

**Court file No. S1710393
Vancouver Registry**

IN THE SUPREME COURT OF BRITISH COLUMBIA

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

AND

IN THE MATTER OF THE *BUSINESS CORPORATIONS ACT*, S.B.C. 2002, c. 57

AND

IN THE MATTER OF ALL CANADIAN INVESTMENT CORPORATION

(the "Petitioner")

MONITOR'S SIXTEENTH REPORT TO COURT

SEPTEMBER 26, 2019

Boale, Wood & Company Ltd.

Monitor appointed in the
Companies' Creditors Arrangement Act proceedings of
All Canadian Investment Corporation

**Suite 1140 – 800 West Pender Street
Vancouver, B.C. V6C 2V6**

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A. INTRODUCTION

1. This report (the “**Sixteenth Report**”) is filed by Boale, Wood & Company Ltd. (“**BWC**”) in its capacity as monitor (the “**Monitor**”) appointed in a proceeding commenced on November 8, 2017 by All Canadian Investment Corporation (the “**Petitioner**”) pursuant to the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c.-36, as amended (the “**CCAA Proceedings**”).

2. The purpose of the Sixteenth Report is to provide the following:
 - a) Court applications and Orders granted;

 - b) the Monitor’s report on the Cash Flow;

 - c) the Monitor’s update on the completion of the Carleton development;

 - d) the Monitor’s comments on the Petitioner’s request for an extension of the Stay Period until November 1, 2019; and

 - e) the Monitor’s conclusions and recommendation.

B. DISCLAIMER AND TERMS OF REFERENCE

3. Except as specified, in preparing this report the Monitor has obtained and relied upon unaudited, draft and/or internal information which Management advises has been compiled from the Petitioner's books and records. Where available, the Monitor has reviewed external records and documentation including post-filing banking records, corporate searches and financial statements.

4. Except as otherwise described in this report:
 - a) the Monitor has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the information which has been provided in a manner that would wholly or partially comply with Generally Accepted Assurance Standards pursuant to the Chartered Professional Accountant Canada Handbook; and

 - b) the Monitor has not conducted an examination or review of any financial forecast and projections in a manner that would comply with the procedures described in the Chartered Professional Accountant Canada Handbook.

5. This Report has been prepared solely for the purpose described and readers are cautioned that it may not be appropriate for other purposes.

C. COURT APPLICATIONS AND ORDERS GRANTED

6. The Honourable Mr. Justice Walker rendered his decision with the respect to the Petitioner's application for directions on how the Preferred Shareholders' claims against ACIC should be treated in the Petitioner's Plan of Arrangement. In his Reasons for Judgement dated September 4, 2019, the Honourable Mr. Justice Walker concluded that those preferred shareholders that delivered redemption notices prior to the commencement of the CCAA proceedings (the Redeeming Preferred Shareholders) did not change their preferred shareholder status to that of a creditor and that all preferred shareholders are equity claimants of ACIC. A copy of the Reasons for Judgement is can be access through the Monitor's website at <https://www.boalewood.ca/2017/11/08/all-canadian-investment-corporation-acic/>.
7. Upon the Petitioner's application, the Court granted an Order approving the sale of Lot 137 Lee Road Property on August 1, 2019. A copy of the Order Made After Application is attached hereto as Appendix A.
8. On an application of the Petitioner, the Court granted an Order approving the sale of Unit 1703 on August 15, 2019. A copy of the Court Order is attached hereto as Appendix B.
9. On September 11, 2019, the Petitioner made an Application to Court for an Order to remove the charges registered against the Altezza Lands upon closing of a sale of the property. The Court granted an Order allowing the discharge of charges against the Altezza Lands. A copy of the Court Order is attached hereto as Appendix C.

