

**Estate No. 11-2642694
Court No. B200207
Vancouver Registry**

**IN THE SUPREME COURT OF BRITISH COLUMBIA
IN THE BANKRUPTCY AND INSOLVENCY**

**IN THE MATTER OF THE NOTICE OF INTENTION
TO MAKE A PROPOSAL OF
B.C. CURRENCY EXCHANGE INC.**

**SUPPLEMENTAL REPORT
TO THE INTERIM RECEIVER'S FIRST REPORT TO THE COURT**

DATED JUNE 24, 2020

A. Introduction

1. On April 30, 2020, B.C. Currency Exchange Inc. (the "**Company**") filed a Notice of Intention to Make a Proposal ("**NOI**") pursuant to paragraph 50.4(1) of the *Bankruptcy and Insolvency Act* ("**BIA**"). McEown and Associates Ltd. was appointed as proposal trustee (the "**Proposal Trustee**") in the NOI proceedings.
2. On May 4, 2020, the Company's largest creditor, Kuzco Lighting Inc. ("**Kuzco**"), commenced a civil action against the Company for amounts due of approximately \$9,000,000 (*Kuzco Lighting Inc. v. B.C. Currency Exchange Inc.*, BCSC Action No. S-204368). Upon being advised of the stay and the NOI proceedings, Kuzco made an application to the Court to have McEown and Associates Ltd. appointed as interim receiver ("**Interim Receiver**") in the NOI proceedings. On May 6, 2020, the Honourable Madam Justice Fitzpatrick granted an Order appointing McEown and Associates Ltd. as Interim Receiver (the "**Interim Receiver Order**").
3. On May 8, 2020 the Company filed a Projected Cash-Flow Statement with the Office of the Superintendent of Bankruptcy (the "**OSB**") as required pursuant to paragraph 50.4(2) of the BIA. The stay of proceedings and the time for filing a proposal in the NOI proceedings was to expire on May 30, 2020.
4. On May 28, 2020 the Proposal Trustee filed its First Report to the Court dated May 27, 2020 in response to the Company's application to Court to request an extension of the stay and time for filing a proposal (the "**Proposal Trustee's First Report**"). The Proposal Trustee's First Report included information with respect to the Interim Receiver's activities and investigations.
5. On May 29, 2020, the Honourable Mr. Justice Sewell granted an Order extending the stay of proceedings in the NOI proceedings to June 29, 2020, on certain conditions including that Mr. Rana Khaliq deliver his shares of the La Voda Project Companies (as defined below) to the Proposal Trustee as security for Mr. Khaliq's undertaking to assign the equity in the La Voda Project Companies for the benefit of the Company's creditors.
6. Mr. Khaliq is the sole director and shareholder of the La Voda Project Companies.
7. On June 9, 2020, Conian Developments Inc. ("**Conian**"), Conian Developments (La Voda) Inc. ("**La Voda**"), Conian Development (La Voda II) Inc. and FLII Construction Ltd. (collectively referred to as the "**La Voda Project Companies**") each filed a NOI pursuant to the BIA. McEown and Associates Ltd. was appointed as proposal trustee in each of the La Voda Project Companies' NOI proceedings.

8. The La Voda Project Companies are in the business of developing a multi-residential rental complex located in Surrey, BC (the "**La Voda Project**").
9. On June 19, 2020, the La Voda Project Companies each filed a Projected Cash-Flow Statement with the Office of the Superintendent of Bankruptcy (the "**OSB**") as required pursuant to paragraph 50.4(2) of the BIA. The stay of proceedings and the time for filing a proposal in their respective NOI proceedings expires on July 11, 2020.
10. On June 23, 2020, the Interim Receiver prepared and served an application to authorize the Interim Receiver to make certain payments from the funds of BCCE to La Voda.
11. On June 24, 2020, the Interim Receiver prepared and served the Interim Receiver's First Report to the Court (the "**Interim Receiver's First Report**").
12. The purpose of this Supplemental Report to the Interim Receiver's First Report to the Court is to provide information to this Honourable Court with respect to:
 - a. the value of the La Voda Project; and
 - b. the secured debts and liabilities of the La Voda Project Companies.
13. Information in respect of these proceedings are posted on the Trustee's website at <https://www.mceownassociates.com/b-c-currency-exchange-inc>.

