)	CCSQ, also known as the *Collège de comptabilité et de secrétariat du Québec*, is a private institution accredited by the MEES which is sanctioned to dispense vocational training programs leading to a diploma of vocational studies, the *Diplôme d’études professionnelles* (“**DEP**”), as well as an attestation of vocational specialization, the *Attestation de spécialisation professionnelle* (“**ASP**”). CCSQ offers courses in various areas including accounting, secretarial and medical office specialist. As of the date hereof, CCSQ has 269 students in its various programs located at either the Longueuil Campus or the Jacques Cartier Campus.
9437-6852 Québec Inc. (“**Immoco CCSQ L**”)	Immoco CCSQ L owns the land and building located at 910 boul. Curé-Poirier Ouest, Longueuil, QC (the “**Longueuil Campus**”). This property is utilized as one of two campuses of CCSQ.
CDSQ Immobilier Inc. (“**CDSQ**”)	CDSQ owns the land and building located at 174 Boul. Sainte-Foy, Longueuil, QC (the “**Jacques Cartier Campus**”). This property is utilized as one of two campuses of CCSQ.
Collège de l'Estrie Inc. (“**CDE**”)	CDE is a private institution accredited by the MEES which is sanctioned to dispense the AEC. CDE offers courses in

	various areas including accounting and management, network administration, business management, programmer analyst, office systems techniques and web design. As of the date hereof, CDE has 220 students in its various programs.
9437-6845 Québec Inc. (“**Immoco CDE**”)	Immoco CDE owns the land and building located at 37 Wellington, Sherbrooke, QC. This property is utilized by CDE. In addition, a third-party non-profit organization leases space in this location for a school that it operates, which provides services that are similar to CCSQ.

B) Business of the Applicants

13. The services of the Applicants can be summarized as follows:

a) Recruitment – this service is performed exclusively by RPI, both for the Colleges owned by the RPI Group and for third-party partner colleges. The majority of students recruited by RPI are international students from India. These students may attend English-speaking schools in Quebec so long as they remain in Canada under a temporary Canadian Study Permit. RPI carries out its recruitment activities with the assistance of third-party recruitment partners, including namely Rehill Services Inc. (Ontario) and Rehill Services Inc. (Quebec) (“**Rehill**”) and Bestway Education Group (“**Bestway**”) (collectively, the “**Recruitment Partners**”). RPI charges and collects a fee for each student, typically ranging between of $28,000 to $30,000 (the “**Fees**”), on which it retains a commission typically ranging between 30% to 33.75% (the majority of which goes to the Recruitment Partners) with the balance paid to the partner school (either a College from the RPI Group or a third-party college);

b) Colleges – the Colleges are all accredited by the MEES and sanctioned to dispense either the AEC or the DEP/ASP. The general activities and courses offered by each College are described in more detail in the Application;

c) Real Estate – certain of the Applicants own various real estate in Longueuil, Sherbrooke and Gatineau, Quebec (the “**Real Estate**”), most of which is utilized by the Colleges with the exception of the Gatineau Property. The Proposed Monitor understands that the Gatineau Property, although it was initially purchased for expansion purposes, has never been used for the operations of the RPI Group and was ultimately listed for sale. On November 19, 2021, a Letter of Intent was entered into with a prospective purchaser of the Gatineau Property and the latter is currently conducting its due diligence process.

14. In addition to recruiting students, RPI also provides a variety of services for international students including arranging for temporary housing, support services and enabling students to acquire emergency hospital and medical coverage insurance.

15. As of the filing date, the Applicants employed 70 individuals as administrative staff and had a further 80 individuals as teaching staff on a contract basis for the Colleges (albeit with most of the staff and teachers on a temporary layoff).

C) Chronology of Events Leading to the Filing

16. The Proposed Monitor has been provided with the following high-level chronology of the operations of the Applicants:

   a) March 2017 – Through 2017 and into 2018, RPI commences operations and begins the process of signing agreements with partner schools (to act as a one-stop recruitment service), to hire Recruitment Partners to work in the global market, mainly in India, and to commence student recruiting;

   b) September 2018 onwards, placement of international students at partner schools as follows (student numbers are approximations):

      i. September 2018 – 80 students;

      ii. January 2019 – 200 students;

      iii. May 2019 – 650 students;

      iv. January 2020 – 850 students; and

      v. March 2020 – 1,500 to 2,000 students in the recruitment pipeline when the COVID-19 pandemic (the **"Pandemic"**) begins.

   c) August 2019 – the MEES grants a license to M College (application for license was commenced in August 2018). The principals of Rehill are provided a 40% share in the equity of MRCGJRC Inc., the entity that owns M College;

   d) March 2020 – the owners of CDE and CCSQ, which at the time were independent partner colleges owned by third-parties, express an interest to sell their colleges to the RPI Group and negotiations commence;

   e) March 2020 – the Applicants seek permanent long-term financing to enable the purchase of CDE and CCSQ;

f) March 2020 – the purchase of the Gatineau Property is completed for $9.5 million with a view to expand the operations of M College, which expansion plans were halted due to the Pandemic;

g) March 2020 – all partner colleges are closed by the MEES as part of efforts to control the Pandemic;

h) April 2020 – efforts are undertaken to transition students to on-line learning;

i) May 2020 – the majority of students in the pipeline choose to defer their studies to a future date with a small percentage asking for refunds. Immigration, Refugees and Citizenship Canada (the "**IRCC**") allows students in the pipeline (i.e. those that have pending permit applications or approved applications) to start courses remotely. These are designated as Approval in Process ("**AIP**") students;

j) June 2020 – the purchase of CDE and CCSQ is completed for $10,970,000;

k) July 2020 – the Colleges are permitted to reopen but must return to online learning in August 2020;

l) July 2020 – issues are discovered relating to the purchase of CDE and CCSQ (improper reporting of grades by former owners) resulting in various challenges and litigation;

m) November 20, 2020 – Caroline and Christina Mastantuono (the "**Defendants**") are arrested by the *Unité permanente anticorruption* ("**UPAC**") in connection with allegations of alleged use of false documents by the Defendants to facilitate the processing of student permit applications, while working for the Lester-B.-Pearson School Board from 2014 to 2016, before they started RPI. The Defendants deny any wrongdoing and have contested the charges brought against them. The proceedings remain ongoing and contested to this day;

n) November 2020 – RPI had secured approximately $10.6 million in financing from two institutions to replenish working capital that was utilized in the purchase of various schools/real estate, as well as costs associated with the Pandemic, including sending laptops and other equipment to students in India. This financing is ultimately withdrawn following the UPAC charges;