D. MONITOR'S REPORT ON CASH FLOW

10. The Actual Cash Flow from the inception of the CCAA proceedings to August 31, 2019 can be summarized as follows:

	Previously Reported Mar-19	Actual Apr-19 to Mar-19	Total to Aug-19
Actual Cash Inflows			
Mortgage Interest Payments	\$ 74,515	\$ 105,715	\$ 180,229
Mortgage Paydowns	1,140,318	-	1,140,318
Sale of Real Properties	1,075,279	69,210	1,144,489
Repayment of Stonewater Motel Loan	1,315,797	-	1,315,797
DIP Financing Proceeds	1,500,000	-	1,500,000
Other	-	147	147
Interest	613	127	740
	5,106,521	613	5,281,720
Actual Cash Outflows			
<i>Operations</i>			
Management Fees	389,667	30,000	419,667
Bank Charges	1,680	411	2,091
Auditor Fees	30,017	-	30,017
Monitor's Fees/Disbursements	241,752	52,500	294,252
Legal Fees/Disbursements (Monitor's counsel)	103,839	21,000	124,839
Legal Fees/Disbursements (Petitioner's counsel)	451,367	52,500	503,867
Appraisal Fee	10,004	945	10,949
DIP Loan Fees & Expenses	211,200	-	211,200
DIP Loan Interest	137,370	-	137,370
Property Taxes and Utilities	14,109	-	14,109
GST	19,750	-	19,750
Other Miscellaneous Expense	5,183	1,032	6,215
	1,615,938	158,388	1,774,326
<i>Secured Debt Repayments</i>			
DIP Loan	1,613,304	-	1,613,304
Van Maren Financial	554,512	-	554,512
Fisgard Capital	1,386,575	-	1,386,575
	3,554,391	-	3,554,391
Net Cash Inflows	(63,807))	16,811	(46,996)
Opening Cash Position	69,134	5,327	69,134
Closing Cash Position	\$ 5,327	\$ 22,138	\$ 22,138

11. Management and the restructuring professionals have agreed to defer full payment of their professional fees and costs until funds permit.

E. CARLETON DEVELOPMENT UPDATE

12. The Carleton Loan is in respect of a mixed-use development being constructed in Burnaby. The current amount owing to the Petitioner by the Borrower is approximately \$2,280,000 as at August, 2019.
13. As previously reported by the Monitor, this development was initially scheduled for completion in September 2018. The scheduled completion date has been extended several times. The Monitor now understands that the completion date has been extended until November 2019.
14. The Monitor had until recently chosen to not register a charge against this property due to concerns expressed by the Borrower that a further charge against the property would halt any further construction financing advances.
15. Recently the 2nd mortgage holder, Bancorp, increased its construction loan facility by \$1,000,000 to cover known cost overruns. The Monitor's review of the most recent quantity surveyor's report suggests that further delays and cost overruns are expected.
16. Due to increasing concerns by the Monitor that the Petitioner's equity was at risk of being materially eroded, a decision was made to register a charge against the property and proceedings were commenced, and a certificate of pending litigation was registered against title to the real property on September 16, 2019. Immediately following the registration, the priority lenders were advised that the Petitioner was prepared to work cooperatively with them and consider providing priority agreements for future construction funding upon being satisfied that such advances are properly supported and necessary to complete the project.

17. The next quantity surveyor report and construction draw request is scheduled to be issued today. The Monitor will be reviewing the report, communicating with the priority lenders and, with the Court's approval and upon being satisfied that the requested draw is properly supported and necessary, will enter into a priority agreement with the construction financier.
18. The Monitor is scheduled to meet with the borrower and counsel for the Petitioner to discuss costs to complete, timing and other issues relating to completion of the Project.
19. Part of the relief being sought by the Petitioner on the application returnable Friday, September 27, 2019 is an order authorizing the Monitor to execute and deliver such priority, or other agreements as may be necessary to allow the continued funding of Carleton development and the Monitor supports that relief being granted.
20. The Monitor will continue to review the construction progress reports and funding requirements and believes that it is likely to be in the best interest of Stakeholders to enter into priority agreements with the construction lenders to allow the Carleton development to be completed.