B. Disclaimer and Terms of Reference

1. Except as specified, in preparing this report the Interim Receiver has obtained and relied upon unaudited, draft and/or internal information which the Company advises has been compiled from the Company's books and records. Where available, the Interim Receiver has reviewed external records and documentation including post-filing banking records, corporate searches and financial statements.
2. Except as otherwise described in this report:
 - a. the Interim Receiver 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 Interim Receiver 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.

3. This report has been prepared solely for the purpose described and readers are cautioned that it may not be appropriate for other purposes.
4. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars.
5. Capitalized terms shall have the same meaning ascribed to them in the Interim Receiver's First Report unless otherwise defined.

C. La Voda Project

1. Pursuant to appraisals obtained by Conian on the two phases of the La Voda Project and the work in progress, the value of the La Voda Project to date can be summarized as follows:

Land Phase I (as at April 14, 2020)	\$13,720,000.00
Work in Progress on Phase I	\$18,000,000.00
Land Phase II (as at April 14, 2020)	\$18,600,000.00
TOTAL	\$50,320,000.00

2. Attached as Appendix A to this report are pages 1 to 6 of the Appraisal for Land Phase I.
3. Attached as Appendix B to this report are pages 1 to 6 of the Appraisal for Land Phase II.
4. Attached as Appendix C to this report is a summary from BTY's Project Monitoring Claim Report dated April 9, 2020 for the La Voda Project. This summary shows the progress of constructions and work in progress.

D. Debts and Liabilities of the La Voda Project Companies

1. The following is a summary of the amounts owed as at July 1, 2020 to the secured creditors and the approximate aggregate amount owed to trade creditors (including lien claimants) as against the La Voda Project:

Romspen Investment Corporation (mortgage)	\$16,517,303.96
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Interim Receiver's First Report to the Court
June 24, 2020

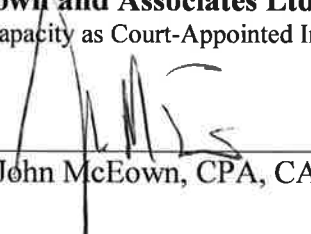
Page 4 of 4

Agit Gill (mortgage)	\$4,173,333.32
Trade Creditors (including lien claimants)	\$4,650,000.00
TOTAL	\$25,340,637.28

2. Individuals and companies who advanced funds on an unsecured basis for the La Voda Project are owed an aggregate amount of approximately \$24.2 million.
3. Based on the foregoing, there is equity in the La Voda Project of approximately \$25 million. The amount of equity is expected to increase if the Phase 1 of the La Voda Project is completed.

McEown and Associates Ltd.

in its capacity as Court-Appointed Interim Receiver



Per: John McEown, CPA, CA, CIRP, LIT

APPENDIX A

Pages 1 to 6 of the Appraisal for Land Phase I

**Appraisal of a
Rental Apartment Development Site**

located at:

**11077 Ravine Road
Surrey, BC**

effective date of valuation:

April 14th, 2020

prepared for:

Conian Developments Inc.



April 24th, 2020

Our Reference #:2004-0453

Conian Developments Inc.
10469 – 125B Street
Surrey, BC
V3V 5A8

Attention: Mr. Rana Khaliq

RE: Appraisal of a Rental Apartment Development Site
Located at 11077 Ravine Road, Surrey B.C.

In accordance with your request, we have completed an appraisal estimating the fair market value of underlying land value of the above referenced property based on an 'as is' basis, as of April 14th, 2020, for potential mortgage financing purposes.

The subject property comprises an irregular shaped site located on the southeast corner of King George Boulevard and the 132nd Street Diversion and the north side of the Ravine Road cul-de-sac. The subject property has approximately ±322 feet of frontage along the 132 Street Diversion, ±107 feet of frontage along King George Boulevard, ±180 feet of frontage along Ravine Road and a return depth of ±319 feet along the southern property boundary according to information taken from the City of Surrey's COSMOS map.