o) November 2020 – a major partner school, *Institut supérieur d'infomatique* ("**ISI**"), seeks to terminate their contract with RPI. This matter ultimately resulted in the institution of arbitration proceedings which were heard on their merits in December 2021. A decision from the arbitrator is pending;

p) August 2021 – the MEES renews the permits for the Colleges;

q) February to September 2021 – ongoing delays in processing of visas by IRCC continue to create apprehension among the student pipeline located mainly in India and IRCC is unable to meet a deadline of August 2021 to process all applications in the pipeline. Demands for full refunds from students increase substantially, including for those students already studying under the AIP stream;

r) October 2021 – a settlement is reached with the Recruitment Partners regarding various disputes resulting in an agreement, the terms of which have only been partially performed;

s) December 2021 – the Applicants institute a temporary layoff of the majority of their employees as they halt operations for the holidays and due to ongoing Pandemic;

t) December 10 and 23, 2021 – the Applicants are notified by the Insurer (as defined below) that effective January 14, 2022, it will alter or cancel all emergency hospital and medical coverage insurance provided to international students due to arrears in the payment of premiums; and

u) December 31, 2021 – the Insurer issues to RPI's partner colleges, including the Colleges and ISI, formal notices to the effect that it will alter or cancel the insurance coverage for international students as of January 14, 2022.

D) Student Overview

17. As of the date of the filing, we summarize the status of students in the various schools and in the pipeline:

Student Status Summary

School	Expected to graduate in 2 months	Expected to graduate in > 2 months	In the pipeline (awaiting visa, have not commenced courses)	Total
M College	309	379	199	887
CDE	122	98	32	252
CCSQ (Longueuil)	52	217	73	342
CCSQ Sherbrooke (partner school)	18	63	14	95
Total	**501**	**757**	**318**	**1,576**

E) Events Leading to the CCAA Filing

18. A multitude of factors have contributed to the insolvency of the Applicants and their inability to meet their obligations as they generally become due.

19. The Applicants were, until the onset of the Pandemic in rapid growth mode resulting in significant capital outlays, in particular as relates to the launch of M College (in August 2019) including all of

the related infrastructure costs and the acquisition of two partner schools (in June 2020) to preserve market share and enable further growth.

20. The foregoing acquisitions were partially funded with working capital that included prepaid tuition proceeds which had been deposited into RPI's bank accounts and which were to be replaced by permanent long-term funding from financial institutions (which ultimately fell through). The use of the prepaid student tuition to acquire real estate and schools, and the inability to refinance these assets due to the on-going UPAC case, significantly depleted the Company's liquidities.

21. In addition, as detailed in the CCAA proceedings, the Pandemic has significantly impacted the Applicants' operations and cash flow in a variety of ways:

a) A significant reduction (estimated at 90%) in the number of international students entering the programs offered by the Colleges, which has resulted in lower commission revenue for RPI, lower revenues for all of the Colleges and higher costs to educate individual students as class sizes decreased;

b) A significant reduction (estimated at approximately 80%) in the number of student visas issued and a significant increase in the delays to obtain such visas, which have led to significant refund requests from students. To this point, RPI has advised us that since the start of the Pandemic, they have refunded approximately $10.4 million to students;

c) Significant capital outlays to implement safety and protective measures at the three Colleges operated by the RPI Group, including the hiring of additional personnel and enhanced cleaning measures;

d) Purchase of equipment and services to enable remote learning for students in both Canada and India, infrastructure upgrades to the Colleges' digital networks, license software costs and various equipment to enable teachers to continue dispensing lessons remotely; and

e) Increase in professional fees to support students requests, to investigate and respond to changes in the immigration process and to deal with governmental authorities.

22. Other factors that have contributed to the insolvency of the Applicants include costly litigation and arbitration proceedings, which in several instances remain ongoing, with various partner schools, the former owners of CDE and CCSQ and the Recruitment Partners. The latter have contributed to significant professional fee expenses estimated to be in excess of $3 million for the years 2020 and 2021. The details with respect to the main litigation and arbitration proceedings are outlined in the Application.

23. Further, as detailed in the CCAA Proceedings, the arrests of the Defendants by UPAC in November of 2020 have had significant repercussions on the RPI group, notwithstanding the fact

that the UPAC charges are contested by the Defendants and proceedings remain ongoing. These repercussions include:

a) The withdrawal or cancellation of approximately $10.6 million in financing from two financial institutions which was intended to be used to support the operations of the RPI Group and to replenish the prepaid student tuition fees that were used to acquire real estate and the two Colleges purchased in June of 2020;

b) The cancellation of enrollments by students at various stages in the pipeline leading to increased demands for refunds; and

c) Allegations of fraud being made against the Directors by parties to the litigation and arbitration proceedings referred to above.

24. The imminent alteration or cancellation of emergency hospital and medical coverage as of January 14, 2022 has also been a factor in the commencement of the CCAA Proceedings. We summarize this issue as follows:

a) All foreign students are required to have emergency hospital and medical coverage as a requirement to obtain and maintain their Canadian Study Permits. RPI contracts with JF Insurance Agency Group (the "**Insurer**") to provide this insurance, with each individual student being the holder of an individual policy;

b) RPI is the payor of the insurance premium to the Insurer for each individual student policy. RPI pays this premium to the Insurer on a monthly basis, out of the Fees paid by the students to RPI, a portion of which (approximately $852 per annum) represents a fee charged by RPI to each student for emergency hospital and medical coverage;

c) On December 10 and December 23, 2021, the Insurer issued formal notices to RPI in which it requested the payment of approximately $620,000 in insurance premiums arrears owing with respect to 3,075 policies;

d) The Insurer's notice sent on December 23 stated that as a result of these arrears, the following changes would take effect as of January 14, 2022:

    i. a first group of policies representing $316,086.50 in unpaid premiums would have their policy duration reduced by the Insurer; and

    ii. a second group of policies representing $303,933.90 in unpaid premiums would be fully cancelled by the Insurer.

   A detailed reconciliation of outstanding policies which need to be maintained will be performed post-filing with the Insurer;

e) On December 31, 2021, each of the Colleges received notice from the Insurer advising them of these policy cancellation or reductions as of January 14, 2022. It is expected that third-party RPI partner colleges have received or will receive similar notices.

25. RPI has advised the Proposed Monitor that it contests the validity of the Insurer's reduction or cancellation of the insurance policies on various grounds, including that the Insurer may not have recourse to an alteration or cancellation of the insurance policies in circumstances where the students have effectively paid the premium to RPI under an accepted delegation of payment, and even if it could, that in order for any such measure by the Insurer to be valid, the holders of the policies (i.e. the students) would have needed to have been individually notified.

