COURT FILE NUMBER	**2301 -** 08305
COURT	**COURT OF KING'S BENCH OF ALBERTA**
JUDICIAL CENTRE	**CALGARY**
APPLICANTS	**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT,* RSC 1985, c. C-36, as amended** COM **AND IN THE MATTER OF THE COMPROMISE OR ARRANGEMENT OF WALLACE & CAREY INC., LOUDON BROS LIMITED and CAREY MANAGEMENT INC.**
DOCUMENT	**PRE-FILING REPORT OF THE PROPOSED MONITOR** **JUNE 22, 2023**
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	**PROPOSED MONITOR** KSV Restructuring Inc. 220 Bay Street, Suite 1300, Box 20 Toronto, Ontario M5J 2W4 Attention: Bobby Kofman / David Sieradzki / Jason Knight Telephone: 416.932.6228 / 416.932.6030 / 587.287.2605 Facsimile: 416.932.6266 Email: bkofman@ksvadvisory.com / dsieradzki@ksvadvisory.com / jknight@ksvadvisory.com **PROPOSED MONITOR'S COUNSEL** Cassels Brock & Blackwell LLP Bankers Hall West Suite 3810, 3rd Street SW Calgary, Alberta T2P 5C5 Attention: Jeffrey Oliver / Jane Dietrich Telephone: 403.351.2921 / 416.860.5223 Facsimile: 403.648.1151 Email: joliver@cassels.com / jdietrich@cassels.com

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1.0 Introduction

1. KSV Restructuring Inc. ("**KSV**") understands that Wallace & Carey Inc. ("**Wallace & Carey**"), Loudon Bros Limited ("**Loudon Bros**") and Carey Management Inc. ("**CMI**", and together with Wallace & Carey and Loudon Bros, the "**Applicants**") intend to make an application to the Court of King's Bench of Alberta (the "**Court**") under the *Companies' Creditors Arrangement Act,* R.S.C. 1985, c. C-36*,* as amended (the "**CCAA**"), for an initial order (the "**Initial Order**") granting the Applicants protection under the CCAA, and appointing KSV as monitor in these proceedings (the "**Monitor**"). (Wallace & Carey and Loudon Bros are jointly referred to as the "**Logistics Companies**").

2. The principal purposes of these CCAA proceedings are to create a stabilized environment to enable the Applicants to continue to operate in the normal course while completing and implementing certain strategic restructuring initiatives with the objective of putting forward a plan of arrangement ("**Plan**") to their unsecured creditors.

3. Pursuant to the terms of the proposed Initial Order, the Applicants are seeking, among other things:

   a) a Court-ordered Administration Charge, a Lender Priority Charge, a D&O Charge, and a Tobacco Tax Charge (as each term is defined below); and

   b) a stay of proceedings pending a further application (the "**Comeback Hearing**") to be heard on June 30, 2023 after the granting of the Initial Order, should it be granted.

4. KSV understands that at the Comeback Hearing, the Applicants intend to seek, among other things, the following relief:

   a) an extension of the stay of proceedings; and

   b) an increase to the maximum amount of certain Charges (as defined herein).

5. The Affidavit of Brian Birnie[1], Senior Vice President of Finance & Corporate Development of the Applicants, and Chief Financial Officer of Wallace & Carey, sworn June 21, 2023 in support of the CCAA application (the "**Birnie Affidavit**"), provides, *inter alia*, background information concerning the Applicants, their respective businesses, as well as the reasons for the commencement of these proceedings.

6. If the Court grants the relief set out in the proposed Initial Order, the Court materials filed in these proceedings will be made available by KSV on its case website at www.ksvadvisory.com/experience/case/wallace-and-carey.

7. KSV is filing this report (the "**Pre-Filing Report**") as the proposed Monitor. If the Initial Order is granted by the Court, the Monitor will file a report in respect of the relief to be sought by the Applicants at the Comeback Hearing and any matters that have arisen since the date of this Pre-Filing Report.

1.1 Purposes of this Pre-Filing Report

1. The purposes of this Pre-Filing Report are to provide the Court with further information related to the relief sought by the Applicants in the proposed Initial Order. This Pre-Filing Report discusses:

   a) KSV's qualifications to act as Monitor;

   b) background information with respect to the Applicants;

   c) the Applicants' cash flow projection for the period June 18 to September 30, 2023 (the "**Cash Flow Forecast**");

   d) the Applicants' Cash Management System (as defined herein), including why it is beneficial to the efficient operations of the Applicants' business during these proceedings that the Court approve the continued use by the Applicants of the Cash Management System;

[1] Capitalized terms not otherwise defined in this Pre-Filing Report have the meanings ascribed to them in the Birnie Affidavit.

e) the rationale for the following charges to be included in the proposed Initial Order:

i. a charge in the amount of $250,000 (the "**Administration Charge**") on the Applicants' current and future property, assets and undertaking (collectively, the "**Property**") to secure the fees and disbursements of the Monitor, its legal counsel (Cassels Brock & Blackwell LLP ("**Cassels**")), and the Applicants' legal counsel (Miller Thomson LLP);

ii. a charge in the amount of $55 million plus interest, fees and expenses for all post-filing advances (the "**Lender Priority Charge**") made by CIBC under the existing CIBC Credit Agreement (as defined below), as amended pursuant to the terms of a Forbearance Agreement dated June 22, 2023 (the "**Forbearance Agreement**");

iii. a charge on the Property in the amount of $3.33 million in favour of the directors and officers of the Applicants (the "**D&O Charge**"); and

iv. a charge on the Property in the amount of $18 million in favour of the provincial and territorial authorities in respect of the amounts required to be remitted by the Logistics Companies under the *Tobacco Tax Act*, RSA 2000, c. T-4 or under any other applicable provincial legislation or laws (the "**Tobacco Tax Charge**", and collectively with the Lender Priority Charge, the Administration Charge and the D&O Charge, the "**Charges**");

f) a provision in the Initial Order permitting the Logistics Companies to pay certain pre-filing tobacco tax obligations pursuant to the Tobacco Tax Payment Plans (as defined herein), subject to first obtaining the Monitor's consent; and

g) the proposed Monitor's recommendations regarding the relief sought by the Applicants in their application materials.

