

File Reference: SM069259-29

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April 10, 2024

Via Email & Hand Delivery

The Honourable Justice Darlene Jamieson
Supreme Court of Nova Scotia
The Law Courts
1815 Upper Water Street
Halifax, NS B3J 1S7

Dear Justice Jamieson:

**Re: In the Matter of the Receivership of Atlantic Oriental Wholesale (AOW) Inc. – Hfx
No. 532179**

We are counsel for Royal Bank of Canada (“**RBC**”), a secured creditor of the Respondent, Atlantic Oriental Wholesale (AOW) Inc. (the “**Company**”).

We write with respect to the Business Development Bank of Canada’s (“**BDC**”) application to appoint Deloitte Restructuring Inc. (“**Deloitte**”) as receiver of all of the assets, properties and undertaking of the Company, which is scheduled to be heard tomorrow, April 11, 2024 at 2:00 p.m.

RBC is a secured creditor of the Company in connection with credit agreements dated December 16, 2019 and April 29, 2021. The Company’s obligations to RBC are primarily secured by a general security agreement dated March 27, 2018. It is RBC’s position that it is the first-ranking secured creditor with respect to the personal property of the Company (other than creditors holding a valid purchase money security interest or a prior-ranking deemed trust, if any).

In considering the proposed receivership application, RBC had some concerns, particularly with respect to the proceeds of certain insurance claims which may be received by the Company. RBC, in discussions with its advisors, understands that the Company has submitted two claims to its insurer for losses incurred in 2023. These claims are in addition to insurance proceeds previously received by the Company as a result of the Barrington Lake wildfire incident.

RBC understands that the Company’s insurer is reviewing these additional claims, and that a decision by the insurer with respect to the claims may be made in the near future. Given the advanced nature of these claims, RBC wishes to have the receivership costs associated with the realization of these proceeds allocated separately from the costs associated with the realization of the other assets of the Company (which, in RBC’s view, are likely to be the majority of the costs in the receivership proceedings).

Following discussions with Deloitte and its counsel, RBC understands that Deloitte, as the proposed receiver, agrees that the costs of the receivership related to the collection of the above-noted insurance proceeds (if any) may be allocated separately from the Receiver’s other costs associated with the proposed sale process. Deloitte has indicated in the proposed receiver’s First

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Report dated April 1, 2024 (at para 34) that it will separately track its time expended against the potential insurance proceeds (while this paragraph generally refers to assets to be include in the proposed sales process, RBC expects that the insurance claims and any proceeds thereof will not be included as part of the proposed sales process).

With respect to the proposed sale process for the assets of the Company, we note the requirement for bidders to allocate their bid amongst the various classes of assets of the Company.

We have reviewed the application materials filed on behalf of BDC, and advise that RBC consents to the relief being sought on the basis of the foregoing.

We will be happy to address any questions the Court may have at the hearing tomorrow.

Yours respectfully,

David Wedlake

RDW/lms

c. Service List
Client
Susan Snow – via email