26. Regardless of the validity of the policy alterations or cancellations which the Insurer purports to carry out, the Proposed Monitor is of the view that the implementation of such measures could have potentially disastrous consequences on the 1,618 foreign students who contracted emergency hospital and medical coverage with the Insurer through RPI (a number which includes 1,215 students studying at the Colleges and 403 students studying at ISI).

27. Among other issues, these modifications could reduce the policy durations or altogether eliminate emergency hospital and medical coverage for the RPI Group's most vulnerable group of stakeholders, leaving foreign students with reduced or non-existent coverage during the current Pandemic. The implementation of these changes could also place an important number of foreign students in breach of their conditions to maintain their Canadian Study Permits, thereby jeopardizing their ability to remain in Canada.

28. The Proposed Monitor understands that in light of the foregoing, the Applicants intend to request, in the stay of proceedings to be sought in connection with the Application, a specific reference to the fact that the Insurer is stayed from implementing the policy modifications and cancellations tabled to take effect on January 14, 2022. The Proposed Monitor fully supports that relief.

29. The Proposed Monitor has further ensured that the cashflow of the Applicants reflects monthly payments in an amount of approximately $75,000 for January 2022 and $55,000 thereafter to be made to the Insurer on a go-forward basis, which payments are meant to cover the insurance premiums for the post-filing period, calculated by Management on the basis of the average daily insurance cost per student who are still active in the programs.

F) Liquidity measures adopted by the RPI Group

30. In addition to seeking out stable long-term financing, the Applicants undertook a number of measures to preserve liquidity and inject further funds, including the following:

a) Once it became clear that in person attendance at the schools would not be possible (at least in the foreseeable future) various cost-cutting measures including staff layoffs at the Colleges and administratively were enacted;

b) A $5.7 million loan was obtained in April 2021 from Firm Capital Corporation ("**Firm Capital**"), guaranteed by a hypothec on various real estate owned by the Applicants as well as corporate guarantees from other entities in the RPI Group;

c) Management commenced a process to sell the Gatineau Property to enable the repayment of the Firm Capital loan and to inject liquidity into the operations. We briefly summarize the sale efforts with respect to the Gatineau Property as follows:

   i. On January 22, 2021, RPI started marketing the Gatineau Property for sale;

   ii. On October 1st, 2021, an offer was accepted from a prospective purchaser for the sale of the Gatineau Property, however that party ultimately withdrew its offer;

   iii. On November 19, 2021, a Letter of intent (the "**LOI**"), which has been filed under confidential seal as an Exhibit to the Application, was entered into for the sale of the Gatineau Property by 11753436 Canada inc. as seller, and another prospective purchaser, whose identity shall remain confidential along with the terms of the LOI so as not to jeopardize the ongoing sale process. The LOI provides for a due diligence period of 60 days, following which a formal offer to purchase is to be signed between the seller and the purchaser. The prospective purchaser is presently performing its due diligence verifications.

d) Injection of $877,000 in July and August 2021 by Caroline Mastantuono (and/or her holding company) into the operations of the RPI group to provide additional liquidity;

e) On November 8, 2021, RPI entered into a $3,000,000 bridge loan financing agreement with a third-party lender, which was to be secured by a second ranking hypothec on the Gatineau Property. On November 16, 2021, this lender decided to withdraw from this financing.

G) Objectives of the CCAA Proceedings

31. The Applicants lack the necessary liquidity to continue their operations. The purpose of the CCAA Proceedings is to enable the Applicants to achieve the following:

a) Obtain interim financing (as discussed below) so as to fund the stabilization of the business operations of the RPI Group and the implementation of certain realization and restructuring measures;

b) Enable the graduation of as many students as possible who are currently enrolled in the various programs at M College, CCSQ and CDE and who are present in Canada, the whole subject to various factors including available liquidity;

c) Attempt to sell the schools on a going concern basis in an expedited sales process to be conducted by the Monitor, with the assistance of the Applicants (as further discussed below);

d) Otherwise realize upon the real estate of the Applicants, the whole to maximize realization for the benefit of the creditors; and

e) Implement a stay of proceedings in relation to all claims against the Applicants and their directors and officers, such that all creditors can be dealt with in an orderly fashion in the single forum of the Court, while the stabilization, realization and restructuring efforts are being pursued.

32. Caroline, Joseph and Christina Mastantuono (the "**Directors**") are former and/or current directors and officers of the Applicants and make up the current management team. These individuals understand the business of the RPI Group and its stakeholders. Their active collaboration and participation are required to run the business operations of the RPI Group and implement the planned restructuring on terms that are favorable to the stakeholders.

33. Provided the CCAA stay of proceedings and other usual safeguards are implemented, including the creation of the D&O Charge, the Directors have undertaken to remain in their current functions without remuneration during the CCAA Proceedings, in order to carry out limited operations at the Colleges with a view to graduate as many students as possible in the coming months, and to assist the Monitor in its realization and restructuring efforts.

34. However, in light of the unstable situation in which the Applicants find themselves, the orders sought in the Application include enhanced powers being conferred upon the Monitor, including the power to control of receipts and disbursements of the Applicants and the ability to conduct the proposed sales and investment solicitation process in respect of the assets of the Applicants (as further discussed below), with a view to providing greater assurance to all stakeholders throughout the CCAA Proceedings.

35. The total enrollment at the Colleges operated by the Applicants currently represents 1,258 students (excluding students in the pipeline). Of these, there are 501 students (the "**Graduating Students**") who are within two months from graduating from their two-year program.

36. The management of the Applicants intends to implement, under the oversight and with the support of the Monitor, a plan for the graduation of the Graduating Students in January and February 2022.

The measures to be implemented while the CCAA proceedings remain ongoing will include the following:

a) Liaising with the MEES and other governmental authorities to allow the continued operation of the Colleges;

b) Contracting qualified teaching staff to ensure entire modules are covered;

c) Maintaining appropriate IT services to support the teachers;

d) Entering student grades into the system either by internal staff or a third-party company;

e) Setting-up a contingency plan for any COVID-related issues with respect to absence of teachers or students due to illness; and

f) Providing students with documentation support (transcript distribution, completion letters, etc.).

37. The Proposed Monitor is of the view that the foregoing will be not only for the benefit of the students involved, but also the body of stakeholders as a whole, given that these measures will serve to reduce the number and quantum of claims against the Applicants' respective estates.