1.2 Scope and Terms of Reference

1. In preparing this Pre-Filing Report, KSV has relied upon the Applicants' unaudited financial information, books and records, information available in the public domain and discussions with the Applicants' management and legal counsel.

2. KSV has not audited or otherwise attempted to verify the accuracy or completeness of the financial information relied on to prepare this Pre-Filing Report in a manner that complies with Canadian Auditing Standards ("**CAS**") pursuant to the Chartered Professional Accountants of Canada Handbook and, accordingly, KSV expresses no opinion or other form of assurance contemplated under the CAS in respect of such information. Any party wishing to place reliance on the financial information should perform its own diligence.

3. An examination of the Cash Flow Forecast as outlined in the Chartered Professional Accountants of Canada Handbook has not been performed. Future oriented financial information relied upon in this Pre-Filing Report is based upon the Applicants' assumptions regarding future events; actual results achieved may vary from this information and these variations may be material. KSV expresses no opinion or other form of assurance on whether the Cash Flow Forecast will be achieved.

1.3 Currency

1. Unless otherwise noted, all currency references in this Pre-Filing Report are in Canadian dollars.

1.4 KSV's Qualifications to Act as Monitor

1. KSV is a licensed trustee within the meaning of subsection 2(1) of the *Bankruptcy and Insolvency Act* (Canada) (the "**BIA**"). KSV is not subject to any of the restrictions to act as monitor set out in Section 11.7(2) of the CCAA.

2. KSV has consented to act as monitor in these proceedings should the Initial Order be granted. A copy of KSV's consent to act as Monitor is attached hereto as **Appendix "A"**.

3. KSV has experience acting as CCAA monitor and other court-officer capacities in insolvency proceedings in the distribution and logistics sectors, including, among others, the insolvency proceedings of Celadon Group, Inc. and Hyndman Transport Limited, Allied Systems Holdings Inc., Metro360 Limited Partnership, and Canada Transport Group Limited. Further, on May 24, 2023, KSV Advisory Inc. (an affiliate to KSV) was engaged by the Applicants and has been working with the Applicants' management team and legal counsel since that time to assist them to prepare for this filing. During its engagement, KSV has obtained an understanding of the Applicants' business.

4. Neither KSV nor any of its representatives or affiliates has at any time in the past two years been: (a) a director, officer or employee of any member of the Applicants; (b) related to any member of the Applicants, or to any director or officer of any member of the Applicants; or (c) the auditor, accountant or legal counsel, or a partner or an employee of the auditor, accountant or legal counsel, of any member of the Applicants.

2.0 Background

1. CMI is incorporated pursuant to the *Business Corporations Act* (Alberta) and its sole director is Patrick Carey, who is also the Chairman of the Board of CMI. CMI is the sole shareholder of Wallace & Carey, which is the sole shareholder of Loudon Bros.

2. Wallace & Carey is a privately held company incorporated pursuant to the *Business Corporations Act* (Alberta) and is extra-provincially registered to conduct business in most provinces and territories in Canada. Wallace & Carey operates from nine leased warehouses, summarized as follows:

   a) warehouses leased from related companies – Calgary (head office), Kelowna, Nanaimo and Winnipeg; and

   b) warehouses leased from third parties – Vancouver, Edmonton, Saskatoon, Regina, and Oakville.

3. Loudon Bros is a wholly-owned subsidiary of Wallace & Carey and was incorporated pursuant to the *Business Corporations Act* (Ontario). Loudon Bros' head office and sole warehouse is located in Thunder Bay, Ontario. Loudon Bros is managed by Wallace & Carey and operates as its Northwestern Ontario branch. The business, assets and financial results of Loudon Bros are consolidated as part of Wallace & Carey for the purposes of the Logistics Companies' annual audited financial statements.

4. In addition to the Logistics Companies, CMI has ownership interests in the following nine other entities, none of which are subject to these proceedings (collectively with the Applicants, the "**Carey Group**"):

Entity	Description	CMI Interest
Curve Distribution Services Inc.	A Calgary, Alberta based logistics and distribution company.	26.74%
Carey Third Party Logistics Inc.	A Quebec based logistics broker. The company is currently dormant and has no assets or employees.	50.00%
Wallace & Carey (BC) Ltd.	A dormant company with no assets, employees or operations.	100.00%
Wallace & Carey (Ontario) Ltd.	A dormant company with no assets, employees or operations.	100.00%
Ridge Meadows Properties Ltd.	Owns residential property in Rocky View County, Alberta and is the head lessor for Wallace & Carey's Nanaimo and Winnipeg warehouses.	100.00%
772921 Alberta Inc.	Owns the warehouses in Kelowna and Calgary that are leased to Wallace & Carey.	100.00%
Spruce It Up Garden Centre Inc.	A local garden centre located in Calgary, Alberta.	22.50%
Spruce It Up Land Corp.	Owns land in Calgary, Alberta that it leases to Spruce It Up Garden Centre Inc.	84.57%
RET Logistics Inc.	A Calgary, Alberta based logistics company servicing Western Canada with 12 trucks and tractor trailers. Approximately 50% of RET Logistics Inc.'s business is servicing Wallace & Carey warehouses.	100.00%

In addition to holding the shares of the Carey Group entities, CMI provides management services to the Carey Group, including the Logistics Companies. A corporate organization chart of the Carey Group is attached to the Birnie Affidavit as Exhibit "G".

5. Together, the Logistics Companies operate as a distribution and logistics business that supplies and distributes more than 7,500 different products to approximately 7,000 customer locations across the country.

6. The Logistics Companies employ more than 600 full-time and 50 part-time employees. In addition, throughout the year, the Applicants employ numerous short-term seasonal employees (especially during the summer months, which is the Logistics Companies' peak season). A summary of the Logistics Companies' employees, by province, is as follows:

Province	Full & Part Time Employees
Alberta	305
British Columbia	170
Ontario	125
Manitoba	31
Saskatchewan	20
Total	**651**

Neither of the Logistics Companies' workforce is unionized and the Logistics Companies do not maintain any registered pension plans.

