

**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 TWELFTH REPORT TO COURT

APRIL 24, 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. Unentered Order of The Honourable Mr. Justice Walker dated March 26, 2019
- B. Unentered Order of The Honourable Mr. Justice Walker dated April 5, 2019

A. INTRODUCTION

1. This report (the “**Twelfth 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 Twelfth Report is to provide the Court with:
 - a) an update on the Petitioner’s activities since January 21, 2019;

 - b) an update on the Monitor’s activities since January 21, 2019;

 - c) the Actual Cash Flow Statement from November 27, 2017 to March 31, 2019;

 - d) an update on the Petitioner’s orderly wind-down of the business;

 - e) an update on Court applications and Orders granted;

 - f) an update on the BDO application for security for costs;

 - g) Petitioner’s application to extend the stay of proceedings; and

 - h) 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. ACTIVITIES OF THE PETITIONER SINCE JANUARY 21, 2019

6. Since the date of the Monitor's Eleventh Report, Management and its legal counsel's activities have included the following all as described in greater detail in Donald Bergman's Affidavit #11:
 - a) Providing the Monitor with information with respect to the Loan Portfolio and real estate holdings;
 - b) Providing the Monitor with regular updates of the cash receipts and disbursements;
 - c) Communicating with the Monitor and counsel for the Censorio Group of Companies regarding the Beta and Altezza property listings and offers received;
 - d) Working with counsel for the Censorio Group of Companies to arrange appropriate security for the Loan Portfolio assets, including the preparation and execution of registerable mortgages and directions to pay and arrangements for registration of same;
 - e) Preparing for and attending at Court regarding the application of Lakes, Whyte LLP to be appointed as representative counsel for the preferred shareholders;
 - f) Communicating with stakeholders regarding the CCAA proceedings;
 - g) Responding to requests for information by the BCSC; and
 - h) Preparing materials for the application to Court to extend the stay of proceedings.

D. ACTIVITIES OF THE MONITOR SINCE JANUARY 21, 2019

7. Since the date of the Monitor's Eleventh Report, the Monitor and its legal counsel have undertaken, amongst other things, the following activities:
- a) Communicating with the Petitioner and its legal counsel regarding efforts being made to recover on the Loan Portfolio and the listing activity/offers on Properties listed for sale;
 - b) Communicating with the Petitioner and counsel for the Censorio Group of Companies regarding the preparation and registration of mortgages on the Censorio properties;
 - c) Monitoring the Petitioner's cash receipts and disbursements;
 - d) Communicating with the Petitioner's stakeholders, responding to their enquiries and assisting certain preferred shareholders in communicating with other preferred shareholders;
 - e) Communicating with counsel for the DIP Lender with respect to the DIP loan repayment and associated fees;
 - f) Preparing for and attending Court hearing with respect to the appointment of representative counsel for the preferred shareholders;
and
 - g) Preparing the Monitor's Twelfth Report to the Court in the CCAA Proceedings.

E. MONITOR'S REPORT ON CASH FLOW STATEMENT

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

	Actual to Dec-18	Actual Jan-19 to Mar-19	Actual to Mar-19
Actual Cash Inflows			
Mortgage Interest Payments	\$ 74,515	\$ -	\$ 74,515
Mortgage Paydowns	1,140,318	-	1,140,318
Sale of Real Properties	1,075,279	-	1,075,279
Repayment of Stonewater Motel Loan	1,315,797	-	1,315,797
DIP Financing Proceeds	1,500,000	-	1,500,000
Interest	-	613	613
	5,105,909	613	5,106,521
Actual Cash Outflows			
<i>Operations</i>			
Management Fees	379,667	10,000	389,667
Bank Charges	1,380	300	1,680
Auditor Fees	30,017	-	30,017
Monitor's Fees/Disbursements	216,082	25,669	241,752
Legal Fees/Disbursements (Monitor's counsel)	90,189	13,651	103,839
Legal Fees/Disbursements (Petitioner's counsel)	441,179	10,188	451,367
Appraisal Fee	10,004	-	10,004
DIP Loan Fees & Expenses	211,200	-	211,200
DIP Loan Interest	137,370	-	137,370
Property Taxes and Utilities	13,533	575	14,109
GST	19,750	-	19,750
Other Miscellaneous Expense	1,671	3,512	5,183
	1,552,042	63,896	1,615,938
<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	(524)	(63,283)	(63,807)
Opening Cash Position	69,134	68,610	69,134
Closing Cash Position	\$ 68,610	\$ 5,327	\$ 5,327

9. As previously advised, the restructuring professionals have agreed to defer payment of their professional fees incurred since January 2019 until funds are available from the sale of real properties and/or recovery from the loan portfolio.