F. REQUEST FOR EXTENSION OF THE STAY PERIOD

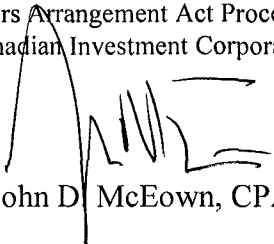
21. The Petitioner is requesting an extension of the Stay Period until November 1, 2019 and is seeking the Court's direction with respect to the form and timing of a claims process and plan of arrangement.
22. The Monitor recognizes that this is a liquidation CCAA and is satisfied that the Petitioner has made progress in liquidating assets and that the formal plan of arrangement will simply confirm that it is a liquidating proposal and provide a claims process that can be used to allow for a proper and orderly distribution of the proceeds to be realized from the liquidation to the professionals, creditors and preferred shareholders.
23. The Monitor will continue to have responsibility for the management and decision making authority over the Petitioner's sale of real properties and recovery on its loan portfolio.
24. The Monitor confirms that the Petitioner is continuing to act in good faith and with due diligence and supports the requested extension of the Stay Period until November 1, 2019.

G. CONCLUSIONS AND RECOMMENDATIONS

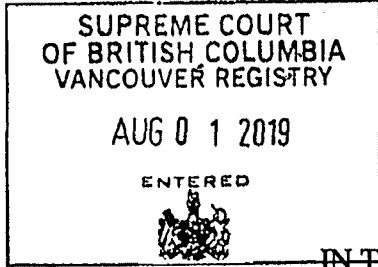
25. The Petitioner continues to make progress in liquidating the assets under the management and direction of the Monitor.
26. The Monitor is requesting approval of the Court to enter into priority agreements with construction financiers on the Carleton development that will be necessary to allow for further constructing funding required to complete the development.
27. As a result of the Honorable Mr. Justice Walker's recent decision that all preferred shareholders be treated equally, the Petitioner is now able to finalize its plan of arrangement and claims process.
28. The Monitor supports the Petitioner's request for an extension of the Stay Period until November 1, 2019 to allow time to finalize the claims process and formal plan of arrangement.

DATED at the City of Vancouver, British Columbia, this 26th day of September, 2019.

Boale Wood and Company Ltd.
Monitor Appointed in the Companies'
Creditors Arrangement Act Proceedings of
All Canadian Investment Corporation


Per: John D. McEown, CPA, CA, CIRP

APPENDIX A



No. S1710393
Vancouver Registry

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

AND

IN THE MATTER OF THE *BUSINESS CORPORATIONS ACT*,
S.B.C. 2002, c. 57, AS AMENDED

AND

IN THE MATTER OF THE *CANADA BUSINESS CORPORATIONS ACT*,
R.S.C. 1985, C. c-44, AS AMENDED

AND

IN THE MATTER OF A PLAN OF COMPROMISE AND ARRANGEMENT OF
ALL CANADIAN INVESTMENT CORPORATION

ORDER MADE AFTER APPLICATION

BEFORE THE HONOURABLE) THURSDAY, THE 1ST DAY OF
Madam Justice Matthews) AUGUST, 2019.
)

THE APPLICATION of the petitioner, coming on for hearing at Vancouver, British Columbia, on the 1st day of August, 2019, and on hearing Yianni E. Pappas-Acreman, counsel for the petitioner, and those other counsel listed on Schedule "A" hereto, AND UPON READING the material filed, including the Affidavit #1 of David Milligan made July 23, 2019 (the "Milligan Affidavit"), the Affidavit #7 of Donald Bergman sworn August 27, 2018, the Report of Boale, Wood & Company Ltd. in its capacity as Court-appointed Monitor (the "Monitor") relied upon in this application; AND pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985 c. C-36 as amended (the "CCAA"), the British Columbia Supreme Court Civil Rules and the inherent jurisdiction of this Honourable Court;

THIS COURT ORDERS AND DECLARES THAT:

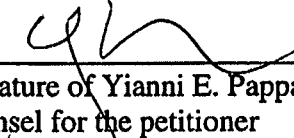
- ~~1. The service upon any interested party other than those parties on the service list maintained by the petitioner and the Monitor in this matter is hereby dispensed with:~~

[Handwritten signature]