7. CMI has three employees, including Patrick Carey and Daniel Elrod, the Chief Executive Officer of CMI.

8. Additional background information about the Applicants is provided in the Birnie Affidavit.

2.1 Liquidity Crisis

1. As discussed in greater detail in the Birnie Affidavit, the Logistics Companies' financial difficulties commenced during the COVID-19 pandemic. The pandemic created the following operational challenges, resulting in significant operating losses and liquidity pressures in the Logistics Companies' 2021 and 2022 fiscal years:

    a) difficulty in managing or predicting cash flow, resulting in large part to uncertainty in the operations of their customers;

    b) a material decline in sales, as customers (largely significant convenience store chains, such as 7-Eleven) operations opened and closed frequently, sometimes for extended periods of time;

    c) as a result of decreased sales, the Logistics Companies were holding larger than normal amounts of inventory, resulting in the accumulation of significant debt to inventory suppliers; and

    d) inflationary pressures and driver and labour shortages.

2. In addition, in April 2021, Wallace & Carey was forced to vacate from its long-term tenancy at its former Vancouver warehouse. The Applicants estimate the total cost of the workload and planning associated with the sudden move exceeded $10 million. The costs associated with the relocation of the Vancouver warehouse were funded through working capital, which significantly contributed to the current liquidity challenges. Wallace & Carey also experienced an increase in its rental costs as a result of this move.

3. Beginning in mid to late 2022, the Logistics Companies began taking steps to address their financial challenges, including:

   a) reducing their operating expenses by streamlining operations and cost cutting initiatives;

   b) evaluating their client base and existing contracts with smaller, unprofitable customers; and

   c) increasing margins by renegotiating contracts with certain key customers.

4. Although progress has been made improving operations and profitability, the Logistics Companies are unable to address the legacy unsecured trade debt that accumulated during the pandemic, and which now exceeds $86 million.

5. A growing number of the Logistics Companies' suppliers and other trade creditors are now placing the Logistics Companies on credit hold and/or are demanding cash on delivery payment terms until their past-due obligations can be brought current. The Applicants do not have the liquidity available under their revolving loan facility to fund the arrear payments being requested by the vendor base.

6. Absent filing for CCAA protection, the Applicants will not have the liquidity required to fund their immediate operational needs and secure the inventory supply required to operate during the Logistics Companies' peak summer season.

2.2 Financial Performance

1. As a result of the challenges presented by the COVID-19 pandemic, the Logistics Companies have incurred total losses of approximately $20 million in their two most recent fiscal years ending October 29, 2021 and October 28, 2022, as summarized below:

52 weeks ended ($000s)	October 28, 2022	October 29, 2021
Sales	1,523,664	1,526,817
Operating expenses	1,534,628	1,533,736
Loss from operations	(10,964)	(6,919)
Other expenses	1,590	256
Net loss	**(12,554)**	**(7,175)**

2. CMI's most resent audited financial statements (which incorporate the financial results of the Carey Group and the Logistics Companies) for fiscal years ending October 29, 2021 and October 28, 2022 are summarized below:

52 weeks ended ($000s)	October 28, 2022	October 29, 2021
Sales	1,524,855	1,527,736
Operating expenses	1,535,032	1,535,496
Loss from operations	(10,177)	(7,760)
Other expenses	3,610	4,605
Net loss	**(13,787)**	**(12,365)**

3. As outlined in the Birnie Affidavit, and summarized in this Pre-Filing Report, the Logistics Companies have implemented various improvements to their operations through:

   a) cost cutting initiatives including but not limited to: (i) streamlining operations through the reorganization of shipping routes; (ii) setting up more efficient pick-up and drop off locations; and (iii) sourcing alternative suppliers;

   b) an evaluation and rationalization of their customer base; and

   c) renegotiating price increases with several of their largest customers.

4. The unaudited financial results for the seven periods ending May 7, 2023 reflect the initial positive results of the Logistics Companies' preliminary restructuring efforts as they have recently operated on a profitable basis. The Applicants believe that the steps taken to-date, together with the additional steps they intend to implement during the CCAA proceedings, including continuing to renegotiate additional contracts with large customers, will allow the Applicants to have sustainable profitability.

2.3 Financial Position

1. The Applicants' unaudited, consolidated internal balance sheet as at June 19, 2023 is provided below:

Description	Note	Book Value ($000s)
Accounts receivable		31,433
Miscellaneous accounts receivable	1	10,048
Inventory		63,114
Prepaid expenses and deposits		2,317
Due from related companies	2	27,978
Investments	3	3,022
Property and equipment		15,410
Total Assets		**153,322**
Accounts payable		86,452
Accrued liabilities		9,864
Tobacco tax payable		25,052
Sales tax payable		1,335
CIBC revolving facility		38,541
CIBC BCAP loan		5,035
CWB demand loan		11,784
Notes payable		3,292
Due to related party		2,670
Total Liabilities		**184,025**
Equity		**(30,703)**
Total Liabilities & Equity		**153,322**

Note 1 – miscellaneous accounts receivable primarily includes accrued volume rebates owing from a major customer and supplier of the Logistics Companies. The Logistics Companies currently have a net payable owing to this customer / supplier.

Note 2 – includes amounts owing to CMI from various non-Logistics' related parties and subsidiaries. KSV understands that these amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

Note 3 – investments represent equity investments in certain subsidiaries of CMI, the cash surrender value of life insurance policies, risk management assets, and investments in mutual funds.

3.0 Liabilities

1. As outlined in the Birnie Affidavit, as at June 19, 2023, the Applicants have liabilities in excess of $184 million that include, among other things:

   a) trade accounts payable and other unsecured liabilities of approximately $86.45 million;

   b) accrued liabilities of approximately $9.86 million;

   c) approximately $25 million owing for tobacco taxes;

   d) approximately $1.34 million for GST, PST, and HST;

   e) secured obligations of approximately $38.54 million owing to CIBC under the CIBC Facility (as defined below) pursuant to the CIBC Credit Agreement (as defined below), pursuant to which CMI is the borrower and the Logistics Companies are guarantors;

   f) secured obligations of approximately $5 million owing to CIBC under a Business Credit Availability Program ("**BCAP**") pursuant to the CIBC Credit Agreement (as defined below), pursuant to which CMI is the borrower and the Logistics Companies are guarantors; and

   g) secured obligations of approximately $11.78 million owing to Canadian Western Bank ("**CWB**") pursuant to the CWB Commitment Letter (as defined below), pursuant to which CMI is the borrower and the Logistics Companies are guarantors.