10. The Monitor is satisfied that the future cash inflows from the sale of real properties and recovery from the loan portfolio will provide sufficient funds to cover the ongoing restructuring costs, pay the current creditors in full and provide some recovery to the preferred shareholders.

F. PETITIONER'S ORDERLY WIND-DOWN OF THE BUSINESS

Real Property Update

11. Since the Monitor's last report on January 21, 2019 the Petitioner has continued its efforts to sell real properties and realize on its loan portfolio.
12. The efforts of the Petitioner have resulted in the following:
 - The sale of the office component of the Beta property for \$2,100,000 completed in March 2019. The net sale proceeds were used firstly to payout Blueshore Financial Credit Union, the first priority mortgagee and secondly to significantly paydown Bancorp Financial Services Inc., the second priority mortgagee.
 - A purchase and sale agreement has been entered into for 1406 – 188 Agnes Street, New Westminster for a sale price of \$395,000. All subjects were removed and a Court hearing is set for April 25, 2019 to approve the sale. The sale will close 20 days following Court approval. The net sale proceeds will be paid into Court pending determination of the priority of outstanding GST debt of the borrower of approximately \$2,200,000.
 - A purchase and sale agreement has been entered into for the retail component of the Beta property. The sale price is \$2,200,000. The Purchaser has until April 29, 2019 to remove subjects.

G. APPLICATION BY PREFERRED SHAREHOLDERS

13. On behalf of certain preferred shareholders, Hans-Uwe Andresen and Linda Riesterer an application was made on March 26, 2019 and The Honorable Mr. Justice Walker made the following Orders:
- a) Lakes, Whyte LLP ("**Representative Counsel**") was appointed as representative counsel for preferred shareholders of the Petitioner;
 - b) Representative Counsel was granted a charge of \$73,396.00 over the property of the Petitioner in respect of its anticipated fees, disbursements, and taxes thereon incurred as a result of performing the services described in the fee budget attached hereto as Schedule A to the March 26, 2019 Order (the "**Order**") (the "**Representative Counsel's Charge**").
 - c) The Representative Counsel's Charge ranks in priority over the claims by all creditors and other charges, except for claims by creditors that are known as of the date of the Order. For clarity, the Representative Counsel's Charge is subordinate to the Administration Charge, the Interim Lender's Charge, the Director's Charge, and any other obligation of the Petitioner set out in the Order of the Court pronounced on November 10, 2017.
14. On behalf of certain preferred shareholders, Hans-Uwe Andresen and Linda Riesterer (the "**Applicants**"), an application was made on April 5, 2019 and The Honorable Mr. Justice Walker made the following Orders:
- a) Lakes, Whyte LLP (the "**Redeeming Shareholder Counsel**") was appointed as representative counsel for those persons owning preferred shares in the capital of the Petitioner who took all necessary steps to submit a valid redemption request to the Petitioner at a time when reasonable grounds did not exist to believe that the Petitioner was insolvent, or that honouring a redemption request would make the Petitioner insolvent, and such other preferred shareholders as the Court may determine have analogous claims against the Petitioner (collectively, the "**Redeeming Shareholders**").
 - b) Richards Buell Sutton LLP (the "**Non-Redeeming Shareholder Counsel**") was appointed as representative counsel for those persons owning preferred shares in the capital of the Petitioner other than the Redeeming Shareholders.

- c) The Representative Counsel Charge was amended to charge the assets of the Petitioner for the benefit of both the Redeeming Shareholder Counsel and the Non-Redeeming Shareholder Counsel (together, the "**Representative Counsel**"), to secure their anticipated cumulative fees, disbursements, and taxes incurred as a result of performing legal services in connection with the Petitioner's Notice of Application filed January 24, 2019 in the Proceedings (the "**Preferred Shareholder Application**"), in such amounts agreed between them or to be set by further order of this Court.
15. A hearing to determine the status of the preferred shareholders was scheduled to commence on April 24, 2019 but has been adjourned to June 17, 2019 for three days.
16. There is a hearing scheduled for Friday April 26, 2019 at which time:
- a) the Petitioner will be requesting an extension of the stay to September 12, 2019; and
 - b) Redeeming Shareholder Counsel will be presenting an updated budget and seeking an increase in the amount of the Representative Counsel's Charge.

H. BDO APPLICATION FOR SECURITY FOR COSTS

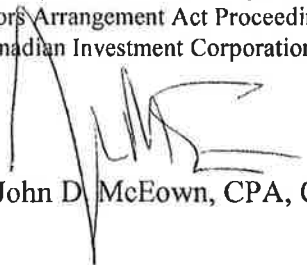
17. The Monitor has been advised that the awarded security for costs of \$132,042 is held in the trust account of counsel for the Plaintiffs pursuant to Court Order.