38. As regards the remaining 757 students enrolled at the Colleges, the Proposed Monitor intends to work with the Applicants' management, the MEES and prospective purchasers of the Colleges, with a view to either facilitate a sale of the Colleges as a going concern, or alternatively, a transition of these students to other educational institutions to allow them, to the extent possible, to complete their programs.

OPERATING RESULTS AND FINANCIAL POSITION

39. **Exhibits "A"** and **"B"** include the historical income statements and balance sheets for the most recent fiscal year end of each of the Applicants (where available) as well as interim year to date financial statements through November 30, 2021. The Proposed Monitor notes that the November 30, 2021 financial information is incomplete and may not be reliable, for example:

a) The Applicants do not always update various general ledger accounts until the year-end is complete and this is then done with the assistance of external accountants;

b) The Applicants have implemented a tax reorganization in calendar year 2021, and this has not yet been recorded in all of the entities; and

c) As a result of the recent challenges and lay-offs, the accounting is not fully up-to-date.

40. The table below provides a brief summary of the principal assets and liabilities of each of the filing entities along with a summary of liabilities for all of the Applicants.

RPI Group - Financial Statement Summary

Company name	As at November 30, 2021 ($000's)		Comments
RPI	Assets	25,011	– the principal assets consist of intercompany loans and advances to related parties and commissions receivable from Partner Institutions (which are contested).
	Liabilities	23,392	– includes trade payables, related party payables, tuition fee deposits/refunds owing.
	YTD net income	231	
M College	Assets	8,557	– the principal assets consist of intercompany loans and advances to related parties and fixed assets.
	Liabilities	11,621	– consists mostly of tuition fee deposits/refunds owing.
	YTD net loss	(520)	
CDE	Assets	4,011	– the principal assets consist of investment in subsidiary, fixed assets and accounts receivable (which may be disputed).
	Liabilities	4,202	– includes related party payables, tuition fee deposits/refunds owing.
	YTD net income	225	
CCSQ	Assets	2,843	– the principal assets consist of investment in subsidiary, fixed assets and accounts receivable (which may be disputed).
	Liabilities	3,704	– includes trade payables, related party payables, tuition fee deposits/refunds owing.
	YTD net loss	(61)	
Gatineau	Assets	9,812	– the principal asset consists of the land and building located at 115 rue Champlain, Gatineau, QC.
	Liabilities	10,318	– includes related party payables.
	YTD net loss	(24)	
CDSQ	Assets	14,688	– the principal assets consist of investment in subsidiary, land and building located at 174 Boul. Sainte-Foy, Longueuil, QC and related party advances.
	Liabilities	15,561	– includes related party payables and the Firm Capital loan.
	YTD net loss	(214)	
Immoco CCSQ L	Assets	988	– the principal asset consists of the land and building located at 910 boul. Cure-Poirier Ouest, Longueuil, QC.
	Liabilities	3	
	YTD net income	20	
Immoco CDE	Assets	1,249	– the principal asset consists of the land and building located at 37 Wellington, Sherbrooke, QC.
	Liabilities	4	
	YTD net income	29	

41. The Applicants have updated their estimate of liabilities as of the filing date which we summarize as follows:

RPI Group Current Liability Summary as at January 4, 2022 (000's)	RPI	M College	CDE	CCSQ	Gatineau	CDSQ	Immoco CCSQ L	Immoco CDE	Intercompany elimination	Total
Trade payables	$ 1,765	$ 137	$ 66	$ 179	$ 7	$ 131	$ -	$ -	N/A	$ 2,285
Tuition fees / deposits	2,099	6,752	1,899	622	-	-	-	-	N/A	11,372
Other debt	-	-	40	40	-	-	-	-	N/A	80
Firm Capital [(1)]	5,750	-	5,750	5,750	5,750	5,750	5,750	5,750	N/A	5,750
Total 3rd party payables	**9,613**	**6,889**	**7,755**	**6,591**	**5,757**	**5,881**	**5,750**	**5,750**	**N/A**	**19,487**
Related party payables	4,879	-	462	596	10,415	5,414	-	-	(18,899)	2,866
Total liability amount	**$ 14,493**	**$ 6,889**	**$ 8,217**	**$ 7,187**	**$ 16,171**	**$ 11,295**	**$ 5,750**	**$ 5,750**	**$ (18,899)**	**$ 22,353**

[(1)] Firm Capital loan was to CDSQ, however various companies in the RPI Group have provided corporate guarantees for the full amount and the loan is guaranteed by a hypothec on the various real estate properties. Consequently, the balance owing to Firm Capital is presented as owing in those companies that have provided security, however the total amount is $5.7M as reflected in the above table.

42. The Proposed Monitor wishes to highlight the following with respect to the Applicants' liabilities:

a) Trade payables of $2.3 million consist mainly of amounts owing to various professionals ($1.3 million) and to the Insurer ($0.6 million). The Applicants advise that they are current on salaries and deductions at source;

b) Tuition fees / deposits of $11.4 million are amounts owing to students or third-party colleges for tuition fees. The amount owing includes those students that have already asked for a refund and an estimate of those students in the pipeline who will not be starting or may not complete their studies at the Colleges. Included in the tuition fees owing is an amount of $1.6 million due to students of ISI;

c) <u>Intercompany liabilities of $21.8 million include loans between the Applicants, certain of which are stated to be secured by hypothecs. The table above reflects these intercompany liabilities being offset by $18.9 million in intercompany receivables within the RPI Group, resulting in a intercompany payable balance of $2.9 million;</u>

d) Firm Capital has granted a $5.7 million loan which is secured by corporate guarantees granted by certain of the Applicants and a hypothec that has been registered on the real estate owned by the Applicants; and

e) The Proposed Monitor understands that the sole third-parties which have registered security interests against the assets of the Applicants, other than the entities of the RPI Group, are Firm Capital and Lavery de Billy, LLP (included in trade payables in the amount of $400K).

43. The foregoing comments are preliminary and remain subject to a full review of the validity, opposability and ranking of the security interests which have been registered on the assets of the Applicants. Such a review is beyond the scope of this Pre-Filing Report.