3.1 Accounts Payable

1. Based on the Applicants' books and records, as of June 19, 2023, the Applicants' unsecured accounts payable creditors are owed approximately $86.45 million. Unsecured obligations are primarily comprised of amounts owing to product suppliers, shippers, importers, manufacturers, carrier partners, retailers, packagers, brokerage firms, technology service providers and equipment service providers, among many others. The below table outlines the amounts outstanding from each of the Applicants:

Wallace & Carey	Loudon Bros	CMI
$83,983,403	$1,837,541	$631,290

3.2 Accrued Liabilities

1. Based on the Applicants' books and records, as of June 19, 2023, the Applicants' accrued liabilities totaled approximately $9.86 million. Accrued liabilities include, among other things, payroll, outstanding vacation pay, amounts owing to vendors for goods received but not yet invoiced, and allowances for promotions and price discounts.

3.3 Tobacco Taxes

1. As outlined in the Birnie Affidavit, a significant portion of the Logistics Companies' business relates to the sale of tobacco products in five provinces and three territories in Canada. The tobacco industry is a highly taxed and regulated industry across Canada. Each of the provinces and territories in which the Logistics Companies operate have similar tobacco license and tax regimes.

2. During the COVID-19 pandemic, Wallace & Carey elected to exercise a limited-time statutory option to defer making tobacco tax remittances to the provincial governments of Alberta and Saskatchewan.

3. In January 2023, Alberta and Saskatchewan advised Wallace & Carey that it could no longer defer its tobacco tax remittance payments. The provinces of Alberta and Saskatchewan requested that the then outstanding arrears of approximately $31.3 million and $9.8 million, respectively, be paid in full.

4. Subsequently, Wallace & Carey entered into payment plans with Alberta and Saskatchewan to pay the arrears owing to each province (the "**Tobacco Tax Payment Plans**").

5. As outlined in the Birnie Affidavit, the status of the Tobacco Tax Payment Plans is as follows:

   a) under the Tobacco Tax Payment Plan with the province of Saskatchewan, Wallace & Carey recently remitted a final payment of $3.405 million; and

   b) under the Tobacco Tax Payment Plan with the province of Alberta, Wallace & Carey is required to make weekly payments of $2 million, of which $250,000 is applied to pre-filing arrears and $1.75 million is to remain current. Wallace & Carey is also scheduled to remit an additional one-time payment of $3.269 million to the Province of Alberta in the week ending July 29, 2023.

6. As of the date of this Pre-Filing Report, the arrears owing to Saskatchewan and Alberta were $nil and $7.3 million, respectively.

3.4 Secured Creditors

CIBC

1. As described in the Birnie Affidavit, CIBC provides CMI with a revolving asset-based loan facility (the "**CIBC Facility**"), which is guaranteed by the Logistics Companies and various other entities within the CMI Group. CMI uses a centralized cash management system (the "**Cash Management System**"), wherein the Applicants draw funds from the CIBC Facility. On a daily basis, the Applicants' accounts receivable collections are paid into blocked accounts and applied against the CIBC Facility. The Applicants can re-borrow under the CIBC Facility subject to availability, which is based on a weekly calculation of their eligible accounts receivable and inventory, net of certain reserves.

2. The CIBC Facility is governed by the credit agreement dated as of September 26, 2017, as amended by nine amending agreements (the "**CIBC Credit Agreement**"), between:

   a) CMI – as borrower;

   b) the Logistics Companies, among other Carey Group entities – as guarantors; and

   c) CIBC – as lender and agent.

3. The Applicants' obligations under the CIBC Credit Agreement are secured pursuant to, among other things:

   a) a guarantee agreement dated September 26, 2017 granted by the Logistics Companies, and certain other Carey Group entities[2], in favour of CIBC;

   b) general security agreements dated September 26, 2017 pursuant to which each of the Applicants granted a security interest in and to all of their present and after-acquired personal property as security for the obligations under the CIBC Credit Agreement;

   c) a blocked account agreement dated September 26, 2017, between, among others, the Applicants, as customers, and CIBC.

   (collectively, the "**CIBC Security**").

4. As of June 19, 2023, the Applicants owe CIBC approximately $43.54 million in principal (consisting of $38.54 million under the CIBC Facility and $5.0 million under the BCAP loan), plus interest, costs and expenses pursuant to the CIBC Credit Agreement and the CIBC Security. The amounts owing to CIBC under the CIBC Credit Agreement fluctuate daily as accounts receivable collections are deposited into the blocked accounts of the Applicants and applied against the credit facility, and as the Applicants re-borrow under this facility.

5. On June 22, 2023, CIBC and the Applicants entered into the Forbearance Agreement. A summary of the key terms of the Forbearance Agreement are included below[3]:

   a) **Forbearance fee** – CMI agrees to pay CIBC a forbearance fee of $1 million payable in four equal instalments of $250,000;

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[2] The other Carey Group entities who guaranteed the Applicants' obligations under the CIBC Credit Agreement are Spruce It Up Land Corp., 772921 Alberta Inc., Ridge Meadows Properties Ltd. and Retlogistics Inc., none of whom are parties to this proceeding.

[3] Capitalized terms not otherwise defined in this section have the meanings ascribed to them in the Forbearance Agreement.