The subject property is zoned CD (Comprehensive Development Zone Bylaw No. 18783), which is intended to accommodate and regulate the development of medium density, multiple unit residential buildings and ground oriented multiple unit residential buildings and related amenity spaces, which are developed in accordance with a comprehensive design

The subject property is designated "Multiple Residential" in the City of Surrey's OCP. This designation is intended to support higher-density residential development including local, neighbourhood-serving commercial and community uses. Densities within this designation can reach a maximum of 2.5 FAR if located within the City Centre Plan. Residential uses in this designation may include apartment buildings (generally up to 6 storeys), higher-density townhouses (typically with underground or structured parking) and supportive housing community care facilities are that are constructed as multiple-family buildings.

The subject property is also designated "Low to Mid Rise (Up to 2.5 FAR)" in the Surrey City Centre Plan.

After consideration of the facts and our analysis, it is our opinion that the market value of the underlying land of the subject property on an 'as is' basis, effective April 14th, 2020, subject to the underlying Assumptions and Limiting Conditions set out herein, is:

THIRTEEN MILLION SEVEN HUNDRED TWENTY THOUSAND DOLLARS
(\$13,720,000)

Our report and addenda are attached and forms the basis of this opinion. We trust this is sufficient for your requirements, but should you require anything further please do not hesitate to contact us.

Respectfully submitted,
L.W. Property Advisors Ltd.



Per: Andrew Bisnar
B.Comm., AACI, P.App
AACI Membership No. 904284
Signed: April 24th, 2020

table of contents

Letter of Transmittal

1.0	SUMMARY OF FACTS	1
2.0	DEFINITION OF THE APPRAISAL EXERCISE	3
3.0	DEFINITION OF TERMS	7
4.0	IDENTIFICATION OF THE SUBJECT PROPERTY	8
5.0	MARKET AREA DESCRIPTION	10
6.0	SITE DESCRIPTION	15
7.0	ZONING AND PLANNING	22
8.0	DESCRIPTION OF THE PROPOSED DEVELOPMENT	26
9.0	HIGHEST AND BEST USE	35
10.0	APPROACHES TO VALUE	38
11.0	LAND VALUATION	39
11.0	LAND RESIDUAL TECHNIQUE	55
12.0	RECONCILIATION	70
13.0	FINAL ESTIMATE OF VALUE	71
14.0	CERTIFICATION	72
15.0	ASSUMPTIONS AND LIMITING CONDITIONS	74

addenda

Appendix "A"	Copy of the Title Information
Appendix "B"	Copy of the CD Zoning Bylaw
Appendix "C"	Copy of the Architectural Plans by Barnett Dembek Architects Inc.
Appendix "D"	Copy of the Building Proforma
Appendix "E"	Qualifications of the Appraiser

1.0 SUMMARY OF FACTS

Effective Date of Valuation:	April 14 th , 2020
Civic Address:	11077 Ravine Road, Surrey, B.C.
Net Site Area:	±53,677 sq.ft. (±1.23 acres) (based on the Architectural Plans prepared by Barnett Dembek Architects Inc.)
Gross Buildable Area for FAR Calculation purposes:	±134,111 sq.ft. (based on the Architectural Plans prepared by Barnett Dembek Architects Inc.)
Net Rentable Area:	±114,560 sq.ft. (based on the Architectural Plans prepared by Barnett Dembek Architects Inc.)
Proposed Development:	One six storey rental apartment building with 156 residential rental suites. The development also includes two levels of underground parking comprising a total of 207 parking stalls
Zoning:	CD (Comprehensive Development Zone Bylaw No. 18783)
Official Community Plan:	Multiple Residential
City Centre Land Use Plan:	Low to Mid-Rise (up to 2.50 FAR)

2020 Property Assessments, 2019 Property Taxes & Gross Site Areas:

Address	Site Area (Sq.Ft.)	Site Area (Acres)	Land	Improvements	2020 Total Value	2019 Property Tax
11077 Ravine Road	53,711	1.23	\$8,056,000	\$18,022,000	\$26,078,000	\$39,452.36
Gross Total:	53,711	1.23	\$8,056,000	\$18,022,000	\$26,078,000	\$39,452.36

Information in the table above is taken from BC Assessment records and Legal Plan EPP73667.