Approval of the Sale of Lot 137

2. The sale transaction (the "Transaction") contemplated by the Contract of Purchase and Sale dated June 19, 2019 (the "Sale Agreement") between the petitioner and Konstantin Vassev (the "Purchaser") for the lands located at PID:026-169-436 and described as Lot 137 District Lot 1923 Group 1 New Westminster District Plan BCP15556, a copy of which is attached as Exhibit "K" to the Milligan Affidavit is hereby approved, and the Sale Agreement is commercially reasonable. The execution of the Sale Agreement by the petitioner is hereby authorized and approved, and the petitioner is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance to the Purchaser of the assets described in the Sale Agreement.

THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:



Signature of Yianni E. Pappas-Acreman
Counsel for the petitioner

By the Court. 

Registrar



Schedule A- List of Counsel Appearing

APPENDIX B



No. H180143
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN:

ALL CANADIAN INVESTMENT CORPORATION

PETITIONERS

AND:

CENSORIO GROUP (AGNES & ELLIOT) HOLDINGS LTD., CHISA PROPERTIES LTD., PETER CENSORIO, CENSORIO GROUP (PARKING) HOLDINGS LTD., LEAH FUNK, CARL FUNK, 1110438 B.C. LTD., FISGARD CAPITAL CORPORATION AND THE OWNERS, STRATA PLAN EPS4196

RESPONDENTS

ORDER MADE AFTER APPLICATION

BEFORE THE HONOURABLE) THURSDAY, THE 15TH DAY OF
MASTER VOS) AUGUST, 2019.
)

ON THE APPLICATION of the petitioner, All Canadian Investment Corporation, coming on for hearing at Vancouver, British Columbia, on the 15th day of August, 2019 and on hearing Yianni E. Pappas-Acreman, counsel for the petitioner, All Canadian Investment Corporation, and no one else appearing although duly served, and upon reading the amended petition, the affidavits of Ryan Eagleton, Chelsey Cochrane, John McEown, Joseline Kwok, and Donald Bergman, sworn and filed, and the pleadings and proceedings filed herein;

THIS COURT ORDERS AND DECLARES that:

1. The sale of the following lands and premises:

<u>PID No.</u>	<u>Legal Description</u>
030-122-651	Strata Lot 123 Block 19 New Westminster District Strata Plan EPS4196 Together with an interest in the common property in proportion to the unit entitlement of the strata lot as shown on Form V

("Unit 1703")

to Claire Tai (the "Purchaser") on the terms and conditions set out in the contract of purchase and sale dated July 13, 2019 between the Purchaser and All Canadian Investment Corporation, for \$600,038.00 plus applicable GST (the "Contract") is approved.

2. Upon filing a certified copy of this order in the New Westminster Land Title Office, together with a letter from the solicitor for the petitioner, All Canadian Investment Corporation, authorizing such registration, and subject to the terms of this Order, Unit 1703 be conveyed to and vest in the Purchaser in fee simple, free and clear of any estate, right, title, interest, equity of redemption, and other claims of the parties, together with any other charges, liens, encumbrances, caveats, or certificates of pending litigation registered against Unit 1703 subsequent to All Canadian Investment Corporation's certificate of pending litigation, but subject to the reservations, provisos, exceptions, and conditions expressed in the original grants thereof from the Crown and subject to any existing tenancies.
3. Vacant possession of Unit 1703, subject to existing tenancies, be delivered to the Purchaser at 10:00 am on the date which is 1 day after completion of the Contract, or such earlier date following completion of the sale, unless extended pursuant to the terms of this order.
4. The net purchase price after the usual adjustments between vendor and purchaser shall be paid to Watson Goepel LLP, in trust, and shall be paid out in accordance with the following priorities and without further order:

- a. first, in payment of any arrears of property taxes, water and sewer rates, interest and penalties thereon;
 - b. second, in payment of real estate commission;
 - c. third, in payment of the expenses of All Canadian Investment Corporation in the amount of \$2,500.00 related to the completion of the sale of Unit 1703;
 - d. fourth in payment to the respondent, the Owners, strata plan EPS4196 (the "Strata") of the Strata's outstanding strata fees and special levies in the total amount of \$8,726.72 (plus such further strata fees and special levies as occur after August 15, 2019 and prior to closing of the Contract) and, pursuant to ss. 116-118 of the *Strata Property Act*, lien fees and disbursements in the amount of \$460.00 and legal fees and disbursements in the amount of \$1,333.33;
 - e. fifth, the balance of the proceeds of the sale, to be paid into court to the credit of this petition and to be held pending further order of this Court.
5. For the purposes of determining the nature and priority of claims to the net proceeds from the sale of Unit 1703, the net proceeds of sale shall stand in the place and stead of Unit 1703, and shall attach to the net proceeds from the sale of Unit 1703 with the same priority as they had with respect to Unit 1703 immediately prior to the sale, as if Unit 1703 had not been sold and remained in the possession or control of All Canadian Investment Corporation.
 6. For the purpose of issuing title in respect of Unit 1703, the following charges, liens, encumbrances, caveats, mortgages, and certificates of pending litigation be cancelled insofar as they apply to Unit 1703:

<u>Party:</u>	<u>Nature of Charge (all <i>inter alia</i>):</u>	<u>Registration Nos.:</u>
All Canadian Investment Corporation	Mortgage with modifications and transfer	CA3154208 CA4229497 CA4318776 CA7421271
All Canadian Investment Corporation	Assignment of rents with modifications and transfer	CA3154209; CA4229498; CA7421272
1110438 B.C. LTD.	Claim of builders lien	CA6289356
1110438 B.C. LTD.	Certificate of pending litigation	CA6645071
All Canadian Investment Corporation	Certificate of pending litigation	CA6718657
The Owners, Strata Plan EPS4196	Strata Property Act lien	CA6840255
Her Majesty the Queen in Right of Canada	Judgment	CA6892027

together with any other charges, liens, encumbrances, caveats, or certificates of pending litigation registered against Unit 1703 subsequent to the certificate of pending litigation of the petitioner, All Canadian Investment Corporation.

7. All Canadian Investment Corporation be at liberty to concur with the Purchaser in extending the completion, possession, and adjustment dates of the sale by up to ten (10) business days.

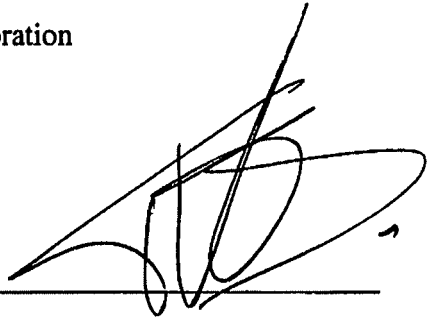
8. The parties may apply for such further direction as may be necessary to carry out this order.

THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:



Signature of Yianni E. Pappas-Acreman
Solicitor for the petitioner, All Canadian Investment Corporation

By the Court.



Registrar



No. H180143
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN:

ALL CANADIAN INVESTMENT CORPORATION

PETITIONERS

AND:

CENSORIO GROUP (AGNES & ELLIOT)
HOLDINGS LTD., CHISA PROPERTIES LTD.,
PETER CENSORIO, CENSORIO GROUP
(PARKING) HOLDINGS LTD., LEAH FUNK, CARL
FUNK, 1110438 B.C. LTD., FISGARD CAPITAL
CORPORATION AND THE OWNERS, STRATA
PLAN EPS4196

RESPONDENTS

Order Made After Application

File No.: 228558-0002
Initials: YPA

YPA

WATSON GOEPEL LLP
Lawyers
#1200 - 1075 West Georgia Street
VANCOUVER, B.C.
V6E 3C9