b) **Interest** – the interest rate on the CIBC Facility shall be increased from CIBC's prime interest rate plus 0.50% to CIBC's prime interest rate plus 3.75%, which as of June 21, 2023 would equal a rate of 10.70%;

c) **Receipts and Lender Priority Charge** – post-filing receipts will be applied to reduce the Applicants' pre-filing debt and new advances by CIBC to the Applicants during these proceedings are to be secured by the Lender Priority Charge, which is subject to approval of the Court;

d) **Reporting** – each week, the Applicants shall provide CIBC with an updated Borrowing Base calculation and a variance report that shows the actual cash receipts and actual cash disbursements against the Cash Flow Forecast, as well as an explanation of any variances for individual line items in excess of the greater of 5% or $100,000 from the Cash Flow Forecast. In addition, on a monthly basis, the Applicants shall provide CIBC with a roll forward of the Cash Flow Forecast, which shall be acceptable to CIBC, acting reasonably;

e) **Minimum excess availability** – CMI shall maintain Excess Availability of not less than $1.5 million at all times during the Forbearance Period;

f) **Timelines** – the Applicants are required to adhere to various restructuring milestones as more fully detailed in the Forbearance Agreement;

g) **Real Property Mortgages** – within 30 days following the date of the Forbearance Agreement, CIBC is to receive, among other things, second priority mortgages on the Mortgaged Properties (as defined in the Forbearance Agreement); and

h) **Events of Default** – The Forbearance Agreement includes a number of Events of Default which include a requirement that in any given week during the Forbearance Period: (i) the actual cumulative Receipts are more than 5% below the forecasted cumulative Receipts amount for the given week, or (ii) the actual weekly Receipts are more than 15% below forecasted weekly Receipts amount for a given week; and (ii) CCAA related requirements (including approval of the Initial Order as requested and compliance by the Applicants with any order granted in the CCAA proceedings).

CWB

6. CMI is the borrower, and Wallace & Carey, among others, is a guarantor, under a commitment letter dated September 16, 2021 with CWB, as lender (the "**CWB Commitment Letter**"). The CWB Commitment Letter provides for two credit facilities:

   a) a demand, non-revolving loan with maximum permitted borrowings under that facility being $12,747,500; and

   b) a letter of credit in the maximum amount of $1 million.

7. The loans advanced pursuant to the CWB Commitment Letter are secured by, among other things:

   a) a multiple entity cross guarantee from, among others, Wallace & Carey, in favour of CWB dated October 25, 2021; and

   b) a second ranking general security agreement dated October 25, 2021, from CMI and Wallace & Carey in favour of CWB,

   (the "**CWB Security**").

8. The amounts drawn under the CWB facility as at June 19, 2023 was $11.78 million.

Other Secured and Priority Creditors

9. KSV understands that there are several equipment lessors which have security interests in certain of the Applicants' equipment. The Cash Flow Forecast contemplates that the Applicants' equipment and vehicles leases will continue to be paid in the normal course.

10. Other than with respect to the deferred tobacco taxes described below, the Applicants have advised that they are current on:

    a) source deductions, GST, PST and HST;

    b) employee wages and vacation pay; and

    c) rent.

4.0 Cash Flow Forecast

1. The Applicants have prepared a Cash Flow Forecast for the period June 18, 2023 to September 30, 2023 (the "**Initial Forecast Period**"). The Cash Flow Forecast and the Applicants' statutory report thereon pursuant to Section 10(2)(b) of the CCAA are attached hereto as **Appendix "B"**.

2. The Cash Flow Forecast demonstrates that, subject to obtaining the relief sought as part of the originating application for the Initial Order, the Applicants are projected to have sufficient liquidity to continue to operate during the Initial Forecast Period. Pursuant to the terms of the Forbearance Agreement, and subject to the making of the proposed Initial Order, CIBC will apply post-filing receipts against the Applicants' pre-filing debt and new advances by CIBC to the Applicants during these proceedings will be secured under the Lender Priority Charge. As reflected in the Cash Flow Forecast, advances under the CIBC Facility of approximately $30 million are projected to be required for the first 10 days of these proceedings.

3. Based on KSV's review of the Cash Flow Forecast, the cash flow assumptions appear reasonable. KSV's statutory report on the Cash Flow Forecast is attached hereto as **Appendix "C"**.

4. The Cash Flow Forecast has also been reviewed by CIBC and its advisors. KSV understands that CIBC has agreed to allow the Applicants to continue to use the Cash Management System to fund ongoing operations during these proceedings, subject to the terms and conditions of the Forbearance Agreement. Cassels, KSV's legal counsel, has provided KSV with an opinion on CIBC's security, as more fully detailed in Section 5.2 below.

5. The Applicants may file an updated cash flow forecast prior to the Comeback Hearing, if required.

5.0 Court Ordered Charges

5.1 Administration Charge

1. The Applicants are seeking an Administration Charge until the Comeback Hearing in an amount not to exceed $250,000 to secure the fees and expenses of the Monitor, its counsel, and the Applicants' counsel. Significant fees and costs have been incurred by these firms to-date in preparing for these proceedings and fees will continue to be incurred prior to the Comeback Hearing.

2. The Administration Charge is a customary provision in an initial order in a CCAA proceeding; it is required to provide security to the professionals engaged to assist a debtor company and to protect them if the debtor is unable to pay professional fees and costs during the CCAA process.

3. The Applicants have worked with their legal counsel and KSV to estimate the proposed amount of the Administration Charge.

4. KSV believes that the Administration Charge in the amount of $250,000 until the Comeback Hearing is reasonable and appropriate in the circumstances given the complexities of the Applicants' proceedings and liquidity position. Accordingly, the professionals require the benefit of the Administration Charge to protect them for their pre-filing fees related to preparing for these proceedings, as well as for their fees and costs that will be incurred during these proceedings. Without such protection, the professionals are unlikely to be prepared to continue to provide services in these proceedings.

5. At the Comeback Hearing, KSV understands that the Applicants intend to apply for an increase in the maximum amount of the Administration Charge to $750,000.

5.2 Lender Priority Charge

1. As a condition to the Forbearance Agreement, CIBC agreed to continue to provide funding to the Applicants under the CIBC Credit Agreement provided that the aggregate of any and all advances made on or after the Initial Order and all interest and other fees and costs accruing after the Initial Order shall be secured by the Lender Priority Charge, which security and charge shall rank in priority to every other claim, lien and security interest against the Applicants, other than the Administration Charge. The Lender Priority Charge shall not exceed an aggregate principal amount of $55 million plus interest, costs and expenses.

2. As noted above, pursuant to the terms of the Forbearance Agreement, CIBC will apply post-filing receipts against the Applicants' pre-filing debt and new advances by CIBC to the Applicants during these proceedings will be secured under the Lender Priority Charge.

3. On June 21, 2023, Cassels provided an opinion confirming the validity and enforceability of the CIBC Security as at the date of the opinion, subject to the standard assumptions and qualifications typically contained in security opinions of this nature.