SUMMARY OF FACTS (continued)

Highest and Best Use:	Development of a proposed rental apartment building in accordance with the existing CD (Comprehensive Development Zone Bylaw No. 18783).
Vacant Land Value:	\$13,750,000 (based on \$102.50 per sq.ft., buildable)
Land Residual Value:	\$13,690,000
Income Approach:	\$69,678,044 (as if 100% complete and ready for occupancy)
Final Estimate of Value:	\$13,720,000

Our analysis and value conclusions above assume market exposure under typical market conditions. We are not yet able to comment on the potential impact on value due to the current COVID-19 pandemic and reserve the right to amend our value conclusions when more updated economic data becomes available.

APPENDIX B

Pages 1 to 6 of the Appraisal for Land Phase II

**Appraisal of a
Rental Apartment Development Site**

located at:

**11037 - 11069 Ravine Road &
11054 – 11080 - 132nd Street
Surrey, BC**

effective date of valuation:

April 14th, 2020

prepared for:

Conian Developments Inc.



May 4th, 2020

Our Reference #:2004-0478

Conian Developments Inc.
10469 – 125B Street
Surrey, BC
V3V 5A8

Attention: Mr. Rana Khaliq

RE: Appraisal of a Rental Apartment Development Site

Located at 11037 - 11069 Ravine Road & 11054 – 11080 - 132nd Street, Surrey B.C.

In accordance with your request, we have completed an appraisal estimating the fair market value of underlying land value of the above referenced properties based on an 'as is' basis, as of April 14th, 2020, for potential mortgage financing purposes.

The subject properties comprises an irregular shaped land assembly demised into 7 adjacent lots located on the east side of 132nd Street/the 132nd Street Diversion and the west side of Ravine Road, just north of 110th Avenue. The subject site has approximately ±342 feet of frontage along the 132 Street Diversion, ±368 feet of frontage along Ravine Road, ±257 feet of frontage along the southern site boundary and ±345 feet of frontage along the northern site boundary according to information taken from the City of Surrey's COSMOS map.

The subject properties are generally zoned RF (Single Family Residential) with the exception of 11049 Ravine Road and 11054 - 132nd Street, which are zoned RM-D (Duplex Residential). The RF zoning bylaw is intended to accommodate single family dwellings and the RM-D zoning bylaw is intended to accommodate and regulate duplex dwellings on urban lots.

The subject property is designated "Multiple Residential" in the City of Surrey's OCP. This designation is intended to support higher-density residential development including local, neighbourhood-serving commercial and community uses. Densities within this designation can reach a maximum of 2.50 FAR if located within the City Centre Plan. Residential uses in this designation may include apartment buildings (generally up to 6 storeys), higher-density townhouses (typically with underground or structured parking) and supportive housing community care facilities are that are constructed as multiple-family buildings.

The subject property is also designated "Low to Mid Rise (Up to 2.50 FAR)" in the Surrey City Centre Plan.

After consideration of the facts and our analysis, it is our opinion that the market value of the underlying land of the subject property on an 'as is' basis, effective April 14th, 2020, subject to the underlying Assumptions and Limiting Conditions set out herein, is:

EIGHTEEN MILLION SIX HUNDRED THOUSAND DOLLARS
(\$18,600,000)

Our report and addenda are attached and forms the basis of this opinion. We trust this is sufficient for your requirements, but should you require anything further please do not hesitate to contact us.

Respectfully submitted,
L.W. Property Advisors Ltd.