CASH FLOW PROJECTIONS

44. The Company's weekly cash flow projections with the accompanying notes and reports (hereinafter the "**Projections**") that were prepared by Management for the period from January 6, 2022 to April 1, 2022 (hereinafter the "**Period**") are included in **Exhibit "C".** We summarize the Projections as follows:

RPI (Consolidated) Projected Cash Flow Period ($000's)	Jan 6 - Jan 15/22 (10 days)	Jan 16 - Apr 1/22	Jan 6/22 - Apr 1/22
Receipts	$ -	$ -	$ -
Disbursements			
Rent	(16)	(114)	(130)
Salaries	(15)	(121)	(136)
Educational services	-	(75)	(75)
Municipal taxes	-	(105)	(105)
Utilities	-	(80)	(80)
Other operating expenses	-	(143)	(143)
Operating Expenses	**(31)**	**(638)**	**(669)**
Student insurance	(27)	(157)	(184)
Professional fees	-	(500)	(500)
Contingency	-	(60)	(60)
Restructuring costs	-	(126)	(126)
Other Expenses	**(27)**	**(842)**	**(870)**
Net Cash Flow	**(58)**	**(1,480)**	**(1,538)**
Opening Cash Balance	**58**	**-**	**58**
DIP	**-**	1,750	1,750
Ending Cash Balance	**$ -**	**$ 270**	**$ 270**

45. The Projections reflect the following general assumptions:

- Issuance of the First Day Order providing the relief set out in the draft First Day Order, during which time the Applicants will rely on cash on hand to provide the necessary liquidity for certain minimal expenses on a *pro-rata* basis during the initial 10-day period; and
- Approval of the Interim Facility (as defined below) as part of the Amended and Restated Initial Order to be sought at the comeback Hearing in order to fund the CCAA Proceedings.

- **Cash Receipts**
  - No cash receipts are reflected in the Projections on the basis that no new students will commence a new semester of study and pay the requisite tuition fees until such time as the restructuring is further advanced and options are more fully explored to continue the operations of the Colleges as a going concern.
- **Cash Disbursements**
  - Operating expenses were projected based on historical trending and the expected level of activity during the CCAA proceedings. The Proposed Monitor comments on certain expense items as follows:
    - Rent – represents rent for the head office and M College;
    - Salaries – for certain administrative positions at RPI and/or the schools. The Proposed Monitor understands that the Directors have undertaken to continue providing their services to the RPI Group for the duration of the CCAA Proceedings, without drawing any salary;
    - Educational services – costs required to graduate 501 students in the months of January and February 2022;
    - Municipal taxes/utilities – reflects the payment of these post-filing costs in connection with the real estate owned by the Applicants;
    - Student insurance – in respect of the post-filing monthly cost of emergency hospital and medical coverage for international students, representing approximately $75,000 in January 2022 and $55,000 per month in each of February and March 2022. The Projections reflect the payment of these post-filing premiums to ensure that all students currently in Canada continue to benefit from this coverage for an interim period of time while restructuring options are examined. Prior to any disbursement, a reconciliation of outstanding policies which need to be maintained will be performed with the Insurer;
    - Other operating expenses – consists of expenses such as computer software and IT support services, accounting costs, building maintenance and general operating costs;
    - Professional fees – relates to the Proposed Monitor and legal counsel as well as counsel for the Applicants; and
    - Restructuring costs – includes interest, fees and expenses in connection with the Interim Facility (as defined below).

INTERIM FINANCING FACILITY

46. On December 29, 2021, Gestion Levy Inc. (the "**Interim Lender**") and the Applicants entered into an Interim Financing Facility agreement pursuant to which:

a) Interim financing totaling $1,750,000 (the "**Interim Facility**") will be made available to the Applicants;

b) The advances made pursuant to the Interim Facility are conditional and subject to the issuance of an order from this Court (at the Comeback Hearing) granting a super-priority first-ranking charge (ranking only behind the Administration Charge and the D&O Charge) in favor of Gestion Levy Inc. for an amount of $2,100,000 over all present and after-acquired property, assets and undertakings of the Applicants (including all proceeds therefrom and all causes of action of the Applicants), including without limitation the immovable property of the Applicants (the "**Interim Lender Charge**");

c) The Interim Facility will bear interest at an annual interest rate of 15% (compounding daily and payable on the last business day of each month) along with a one-time commitment fee of 2%. In addition, the legal expenses of the Interim Lender will be paid by the Applicants;

d) The Maturity Date is December 23, 2022. The Borrower shall be required to make mandatory prepayments of amounts outstanding under the Interim Facility and other Indebtedness to the extent of 100% of the net cash proceeds (for greater certainty, net of reasonable costs and closing adjustments) of any sale or transfer of the assets or shares of the Borrower to any person or entity whatsoever outside of the ordinary course of business;

e) The Interim Facility shall be used for any costs, fees and expenses incurred in connection with the Applicants restructuring pursuant to the CCAA Proceedings, and for the limited purposes of funding working capital requirements as contemplated in the Projections;

f) It is a condition of the Interim Facility that the Monitor be provided with enhanced powers to control the receipts and disbursements and ensure that the Interim Facility is used in a manner that is consistent with the Projections; and

g) It is a condition of the Interim Facility that Firm Capital will be provided an opportunity to replace the Interim Lender on substantially the same terms and conditions prior to the Comeback Hearing. Should Firm Capital choose to replace the Interim Lender, the Interim Lender will be entitled to a break-up fee of $25,000 plus reimbursement of fees and expenses (i.e. legal fees) incurred.

47. Without the Interim Facility, there can be no attempt for the Applicants to proceed to the proposed restructuring, the goal of which is to maximize the return to all stakeholders.

48. In addition to the Interim Lender as well as discussions to be had with Firm Capital, the Applicants also received an offer of financing from another party. The Applicants in conjunction with their legal advisors and the Proposed Monitor believe that the proposal of the Interim Lender is more advantageous.

49. The benefit of the Interim Lender Charge outweighs the prejudice to Firm Capital whose security is being subordinated. We note that the estimated value of the real property securing the Firm Capital loan represents approximately $13,330,000, versus a combined value of $8,075,000 for the Charges ($575,000 - as detailed below), the Interim Facility ($1,750,000) and the Firm Capital loan ($5,750,000).

Based on the evaluations of the Applicants' real property of $13,300,000 (filed under confidential seal as **Exhibit "D"**), the equity on these properties is estimated at over $5,000,000, over and above the proposed super-priority charges. It is our view that such charges would not prejudice the current first-ranking creditor, Firm Capital.

PROPOSED SALE AND INVESTMENT SOLICITATION PROCESS

50. The Proposed Monitor has agreed to carry out an accelerated sale and investment solicitation process ("**SISP**") to test the market for a potential sale as a going concern of the Colleges. The objective is to continue the operations of these colleges during the SISP on a limited basis with a view to enable the Graduating Students to graduate and to seek solutions for students who have commenced their studies (either in Canada or as an AIP student) but cannot graduate in the next two months, as well as for students already in the pipeline.