4. KSV believes the creation of the Lender Priority Charge is reasonable and appropriate in the circumstances as the Applicants would not be able to continue to operate without funding under the CIBC Credit Agreement and no commercially reasonable lender can be expected to provide the financing urgently required by the Applicants on a subordinate basis to existing obligations.

5.3 D&O Charge

1. The Applicants are seeking a D&O Charge in an amount not to exceed $3,330,000 until the Comeback Hearing. The amount of the D&O Charge was estimated by the Applicants in consultation with KSV, taking into consideration the potential exposure of the directors and officers for GST/PST/HST, vacation pay, employee wages and source deductions until the Comeback Hearing.

2. The Applicants are generally, and are presently, in a payable position on sales taxes. KSV understands that the Applicants are current on their normal course payroll obligations (including employee withholding taxes). Accordingly, the amount of the D&O Charge represents the sum of:

   a) the estimated balance of unpaid sales taxes at the date of the Initial Order ($442,000);

   b) one payroll cycle (inclusive of source deductions) ($1,329,000); and

   c) the estimated amount of the Applicants' vacation pay owing to employees ($1,559,000).

3. The Cash Flow Forecast contemplates that payroll and sales taxes will continue to be paid in the ordinary course. The proposed D&O Charge provides protection for the Applicants' directors and officers should the Applicants fail to pay certain obligations which may give rise to liability for directors and officers.

4. KSV believes the D&O Charge is reasonable given that, as outlined in the Birnie Affidavit, the directors and officers do not have the benefit of any insurance policies in respect of their potential liability. The directors and officers are not prepared to be personally liable for the Applicants' obligations, and accordingly, without the benefit of the D&O Charge, the continued cooperation of the directors and officers would be at risk, which would impair the Applicants' ability to operate as a going-concern during these proceedings.

5. KSV understands that at the Comeback Hearing, the Applicants intend to apply for an increase of the D&O Charge to $4,000,000, representing their maximum total exposure at any point in time.

5.4 Tobacco Tax Charge

1. As discussed above, the Applicants are required to collect and remit provincial and territorial tobacco taxes on all tobacco products sold. The Applicants currently remit tobacco taxes in arrears, with remittance dates that vary by jurisdiction.

2. The estimated tobacco taxes outstanding during the initial 10 days of these proceedings is estimated to be approximately $18 million. The failure to remit tobacco taxes may expose the directors and officers to significant personal liabilities.

3. The Applicants are seeking a charge over the Property in favour of the provincial and territorial authorities that are entitled to receive payments or collect monies from the Applicants in respect of the tobacco taxes in the amount of $18 million to secure the payment of any collected but unremitted tobacco taxes until the Comeback Hearing. Given that the proposed Initial Order imposes a stay of proceedings against the provinces and territories, the creation of the Tobacco Tax Charge provides security to the provinces and territories for collected but unremitted tobacco taxes.

4. The Tobacco Tax Charge is proposed to rank subordinate to the existing security securing the pre-filing obligations owing under the CIBC Credit Agreement. Based on the terms of the Forbearance Agreement and Cash Flow Forecast, the pre-filing amounts owing under the CIBC Facility are projected to be fully repaid by the second week of these proceedings given that post-filing receipts are to be applied against the pre-filing amounts owing under the CIBC Facility.

5. KSV believes the creation of the Tobacco Tax Charge is reasonable in the circumstances for reasons similar to the D&O Charge – it will facilitate the continued assistance and involvement of the Applicants' directors and officers for the benefit of this restructuring.

6. KSV understands that at the Comeback Hearing, the Applicants intend to apply for an increase of the Tobacco Tax Charge to $25 million, representing the maximum total exposure for this liability at any point in time.

5.5 Priority of Charges

1. The Applicants propose that the Charges have the following priority (with amounts to the date of the Comeback Hearing in brackets):

   a) first, the Administration Charge ($250,000);

   b) second, the Priority Lender Charge ($55,000,000 plus interest, fees and expenses);

   c) third, the D&O Charge ($3,330,000);

   d) fourth, the existing security for the pre-filing obligations owing under the CIBC Credit Agreement; and

   e) fifth, the Tobacco Tax Charge ($18,000,000).

The Monitor is of the view that the priority of the Charges is appropriate and in the interest of facilitating these proceedings.

6.0 Proposed Payment of Pre-Filing Tobacco Tax Obligations

1. In its application for the Initial Order, the Applicants are seeking a provision permitting the Applicants to pay provincial and territorial tobacco tax obligations in the normal course, including with respect to the Tobacco Tax Payment Plans, subject to the consent of the Monitor.

2. KSV is familiar with provisions of orders under the CCAA permitting the debtor company to pay specific pre-filing obligations, where appropriate. In KSV's view, such payments should be a limited exception to the general rule prohibiting payment of pre-filing obligations. However, it is also recognized that in certain exceptional circumstances, such payments to certain post-filing suppliers are required. Based on discussions with the Applicants' counsel

and Cassels, KSV understands that the tobacco taxes owing to the provinces and territories, including those owing under the Tobacco Tax Payment Plans, may give rise to liability for directors and officers. In order to provide for a stabilized environment for the Applicants to be able to operate in the normal course under the direction of their directors and officers during these proceedings, KSV is of the view that payment of the pre-filing tobacco taxes pursuant to the Tobacco Tax Payment Plans is reasonable and appropriate.

3. For the foregoing reasons, KSV is supportive of the Applicants' application for the inclusion of a provision authorizing it to pay amounts owing under the Tobacco Tax Payment Plans, notwithstanding that they are pre-filing obligations. If appointed, KSV, as Monitor, intends to review each proposed payment prior to providing (or not providing) its consent.

7.0 Creditor Notification

1. The proposed Initial Order requires the Monitor to:

   a) publish without delay a notice in the national edition of *The Calgary Herald* and *The Globe and Mail* newspapers containing the information prescribed under the CCAA; and

   b) within five days of the granting of the Initial Order to:

      i. make the Initial Order publicly available in the manner prescribed under the CCAA;

      ii. send, in the prescribed manner, a notice to every known creditor who has a claim against the Applicants of more than $1,000 advising that the order is publicly available; and

      iii. 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, all in accordance with section 23(1)(a) of the CCAA and the regulations made thereunder.