Tel: (604) 688 1301
Fax: (604) 688 8193

APPENDIX C



No. S1710393
Vancouver Registry

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

AND

IN THE MATTER OF THE *BUSINESS CORPORATIONS ACT*,
S.B.C. 2002, c. 57, AS AMENDED

AND

IN THE MATTER OF THE *CANADA BUSINESS CORPORATIONS ACT*,
R.S.C. 1985, C. c-44, AS AMENDED

AND

IN THE MATTER OF A PLAN OF COMPROMISE AND ARRANGEMENT OF
ALL CANADIAN INVESTMENT CORPORATION

ORDER MADE AFTER APPLICATION

BEFORE THE HONOURABLE) WEDNESDAY, THE 11TH DAY OF
MR. JUSTICE WALKER) SEPTEMBER, 2019.
)

THE APPLICATION of the petitioner, coming on for hearing at Vancouver, British Columbia, on the 11th day of September, 2019, and on hearing Jeremy D. West, counsel for the petitioner, and those other counsel listed on Schedule "A" hereto, AND UPON READING the material filed, including the Affidavit #1 of Kyle Wilson sworn September 6, 2019 (the "Wilson Affidavit"), the Affidavit #1 of Kyle Record sworn September 6, 2019 the ("Record Affidavit") relied upon in this application; AND pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985 c. C-36 as amended (the "CCAA"), the British Columbia Supreme Court Civil Rules and the inherent jurisdiction of this Honourable Court;

THIS COURT ORDERS THAT:

1. The service upon any interested party other than those parties on the service list maintained by the petitioner and the Monitor is hereby dispensed with.
2. The Monitor is hereby authorized, on the terms contained herein, to cause (on appropriate undertakings) the discharge (the "Discharge") of the:
 - a. certificate pending litigation, issued in proceedings commenced by the Petitioner in the Vancouver Registry of the Supreme Court of British Columbia, Action No: S184595; and
 - b. mortgage registration number CA7479965;

registered against title to lands and premises located on Hastings Street, in Burnaby, legally known and described as:

PID 028-874-391

STRATA LOT 1 DISTRICT LOT 122 GROUP 1 NEW WESTMINSTER
DISTRICT

STRATA PLAN EPS675

and

PID 028-874-382

STRATA LOT 2 DISTRICT LOT 122 GROUP 1 NEW WESTMINSTER
DISTRICT

STRATA PLAN EPS675

(collectively, the "Altezza Lands")

3. The authorization provided herein is conditional on the Monitor being provided confirmation that:

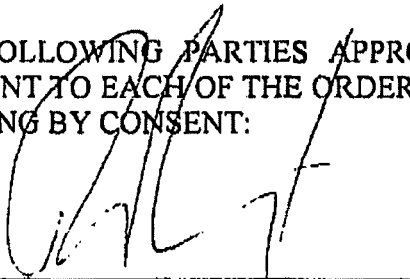
- a. the Contract of Purchase and Sale for Commercial Real Estate dated August 21, 2009 between Altezza Properties Ltd. and 1110303 BC Ltd. for the Altezza Lands (copy of which is attached as Exhibit C to the Wilson Affidavit) (the "Contract") is unconditional; and
- b. the parties to the Contract are ready willing and able to complete the Contract on receipt of the Discharge.

4. The Monitor is also:

- a. authorized, at its discretion, to allow the payment of the outstanding 2017 property taxes, in the amount of \$38,341 (together with any further interest or penalties accruing on that amount) for the property located at 6751 Hastings Street, Burnaby, British Columbia from the sale proceeds of the Altezza Lands: and
- b. is at liberty to apply for directions with respect to any request to utilize the sale proceeds of the Altezza Lands for a payment (in excess of the amount due and owing as at June 28, 2019 together with further costs and interest which may have accrued) on the mortgage and assignment of rents registered against title to the Altezza Lands under registration numbers CA5842620 and CA584261 in favour of Bancorp Growth Mortgage Fund II Ltd., Bancorp Balanced Mortgage Fund II Ltd. and Bancorp Financial Services Inc.

5. The approval of counsel as to form hereto, except for counsel for the Petitioner, is hereby dispensed with.

THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:



Signature of Jeremy D. West
Counsel for the Petitioner

By the Court.



Registrar

Schedule A- List of Counsel Appearing

Doug Hyndman	Counsel for the Monitor