51. In parallel to this, the Proposed Monitor intends to implement the sale of the Gatineau Property with the existing prospective purchaser as per the terms of the existing LOI, or if that transaction does not close, with another purchaser on terms that are commercially advantageous for the creditors of the Applicants.

52. As for the balance of the Real Estate, these assets will be offered for sale along with the Colleges, so as to allow their operation as a going concern. If no going concern sales materialize, it is expected that these assets will be listed with independent real estate brokers, with all sales of assets to be specifically approved by this Court.

53. As noted above, regardless of the outcome of the SISP, the Proposed Monitor and the Applicants are looking to implement a program that will enable the 501 Graduating Students who are almost at the end of their programs to graduate.

PROPOSED COURT-ORDERED CHARGES

A) Administration Charge

54. Richter has agreed to act as Court appointed Monitor to the Applicants (with several additional powers) to assist them through all aspects of the CCAA Proceedings including the Projections, to control cash receipts and disbursements, to implement the SISP, to deal with stakeholder groups and to assist the Applicants in a potential restructuring.

55. It is proposed, as part of the First Day Order, that a super-priority administration charge of $150,000 (hereinafter the "**Administration Charge**") be ordered to guarantee the payment of the fees and costs of the Proposed Monitor, the Proposed Monitor's legal counsel and legal counsel of the Applicants. As part of the Amended and Restated Initial Order, it is further proposed that the quantum of the Administration Charge be increased to $500,000.

56. It is contemplated that the Administration Charge be senior to all charges and existing security, the whole as set out in the First Day Order.

57. The Proposed Monitor is of the view that the creation of the Administration Charge is justified and that its quantum is reasonable in the circumstances.

B) Proposed D&O Charge

58. The draft First Day Order provides for a charge against the assets of the Applicants in favour of the Applicant's directors and officers in the amount of $75,000 (the "**D&O Charge**") for liabilities incurred by the Applicants that may result in post-filing claims against the directors and officers in their personal capacities.

59. The amount of the D&O Charge was estimated by the Applicants taking into consideration administrative salaried payroll costs, vacation pay and teacher costs for one pay period. The Applicants are expected to be in a refund position with respect to post-filing sales taxes.

60. The Proposed Monitor has been advised that due to the potential for personal liability and the absence of a directors and officers insurance policy, the current director of the Applicants is unwilling to continue his services and involvement in the CCAA Proceedings without the protection of the D&O Charge. The participation of this director and the other Directors will be required to ensure the success of the restructuring proceedings.

61. It is contemplated that the D&O Charge will be junior to the Administration Charge as set out in the draft First Day Order.

62. The Proposed Monitor is of the view that the creation of the D&O Charge is justified and that its quantum is reasonable in the circumstances.

FILING OF EXHIBIT UNDER CONFIDENTIAL SEAL

63. The Application requests that Exhibit D – Real Property Appraisals included in the Application and to the present Pre-Filing Report be filed under confidential seal.

64. The Proposed Monitor supports this request given that the Real Property Appraisals contain sensitive information of a private nature, the public release of which to potential competitors or purchasers could be prejudicial to the Applicants and to the conduct of the SISP. This Exhibit will be made available to creditors who agree to enter into a confidentiality agreement.

65. Section 23(1)(a)(ii)(C) of the CCAA further prescribes that the Monitor shall "*prepare a list, showing the names and addresses of those creditors and the estimated amounts of those claims, and make it publicly available in the prescribed manner*." However, the Application requests that the list of students who are creditors or potential creditors of the Applicants be kept under confidential seal, as opposed to being made publicly available on the Monitor's website.

66. The Proposed Monitor understands this request to be motivated by the need to protect the personal and confidential information of these students from disclosure (including their names and addresses), as well as the need to preserve valuable commercial information, to the extent that a public release of this student list could lead competitor institutions to try to poach students from the Colleges, which could lower the value of the Colleges in a sale scenario.

67. In light of the reasons put forward to justify that the student list be kept confidential, the Proposed Monitor supports the relief sought in the Application.

CONCLUSIONS AND RECOMMENDATIONS

68. As a result of the Applicants current liquidity crisis and the ongoing impact of the Pandemic, the pending cancellation of student insurance, the impact on the Applicants operations due to the charges brought by the UPAC and the various litigation and arbitration proceedings, the Applicants are unable to continue operations absent (i) a fulsome stay of all proceedings against the Applicants and the Directors; and (ii) the liquidity provided by the DIP Facility.

69. A stabilization of the business operations of the RPI Group is urgently required to protect its most vulnerable stakeholders, namely a substantial number of foreign students who are presently studying in the Province of Quebec, a portion of which are on the verge of losing their emergency hospital and medical coverage insurance and may be months away from graduating.

70. It is envisaged that the Proposed Monitor will obtain enhanced powers with a view to control the receipts and disbursements of the Applicants and manage an accelerated SISP that will allow to test the market for a potential sale of the operating assets of the Applicants as a going concern and/or the realization of the Real Estate, the whole to maximize the outcome for the various stakeholders.

71. The Proposed Monitor believes that the relief requested in the draft First Day Order as well as in the draft Amended and Restated Initial Order are necessary and reasonable in the circumstances and will allow the Applicants to achieve the best outcome for the benefit of all their stakeholders.

Respectfully submitted at Montreal, this 6th day of January, 2022.

Richter Advisory Group Inc.
Proposed Monitor

Olivier Benchaya, CPA, CA, CIRP, LIT

Andrew Adessky, CPA, CA, MBA, CIRP, LIT

EXHIBIT A

Interim Balance Sheets and Income Statements
at November 30, 2021

<u>Information Available Upon Request</u>

EXHIBIT B

Historical Year End Financial Statements

<u>Information Available Upon Request</u>

EXHIBIT C

Cash Flow Projections
for the period from January 6, 2022 to April 1, 2022

C A N A D A	S U P E R I O R C O U R T
Province of Québec	(Commercial Division)
District of: ●	*Companies' Creditors Arrangement Act*
Court No.: 500-11-	RSC 1985, c C-36, as amended

Report on Consolidated Cash-Flow Statement by the Debtor Company
(Paragraph 10(2)*b*) of the Act)

In the matter of a Plan of Compromise or Arrangement of:

Rising Phoenix International Inc., 10864285 Canada Inc., 11753436 Canada Inc., CDSQ Immobilier Inc., Collège de l'Estrie Inc., École d'Administration et de Secrétariat de la Rive-Sud Inc., 9437-6852 Québec Inc., and 9437-6845 Québec Inc.
(collectively the "Debtors")

The management of the Debtors has developed the assumptions and prepared the attached consolidated statement of projected cash flow of the Debtors, as of January 5, 2022, consisting of the period from January 6, 2022 to April 1, 2022.