Per: Andrew Bisnar
B.Comm., AACI, P.App
AACI Membership No. 904284
Signed: May 1st, 2020

table of contents

Letter of Transmittal

1.0	SUMMARY OF FACTS	1
2.0	DEFINITION OF THE APPRAISAL EXERCISE	3
3.0	DEFINITION OF TERMS.....	7
4.0	IDENTIFICATION OF THE SUBJECT PROPERTIES.....	8
5.0	MARKET AREA DESCRIPTION	12
6.0	SITE DESCRIPTION.....	17
7.0	ZONING AND PLANNING.....	24
8.0	DESCRIPTION OF THE PROPOSED DEVELOPMENT	28
9.0	HIGHEST AND BEST USE	41
10.0	APPROACHES TO VALUE	44
11.0	LAND VALUATION.....	45
12.0	LAND RESIDUAL TECHNIQUE.....	60
13.0	RECONCILIATION	76
14.0	FINAL ESTIMATE OF VALUE	77
15.0	CERTIFICATION	78
16.0	ASSUMPTIONS AND LIMITING CONDITIONS.....	82

addenda

Appendix "A"	Copy of the Title Information
Appendix "B"	Copy of the RF and RM-D Zoning Bylaw
Appendix "C"	Copy of the Architectural Plans by Barnett Dembek Architects Inc.
Appendix "D"	Copy of the Building Proforma
Appendix "E"	Qualifications of the Appraiser

1.0 SUMMARY OF FACTS

Effective Date of Valuation:	April 14 th , 2020
Civic Address:	11037 - 11069 Ravine Road & 11054 – 11080 - 132 nd Street, Surrey, B.C.
Gross Site Area:	±102,467 sq.ft. (±2.352 acres) (Based on the architectural plans prepared by Barnett Dembek Architects Inc.)
Net Site Area:	±99,714 sq.ft. (±2.29 acres) (Based on the architectural plans prepared by Barnett Dembek Architects Inc.)
Gross Buildable Area:	±256,168 sq.ft. (Based on the potential development density of 2.50 FAR.)
Gross Buildable Area (Proposed):	±274,210 sq.ft. (Based on a development density of 2.68 FAR and the architectural plans prepared by Barnett Dembek Architects Inc.)
Net Rentable Area:	±230,229 sq.ft. (Taken from the architectural plans prepared by Barnett Dembek Architects Inc.)
Proposed Development:	Three, six storey residential rental apartment/townhouse buildings consisting of 333 units. The development also includes two levels of underground parking comprising a total of 369 parking stalls
Zoning:	RF (Single Family Residential) & RM-D (Duplex Residential)
Official Community Plan:	Multiple Residential
City Centre Land Use Plan:	Low to Mid-Rise (up to 2.50 FAR)

SUMMARY OF FACTS (continued)
2020 Property Assessments, 2019 Property Taxes & Gross Site Areas*:

Address	Site Area (Sq.Ft.)	Site Area (Acres)	Land	Improvements	2020 Total Value	2019 Property Tax
11037 Ravine Road	22,339	0.51	\$2,786,000	\$0	\$2,786,000	\$8,484.86
11049 Ravine Road	21,981	0.50	\$2,757,000	\$0	\$2,757,000	\$8,401.78
11057 Ravine Road	24,200	0.56	\$2,935,000	\$0	\$2,935,000	\$8,922.56
11069 Ravine Road	26,396	0.61	\$3,167,000	\$0	\$3,167,000	\$9,599.88
11054 132nd Street	3,164	0.07	\$752,000	\$0	\$752,000	\$2,526.30
11066 132nd Street	4,333	0.10	\$973,000	\$0	\$973,000	\$3,174.88
11080 132nd Street	1,038	0.02	\$246,000	\$0	\$246,000	\$1,047.07
Gross Total:	103,451	2.37	\$13,616,000	\$0	\$13,616,000	\$42,157.33

*Based on information taken from BC Assessment records.

Highest and Best Use: Development of the proposed residential rental apartment/townhouse development, consistent with the architectural plans prepared by Barnett Dembek Architects Inc., pending rezoning and receipt of the necessary development approvals from the City of Surrey.

