

2025 01G 0491
IN THE SUPREME COURT OF NEWFOUNDLAND AND LABRADOR
IN BANKRUPTCY AND INSOLVENCY

IN THE MATTER OF the *Companies Creditors Arrangement Act* R.S.C., 1985 c. C-36 as Amended (the “**CCAA**”); and

AND IN THE MATTER OF an application of Karwood Contracting Ltd., Karwood Engineering Inc., Karwood Design Group Ltd. and Karwood Ontario Ltd. (the “**Applicants**”)

AFFIDAVIT OF PAUL PETTIGREW

SUMMARY OF CURRENT DOCUMENT	
Court File No:	2025 01G 0491
Date of Filing of Document:	___ October 2025
Name of Filing Party or Person:	Bank of Montreal
Application to which Document being filed relates:	Notice of Motion dated 29 September 2025 filed by the Applicants
Statement of purpose in filing:	To oppose relief sought in Notice of Motion

I, **Paul Pettigrew**, of Halifax, Nova Scotia, **MAKE OATH** and say as follows:

Introduction

1. I am a senior vice president of MNP Ltd. (**MNP**). MNP has been appointed by the Bank of Montreal (the **Bank**) as private receiver of Karwood Contracting Ltd., Karwood Engineering Inc., Karwood Design Group Ltd., and Karwood Ontario Ltd. (collectively the **Companies**) and is the proposed court-appointed receiver for the Companies in a separate proceeding brought by the Bank.
2. The facts set out in this Affidavit are within my direct knowledge and arise from my professional experience as an insolvency trustee with MNP, as well as through my

direct consultation with the Bank, the Bank's counsel, and David Boyd of Resolve Advisory Services Ltd (the **Bank's Advisor**), the financial advisor to the Bank with respect to the Bank's loans to the Companies. Nothing in this affidavit constitutes a waiver of privilege. In particular, where I refer in this affidavit to communications with or advice from lawyers, or to any past or ongoing legal proceedings, I do not intend to waive any privilege and no privilege is waived.

3. I make this affidavit to support the Bank's opposition to the relief sought by the Companies in their Notice of Motion dated 29 September 2025. In making this affidavit, I have reviewed the final version of the open and confidential affidavits intended to be sworn by Mr Boyd, including their exhibits, and I agree with his assessments and conclusions from the perspective of a court-appointed officer.
4. In this affidavit, I will explain how I would approach a realization strategy for the Companies' assets if appointed as receiver by the Court, so that the Court can see the alternative to the asset sale proposed by the Companies.

Real Property

5. Based on my consultations with the Bank's Advisor and review of the Monitor's reports filed in this proceeding, it is my understanding that no independent valuation of real property held by the Companies has been prepared by a licensed real estate appraiser, accredited to perform such appraisals in Canada, for the type of real estate held by the Companies. Without such appraisals, reliable conclusions as to the value of the real property cannot be drawn.
6. In my experience acting as a financial advisor, bankruptcy trustee, receiver, and court-appointed officer, value maximization for real property is best achieved with the benefit of time on the market as opposed to an accelerated sale process.
7. The market for commercial and residential real estate fluctuates throughout the year, and from year to year, and holding costs for vacant land in a receivership process are typically minimal which provides a better opportunity to achieve maximum value for the real property.

8. As an example from my recent experience, I operated as the receiver on a matter involving commercial real estate which had not been developed aside from having a concrete foundation poured. No party to that matter had assigned any value to the property in its then present condition. Ultimately, a favourable offer was received after two years of holding the property with overall holding costs amounting to less than \$10,000.
9. If appointed by the Court as receiver, my realization strategy would be to obtain appraisals of the real property from a properly accredited and licensed real estate appraiser and hold the land for period of time which would be long enough to fully test the market.

Receivables


10. Based on my consultations with the Bank's Advisor and review of the Monitor's reports filed in this proceeding, it is my understanding that no legal opinion on the recoverability of any accounts receivable or the outstanding claims has been obtained or is being relied upon to justify the Companies' determination that this class of asset has no recoverable value.
11. Without such opinions, I cannot come to any reliable conclusions on the likely realization value of the receivables. However, in my experience, a court-appointed receivership process provides a greater authority in realizing and recovering receivables than other alternatives, including an insolvent debtor-in-possession or a privately appointed receiver.
12. Further, the costs associated with collecting receivables can be managed dynamically in a receivership process as recovery is pursued and then recovered as receivable value is realized.

Personal Property

13. Based on my consultations with the Bank's Advisor and review of the Monitor's reports filed in this proceeding, it is my understanding that no independent valuation of personal property held by the Companies has been prepared by a licensed appraiser, accredited to perform such appraisals in Canada.

14. Without such opinions, I cannot come to any reliable conclusions on the likely realization value of the personal property.
15. Overall, I understand the Companies proposed sale did not result from an open and transparent sales process and is not supported by independent valuations or appraisals. As a result, it is not possible to establish that the sale represents the best price possible in the circumstances or that it results in a fair result for stakeholders. A receivership process would be considerably more favourable to a quick liquidation of the Companies' assets by way of approval of the proposed sale.

SWORN before me at Halifax,
Nova Scotia, this 9th day of
October, 2025



J. ERIC FINDLAY
A Commissioner of the Supreme
Court of Nova Scotia
Expires: June 5, 2029



PAUL PETTIGREW