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

Since the projections are 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 the probable and hypothetical assumptions set out in the notes attached. Consequently, readers are cautioned that it may not be appropriate for other purposes.

Dated at Montréal, in the Province of Quebec, this 5th day of January 2022.

Rising Phoenix International Inc.
(Debtors)

Caroline Bonneville Mastantuono - President
Name and title of signing officer

10864285 Canada Inc.
11753436 Canada Inc
CDSQ Immobilier Inc.
Collège de l'Estrie Inc.
École d'Administration et de Secrétariat de la Rive-Sud Inc.
9437-6852 Québec Inc.
9437-6845 Québec Inc.
(Debtors)

Joseph Mastantuono - President
Name and title of signing officer

C A N A D A	S U P E R I O R C O U R T
Province of Québec	(Commercial Division)
District of: ●	*Companies' Creditors Arrangement Act*
Court No.: 500-11-	RSC 1985, c C-36, as amended

Report on Consolidated Cash-Flow Statement by the Debtor Company
(Paragraph 10(2)*b*) of the Act)

In the matter of a Plan of Compromise or Arrangement of:

Rising Phoenix International Inc., 10864285 Canada Inc., 11753436 Canada Inc., CDSQ Immobilier Inc., Collège de l'Estrie Inc., École d'Administration et de Secrétariat de la Rive-Sud Inc., 9437-6852 Québec Inc., and 9437-6845 Québec Inc.
(collectively the "Debtors")

Purpose:

The Debtors filing a Petition for the Issuance of a First Day Order and an Amended and Restated Initial Order pursuant to the *Companies' Creditors Arrangement Act* on January 5, 2022.

The purpose of this Consolidated Statement of Projected Cash Flow is to present the estimated cash receipts and disbursements of the Debtors for the period from January 6, 2022 to April 1, 2022 relating to the filing of a Petition for the Issuance of a First Day Order and an Amended and Restated Initial Order under the *Companies' Creditors Arrangement Act* on January 5, 2022. This Statement of Consolidated Projected Cash Flow has been prepared by Management based on available financial information at that date in accordance with Section 10(2)*b*) of the *Companies' Creditors Arrangement Act*. Readers are cautioned that this information may not be appropriate for other purposes.

Projection Notes:

The Consolidated Statement of Projected Cash-Flow has been prepared using probable assumptions supported and consistent with the plans of the Debtors for the period January 6, 2022 to April 1, 2022, considering the economic conditions that are considered the most probable by Management.

As the cash-flow is based upon various assumptions regarding future events and circumstances, variances will exist and said variances may be material. Accordingly, we express no assurance as to whether the projections will be achieved.

Assumptions:

(a) Projected Net Operating Receipts
  - No cash receipts are reflected in the Projections on the basis that no new students will commence a new semester of study and pay the requisite tuition fees until such time as the restructuring is further advanced and options are more fully explored.

(b) Projected Cash Disbursements
  - Rent – is based on lease agreements with the lessors for the head office and for one of the schools;
  - Salaries – for certain administrative positions at the head office and the schools.
  - Educational services – costs required to graduate students in the months of January and February 2022;
  - Municipal taxes/utilities – reflects the payment of post-filing costs in connection with the real estate owned within the group of companies;

- Other operating expenses – based on historical run rates to reflect the current level of activity and best estimates of Management;
- Student insurance – in respect of approved post-filing monthly cost of emergency hospital and medical coverage for international students;
- Professional fees – relates to the Proposed Monitor and its legal counsel as well as counsel for the Debtors;
- Restructuring costs - includes interest, fees and expenses in connection with the Interim Facility.
- The cash disbursements do not provide for the payment of arrears to unsecured creditors.

(c) General
- The Consolidated Statement of Projected Cash Flow assumes the approval of the Interim Facility as part of the Amended and Restated Initial Order.

Dated at Montréal, in the Province of Quebec, this 5th day of January, 2022.

Caroline Bonneville Mastantuono - President

Name and title of signing officer

Rising Phoenix International Inc.
(Debtors)

Joseph Mastantuono - President

Name and title of signing officer

10864285 Canada Inc.
11753436 Canada Inc
CDSQ Immobilier Inc.
Collège de l'Estrie Inc.
École d'Administration et de Secrétariat de la Rive-Sud Inc.
9437-6852 Québec Inc.
9437-6845 Québec Inc.
(Debtors)

C A N A D A
Province of Québec
District of: ●
Court No.: 500-11-

S U P E R I O R C O U R T
(Commercial Division)
Companies' Creditors Arrangement Act
RSC 1985, c C-36, as amended

Proposed Monitor's Report on the Consolidated Cash-Flow Statement
(Articles 4, 5 and 11 of the *Companies' Creditors Arrangement Act*, RSC 1985, c. C-36 ("CCAA")

In the matter of a Plan of Compromise or Arrangement of:

Rising Phoenix International Inc., 10864285 Canada Inc., 11753436 Canada Inc., CDSQ Immobilier Inc., Collège de l'Estrie Inc., École d'Administration et de Secrétariat de la Rive-Sud Inc., 9437-6852 Québec Inc., and 9437-6845 Québec Inc.
(collectively the "Debtors")

The attached consolidated statement of projected cash flow of the Debtors, as of January 5, 2022, consisting of the period from January 6, 2022 to April 1, 2022 has been prepared by the management of the Debtors 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 Debtors. 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 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 Montreal, in the Province of Québec, this 5th day of January 2022.

Richter Advisory Group Inc. – Proposed Monitor
Per:

Olivier Benchaya CPA, CA, CIRP, LIT
1981 McGill College Avenue, 11th Floor
Montréal QC H3A 0G6
Telephone: 514.934.3400 Facsimile: 514.934.8603

C A N A D A	S U P E R I O R C O U R T
Province of Québec	(Commercial Division)
District of: ●	*Companies' Creditors Arrangement Act*
Court No.: 500-11-	RSC 1985, c C-36, as amended

Proposed Monitor's Report on the Consolidated Cash-Flow Statement – Attachment
(Articles 4, 5 and 11 of the *Companies' Creditors Arrangement Act*, RSC 1985, c C-36 ("CCAA")

In the matter of a Plan of Compromise or Arrangement of:

Rising Phoenix International Inc., 10864285 Canada Inc., 11753436 Canada Inc., CDSQ Immobilier Inc., Collège de l'Estrie Inc., École d'Administration et de Secrétariat de la Rive-Sud Inc., 9437-6852 Québec Inc., and 9437-6845 Québec Inc.
(collectively the "Debtors")

Purpose:

The Debtors filing a Petition for the Issuance of a First Day Order and an Amended and Restated Initial Order pursuant to the *Companies' Creditors Arrangement Act* on January 5, 2022.