Vacant Land Value: \$18,570,000 (based on \$72.50 per sq.ft., buildable)

Land Residual Value: \$18,620,000

Income Approach: \$140,359,438 (as if 100% complete and ready for occupancy)

Final Estimate of Value: \$18,600,000

Our analysis and value conclusions above assume market exposure under typical market conditions. We are not yet able to comment on the potential impact on value due to the current COVID-19 pandemic and reserve the right to amend our value conclusions when more updated economic data becomes available.

APPENDIX C

**Summary from BTY's Project Monitoring Claim Report
dated April 9, 2020**



Loan Advance Recommendation Certificate
 Project: Lavoda Living
 Location: Surrey, BC

CLAIM NO: 1

CODE	ELEMENT	(1) ORIGINAL BUDGET	(2) OVERALL REVISIONS	(3) CURRENT BUDGET (1+2)	(4) PREVIOUS CLAIM	(5) CURRENT CLAIM	(6) TOTAL CLAIM (4+5)	(7) COST TO COMPLETE (3-6)
1000	GENERAL REQUIREMENTS	4,238,570	50,000	4,288,570	1,470,785	227,735	1,698,520	2,590,050
2000	SITE WORK	2,465,794	0	2,465,794	1,456,094	88,375	1,544,469	921,325
3000	CONCRETE	3,552,558	305,387	3,857,945	1,890,254	1,106,202	2,996,457	861,488
4000	MASONRY	230,683	0	230,683	0	9,004	9,004	221,679
5000	METALS	714,820	59,561	774,381	30,000	26,182	56,182	718,199
6000	WOOD & PLASTICS	4,723,132	241,985	4,965,117	0	409,495	409,495	4,555,622
7000	THERMAL & MOISTURE	1,459,162	0	1,459,162	13,600	0	13,600	1,445,562
8000	DOORS & WINDOWS	1,656,852	0	1,656,852	11,708	1,661	13,389	1,643,463
9000	FINISHES	2,980,996	0	2,980,996	0	0	0	2,980,996
10000	SPECIALTIES	101,138	0	101,138	0	0	0	101,138
11000	EQUIPMENT	794,370	0	794,370	0	0	0	794,370
12000	FURNISHINGS	74,070	0	74,070	0	0	0	74,070
14000	CONVEYING SYSTEMS	540,000	0	540,000	157,202	0	157,202	382,798
15000	MECHANICAL	4,066,520	0	4,066,520	263,250	116,836	380,086	3,686,435
16000	ELECTRICAL	1,834,176	0	1,834,176	85,412	155,769	241,181	1,592,995
	SUBTOTAL CONTRACT WORKS	29,432,841	656,933	30,089,774	5,378,306	2,141,279	7,519,584	22,570,190
17000	NON CONTRACT WORKS	185,000	0	185,000	0	0	0	185,000
	TOTAL CONSTRUCTION	29,617,841	656,933	30,274,774	5,378,306	2,141,279	7,519,584	22,755,190
20000	LAND	14,000,000	0	14,000,000	14,000,000	0	14,000,000	0
21000	CONSULTANTS	1,838,917	174,278	2,013,195	1,395,473	87,731	1,483,204	529,991
22000	DEVELOPMENT	1,670,257	0	1,670,257	1,135,610	64,512	1,200,122	470,135
23000	GOVERNMENT TAXES & LEVIES	4,943,607	0	4,943,607	4,522,515	135	4,522,650	420,958
24000	MARKETING	1,151,649	5,480	1,157,129	663,651	5,480	669,131	487,998
25000	FINANCING	5,067,479	0	5,067,479	2,944,980	384,187	3,329,168	1,738,311
26000	CONTINGENCY	1,360,250	(236,691)	1,123,560	0	0	0	1,123,560
	TOTAL DEVELOPMENT	30,032,159	(236,691)	29,795,226	24,862,230	542,044	25,204,274	4,770,952
	TOTAL PROJECT COSTS	59,650,000	600,000	60,250,000	30,040,536	2,683,323	32,723,859	27,526,141