2. If appointed Monitor, KSV will also post the Initial Order and all motion materials on its case website.

8.0 Conclusion and Recommendation

1. Based on the foregoing, KSV respectfully recommends that this Court grant an initial order under the CCAA on the terms of the draft Initial Order set out in the Applicants' application materials.

* * *

All of which is respectfully submitted,

KSV Restructuring Inc.

KSV RESTRUCTURING INC.,
in its capacity as proposed monitor of
Wallace & Carey Inc., Loudon Bros Limited and Carey Management Inc.
and not in its personal capacity

Appendix “A”

Clerk's stamp:

COURT FILE NUMBER	
COURT	COURT OF KING'S BENCH OF ALBERTA
JUDICIAL CENTRE	CALGARY
	IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT,* RSC 1985, c C-36, as amended AND IN THE MATTER OF THE COMPROMISE OR ARRANGEMENT OF WALLACE & CAREY INC., LOUDON BROS LIMITED, and CAREY MANAGEMENT INC.
DOCUMENT	**CONSENT TO ACT AS MONITOR**
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	Cassels Brock & Blackwell LLP Suite 3810, Bankers Hall West 888 3rd Street SW Calgary, Alberta, T2P 5C5 Telephone: (403) 351-2920 Facsimile: (403) 648-1151 Email: joliver@cassels.com / jdietrich@cassels.com File No.: 50505-9 **Attention: Jeffrey Oliver / Jane Dietrich**

KSV RESTRUCTURING INC. ("KSV") hereby consents to act as Court-appointed monitor of Wallace & Carey Inc., Loudon Bros Limited, and Carey Management Inc. in respect of the within proceedings, subject to the granting of an initial order pursuant to the *Companies' Creditors Arrangement Act,* RSC 1985, c C-36 substantially in the form affixed to the Applicants' Originating Application, subject to such changes as are acceptable to KSV.

DATED at Calgary, Alberta this 20th day of June, 2023.

KSV RESTRUCTURING INC.

Name: Jason Knight
Title: Managing Director

Appendix “B”

Wallace & Carey Inc., Loudon Bros Limited and Carey Management Inc.
Projected Weekly Cash Flow Statement (Consolidated)
June 18, 2023 to September 30, 2023
(Unaudited; $CAD Thousands)

		Week ending															
	Note	24-Jun-23	01-Jul-23	08-Jul-23	15-Jul-23	22-Jul-23	29-Jul-23	05-Aug-23	12-Aug-23	19-Aug-23	26-Aug-23	02-Sep-23	09-Sep-23	16-Sep-23	23-Sep-23	30-Sep-23	Total
RECEIPTS																	
Collection of accounts receivable		27,329	1,438	-	-	-	-	-	-	-	-	-	-	-	-	-	28,767
Collection of sales and taxes	2	-	31,372	31,372	31,372	32,338	32,338	32,338	32,338	29,435	29,435	29,435	29,435	27,415	27,415	27,415	423,453
Other Receipts	3	-	425	425	425	438	438	438	438	399	399	399	399	372	372	372	5,739
Total receipts		27,329	33,236	31,797	31,797	32,776	32,776	32,776	32,776	29,834	29,834	29,834	29,834	27,787	27,787	27,787	457,959
DISBURSEMENTS																	
Inventory vendor payments	4	(10,078)	(23,402)	(23,627)	(22,075)	(22,075)	(23,619)	(23,638)	(23,276)	(23,276)	(23,276)	(18,755)	(18,771)	(19,157)	(19,157)	(20,315)	(314,498)
Sales tax remittances	5	(18,941)	(2,850)	(2,000)	(2,000)	(17,440)	(5,832)	(2,000)	(2,000)	(2,000)	(21,324)	(3,017)	(2,000)	(2,000)	(21,889)	(3,047)	(108,339)
GST collected /(paid)		(48)	33	(62)	(1,294)	73	(24)	(20)	(15)	(125)	(130)	145	141	310	28	(36)	(1,025)
Operating disbursements	6	(605)	(2,130)	(655)	(1,628)	(618)	(1,628)	(1,189)	(1,513)	(577)	(1,513)	(1,217)	(1,433)	(548)	(1,433)	(548)	(17,235)
Total operating disbursements		(29,672)	(28,349)	(26,343)	(26,998)	(40,060)	(31,102)	(26,848)	(26,804)	(25,978)	(46,243)	(22,845)	(22,063)	(21,396)	(42,450)	(23,946)	(441,097)
Other disbursements																	
Interest and principal payments - CIBC revolving facility		-	(351)	-	-	-	-	(289)	-	-	-	(230)	-	-	-	-	(870)
Interest and principal payments - CIBC BCAP loan		-	-	-	-	-	-	(226)	-	-	-	-	-	-	-	-	(226)
Interest and principal payments - CWB demand loan		-	(124)	-	-	-	-	(123)	-	-	-	(123)	-	-	-	-	(370)
Forbearance fee	7	-	-	-	-	(250)	-	-	-	-	(250)	-	-	-	(250)	-	(750)
Restructuring costs	8	-	-	(500)	-	-	(500)	-	(400)	-	-	-	(400)	-	-	-	(1,800)
Total other disbursements		-	(474)	(500)	-	(250)	(500)	(638)	(400)	-	(250)	(354)	(400)	-	(250)	-	(4,017)
Total disbursements		(29,672)	(28,823)	(26,843)	(26,998)	(40,310)	(31,602)	(27,486)	(27,204)	(25,978)	(46,493)	(23,198)	(22,463)	(21,396)	(42,700)	(23,946)	(445,113)
Net cash flow		(2,343)	4,412	4,954	4,800	(7,535)	1,174	5,290	5,572	3,856	(16,659)	6,636	7,371	6,391	(14,913)	3,841	12,846
Opening CIBC Revolving Facility		38,541	40,883	36,471	31,517	26,717	34,252	33,078	27,788	22,216	18,361	35,020	28,384	21,013	14,622	29,535	38,541
Net cash flow		2,343	(4,412)	(4,954)	(4,800)	7,535	(1,174)	(5,290)	(5,572)	(3,856)	16,659	(6,636)	(7,371)	(6,391)	14,913	(3,841)	(12,846)
Ending CIBC Revolving Facility		40,883	36,471	31,517	26,717	34,252	33,078	27,788	22,216	18,361	35,020	28,384	21,013	14,622	29,535	25,695	25,695
<u>Pre-Filing CIBC Revolving Facility</u>																	
Opening CIBC Revolving Facility		38,541	11,212	-	-	-	-	-	-	-	-	-	-	-	-	-	38,541
Post-filing receipts		(27,329)	(11,212)														(38,541)
Ending CIBC Revolving Facility		11,212	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<u>Post-Filing CIBC Revolving Facility</u>																	
Opening CIBC Revolving Facility		-	29,672	36,471	31,517	26,717	34,252	33,078	27,788	22,216	18,361	35,020	28,384	21,013	14,622	29,535	-
Post-filing receipts			(22,024)	(31,797)	(31,797)	(32,776)	(32,776)	(32,776)	(32,776)	(29,834)	(29,834)	(29,834)	(29,834)	(27,787)	(27,787)	(27,787)	(419,419)
Post-filing disbursements		29,672	28,823	26,843	26,998	40,310	31,602	27,486	27,204	25,978	46,493	23,198	22,463	21,396	42,700	23,946	445,113
Ending CIBC Revolving Facility		29,672	36,471	31,517	26,717	34,252	33,078	27,788	22,216	18,361	35,020	28,384	21,013	14,622	29,535	25,695	25,695