The purpose of this Consolidated Statement of Projected Cash Flow is to present the estimated cash receipts and disbursements of the Debtors for the period from January 6, 2022 to April 1, 2022 relating to the filing of a Petition for the Issuance of a First Day Order and an Amended and Restated Initial Order under the *Companies' Creditors Arrangement Act* on January 5, 2022. This Statement of Consolidated Projected Cash Flow has been prepared by Management based on available financial information at that date in accordance with Section 10(2)*b*) of the *Companies' Creditors Arrangement Act*. Readers are cautioned that this information may not be appropriate for other purposes.

Projection Notes:

The Consolidated Statement of Projected Cash-Flow has been prepared using probable assumptions supported and consistent with the plans of the Debtors for the period January 6, 2022 to April 1, 2022, considering the economic conditions that are considered the most probable by Management.

As the cash-flow is based upon various assumptions regarding future events and circumstances, variances will exist and said variances may be material. Accordingly, we express no assurance as to whether the projections will be achieved.

Assumptions:

(a) Projected Net Operating Receipts
   - No cash receipts are reflected in the Projections on the basis that no new students will commence a new semester of study and pay the requisite tuition fees until such time as the restructuring is further advanced and options are more fully explored.

(b) Projected Cash Disbursements
   - Rent – is based on lease agreements with the lessors for the head office and for one of the schools;
   - Salaries – for certain administrative positions at the head office and the schools.
   - Educational services – costs required to graduate students in the months of January and February 2022;
   - Municipal taxes/utilities – reflects the payment of post-filing costs in connection with the real estate owned within the group of companies;
   - Other operating expenses – based on historical run rates to reflect the current level of activity and best estimates of Management;

- Student insurance - in respect of approved post-filing monthly cost of emergency hospital and medical coverage for international students;
- Professional fees – relates to the Proposed Monitor and its legal counsel as well as counsel for the Debtors;
- Restructuring costs – includes interest, fees and expenses in connection with the Interim Facility.
- The cash disbursements do not provide for the payment of arrears to unsecured creditors.

(c) General

- The Consolidated Statement of Projected Cash Flow assumes the approval of the Interim Facility as part of the Amended and Restated Initial Order.

Dated at Montreal in the Province of Québec, this 5th day of January 2022.

Richter Advisory Group Inc. – Proposed Monitor
Per:

Olivier Benchaya CPA, CA, CIRP, LIT
1981 McGill College Avenue, 11th Floor
Montréal QC H3A 0G6
Telephone: 514.934.3400 Facsimile: 514.934.8603

RPI (Consolidated) Projected Cash Flow In CAD	(10 days) 15-Jan-22	21-Jan-22	28-Jan-22	04-Feb-22	11-Feb-22	18-Feb-22	25-Feb-22	04-Mar-22	11-Mar-22	18-Mar-22	25-Mar-22	01-Apr-22	Total
Receipts	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Rent	(15,800)	(26,870)	-	(49,000)	-	-	-	(38,000)	-	-	-	-	(129,670)
Salaries	(15,000)	(3,750)	(30,000)	(3,750)	(30,000)	(3,750)	(17,500)	(2,500)	(12,500)	(2,500)	(12,500)	(2,500)	(136,250)
Educational services		(25,000)	(25,000)	(6,250)	(6,250)	(6,250)	(6,250)	-	-	-	-	-	(75,000)
Municipal taxes	-	-	-	(88,000)	-	(3,500)	-	-	-	(13,000)	-	-	(104,500)
Utilities	-	(12,150)	(36,150)	(4,000)	(4,000)	(4,000)	(4,000)	(3,200)	(3,200)	(3,200)	(3,200)	(3,200)	(80,300)
Other operating expenses	-	(25,500)	(27,100)	(15,250)	(15,250)	(15,250)	(16,850)	(5,200)	(5,200)	(5,200)	(6,800)	(5,200)	(142,800)
Operating Expenses	**(30,800)**	**(93,270)**	**(118,250)**	**(166,250)**	**(55,500)**	**(32,750)**	**(44,600)**	**(48,900)**	**(20,900)**	**(23,900)**	**(22,500)**	**(10,900)**	**(668,520)**
Student Insurance	(27,400)	(46,600)	-	(55,000)	-	-	-	(55,000)	-	-	-	-	(184,000)
Professional Fees	-	(125,000)	(125,000)	(35,000)	(35,000)	(35,000)	(35,000)	(22,000)	(22,000)	(22,000)	(22,000)	(22,000)	(500,000)
Contingency	-	(10,000)	(10,000)	(5,000)	(5,000)	(5,000)	(5,000)	(4,000)	(4,000)	(4,000)	(4,000)	(4,000)	(60,000)
Restructuring costs (interest & fees)	-	(60,000)	(21,900)	-	-	-	(21,900)	-	-	-	-	(21,900)	(125,700)
Other Expenses	**(27,400)**	**(241,600)**	**(156,900)**	**(95,000)**	**(40,000)**	**(40,000)**	**(61,900)**	**(81,000)**	**(26,000)**	**(26,000)**	**(26,000)**	**(47,900)**	**(869,700)**
Net Cash Flow	**(58,200)**	**(334,870)**	**(275,150)**	**(261,250)**	**(95,500)**	**(72,750)**	**(106,500)**	**(129,900)**	**(46,900)**	**(49,900)**	**(48,500)**	**(58,800)**	**(1,538,220)**
Opening Cash Balance	**58,200**	**-**	**1,415,130**	**1,139,980**	**878,730**	**783,230**	**710,480**	**603,980**	**474,080**	**427,180**	**377,280**	**328,780**	**58,200**
DIP	**-**	**1,750,000**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,750,000**
Ending Cash Balance	**$ -**	**$ 1,415,130**	**$ 1,139,980**	**$ 878,730**	**$ 783,230**	**$ 710,480**	**$ 603,980**	**$ 474,080**	**$ 427,180**	**$ 377,280**	**$ 328,780**	**$ 269,980**	**$ 269,980**

Caroline Mastantuono

Joseph Mastantuono

Olivier Benchaya, CA, CPA, CIRP, LIT

EXHIBIT D

Real Property Appraisals

<u>FILED UNDER SEAL</u>