Notes to Projected Weekly Cash Flow Statement (Consolidated)
For the Period Ending September 30, 2023
(Unaudited; $CAD)

Purpose and General Assumptions

1. The purpose of the projection is to present a cash flow forecast of Carey Management Inc. ("CMI"), Wallace & Carey Inc. ("Wallace & Carey"), and Loudon Bros Limited ("Loudon Bros", together with CMI and Wallace & Carey, the "Applicants") from June 18, 2023 to September 30, 2023 (the "Period") in respect of the proceedings under the Companies' Creditors Arrangement Act ("CCAA").

   The cash flow projection has been prepared based on hypothetical and most probable assumptions.

Hypothetical

2. Represents collections of revenue from operations and sales taxes from customers.

3. Represents delivery surcharges collected from customers and certain other income collected from vendors.

4. Represents purchases of general merchandise for sale in the ordinary course of business.

5. Represents tobacco and beverage tax remittances, payable on the 20th and 28th of the month, as well as other tax payments during the period.

Most Probable

6. Includes wages and benefits, rent, utilities, warehouse and delivery, and administrative expenses.

7. Per the Forbearance Agreement with CIBC.

8. Forecasted payment of the fees of the Monitor, its counsel, the Companies' counsel, CIBC's financial advisor, and CIBC's counsel.

COURT OF KING'S BENCH OF ALBERTA

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c.C-36, AS AMENDED

AND IN THE MATTER OF THE COMPROMISE OR ARRANGEMENT OF WALLACE & CAREY INC., LOUDON BROS LIMITED, AND CAREY MANAGEMENT INC.

MANAGEMENT'S REPORT ON CASH FLOW STATEMENT
(Paragraph 10(2)(b) of the CCAA)

The management of Wallace & Carey Inc. ("Wallace & Carey"), Loudon Bros Limited ("Loudon Bros"), and Carey Management Inc. ("CMI" together with Wallace & Carey and Loudon Bros, the "Applicants") have developed the assumptions and prepared the attached statement of projected cash flow as of the 21st day June 2023 for the period June 18, 2023 to September 30, 2023 (the "Cash Flow"). All such assumptions are disclosed in the notes to the Cash Flow.

The hypothetical assumptions are reasonable and consistent with the purpose of the Cash Flow as described in Note 1 to the Cash Flow, and the probable assumptions are suitably supported and consistent with the plans of the Applicants and provide a reasonable basis for the Cash Flow.

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

The Cash Flow has been prepared solely for the purpose outlined in Note 1 using a set of hypothetical and probable assumptions set out therein. Consequently, readers are cautioned that the Cash Flow may not be appropriate for other purposes.

Dated at Calgary, Alberta this 21st day of June 2023.

WALLACE & CAREY INC., LOUDON BROS LIMITED, AND CAREY MANAGEMENT INC.

Per: Brian M. Birnie, Senior Vice President of Finance & Corporate Development

Appendix “C”

COURT OF KING'S BENCH OF ALBERTA

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c.C-36, AS AMENDED

AND IN THE MATTER OF THE COMPROMISE OR ARRANGEMENT OF WALLACE & CAREY INC., LOUDON BROS LIMITED, AND CAREY MANAGEMENT INC.

MONITOR'S REPORT ON CASH FLOW STATEMENT
(paragraph 23(1)(b) of the CCAA)

The attached statement of projected cash-flow of Wallace & Carey Inc. ("Wallace & Carey"), Loudon Bros Limited ("Loudon Bros"), and Carey Management Inc. ("CMI", and together with Wallace & Carey and Loudon Bros, the "Applicants"), as of the 21st day of June, 2023, consisting of a weekly projected cash flow statement for the period June 18 to September 30, 2023 (the "Cash Flow") has been prepared by the management of the Applicants for the purpose described in Note 1, using the probable and hypothetical assumptions set out in the notes to the Cash Flow.

Our review consisted of inquiries, analytical procedures and discussions related to information supplied by the management and employees of the Applicants. 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 Cash Flow. We have also reviewed the support provided by management for the probable assumptions and the preparation and presentation of the Cash Flow.

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 Cash Flow;

b) as at the date of this report, the probable assumptions developed by management are not suitably supported and consistent with the plans of the Applicants or do not provide a reasonable basis for the Cash Flow, given the hypothetical assumptions; or

c) the Cash Flow does not reflect the probable and hypothetical assumptions.

Since the Cash Flow 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 Cash Flow will be achieved. We express no opinion or other form of assurance with respect to the accuracy of any financial information presented in this report, or relied upon in preparing this report.

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

Dated at Toronto, Ontario this 21st day of June, 2023.

KSV Restructuring Inc.

KSV RESTRUCTURING INC.
IN ITS CAPACITY AS PROPOSED CCAA MONITOR OF
WALLACE & CAREY INC., LOUDON BROS LIMITED, AND CAREY MANAGEMENT INC.
AND NOT IN ITS PERSONAL CAPACITY