I. CONCLUSIONS AND RECOMMENDATIONS

18. The Monitor is satisfied that progress is being made towards a formal restructuring plan.
19. The Monitor recognizes that the determination of the classification/priority of preferred shareholders that have requested redemption is required before the Plan can be formalized. This matter is now scheduled to be heard on June 17 to June 19, 2019
20. The Petitioner has requested an extension of the stay of proceeding until September 12, 2019 which the Monitor supports as a reasonable request.
21. The Monitor is of the view that the Petitioner is continuing to act in good faith and that the stakeholders will not be prejudiced by the extension being sought by the Petitioner.

DATED at the City of Vancouver, British Columbia, this 24th day of April, 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

**Unentered Order of
The Honourable Mr. Justice Walker
dated March 26, 2019**

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 MR. JUSTICE WALKER } 26/Mar/2019

ON THE APPLICATION of Hans-Uwe Andresen and Linda Riesterer (the "**Applicants**"), coming on for hearing at Vancouver, British Columbia on March 26, 2019; AND ON HEARING John D. Whyte, and Clark T. Hartnett, counsel for the Applicants, Jeremy D. West, counsel for the Petitioner, and Douglas B. Hyndman, counsel for the Monitor, Boale, Wood & Company Ltd. (the "**Monitor**"); AND UPON READING the materials filed; 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 DIRECTS that:

- 1 Lakes, Whyte LLP ("**Representative Counsel**") is appointed as representative counsel for preferred shareholders of the Petitioner for these proceedings.
- 2 Representative Counsel is granted a charge of \$73,396.00 over the property of the Petitioner in respect of its anticipated fees, disbursements, and taxes thereon incurred as a result of performing the services described in the fee budget attached hereto as Schedule A (the "**Representative Counsel's Charge**").
- 3 The Representative Counsel's Charge ranks in priority over the claims by all creditors and other charges, except for claims by creditors that are

known as of the date of this Order. For clarity, the Representative Counsel's Charge shall be subordinate to the Administration Charge, the Interim Lender's Charge, the Director's Charge, and any other obligation of the Petitioner set out in the Order of this Court pronounced on November 10, 2017 (the "Initial Order").

- 4 Representative Counsel, on behalf of the preferred shareholders, may file and serve an Application Response and affidavit materials in support in response to the Notice of Application filed by the Petitioner, by April 3, 2019 at 4:00 pm.
- 5 Representative Counsel is at liberty to apply to the Court for further direction.
- 6 The approval of counsel as to form listed in Schedule "A" hereto, except for counsel for the Applicants, 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 John D. Whyte
 party lawyer for the Applicants

By the Court.

Registrar

Schedule "A" – List of Counsel Appearing

John D. Whyte & Clark T. Hartnett	The Applicants, Hans- Uwe Andresen and Linda Riesterer
Jeremy D. West	The Petitioner
Douglas B. Hyndman	The Monitor

APPENDIX B

**Unentered Order of
The Honourable Mr. Justice Walker
dated April 5, 2019**

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 MR. JUSTICE WALKER } 5/Apr/2019

ON THE APPLICATION of Hans-Uwe Andresen and Linda Riesterer (the "**Applicants**"), coming on for hearing at Vancouver, British Columbia on April 5, 2019; AND ON HEARING John D. Whyte, counsel for the Applicants, Liam Oster, counsel for the Petitioner, and Douglas B. Hyndman, counsel for the Monitor, Boale, Wood & Company Ltd. (the "**Monitor**"); AND UPON READING the materials filed; AND pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985 c. C-36 as amended (the "CCA"), the British Columbia *Supreme Court Civil Rules* and the inherent jurisdiction of this Honourable Court:

THIS COURT ORDERS AND DIRECTS that:

- 1 The Order of this Court pronounced in these proceedings by the Honourable Mr. Justice Walker on March 26, 2019 (the "**Representation Order**") be varied to provide that:
 - a) Lakes, Whyte LLP (the "**Redeeming Shareholder Counsel**") is appointed as representative counsel for those persons owning preferred shares in the capital of the Petitioner who took all necessary steps to submit a valid redemption request to the Petitioner at a time when reasonable grounds did not exist to believe that the Petitioner was insolvent, or that honouring a

redemption request would make the Petitioner insolvent, and such other preferred shareholders as the Court may determine have analogous claims against the Petitioner (collectively, the **“Redeeming Shareholders”**).

- b) Richard Bell Sutton LLP (the **“Non-Redeeming Shareholder Counsel”**) is appointed as representative counsel for those persons owning preferred shares in the capital of the Petitioner other than the Redeeming Shareholders.
 - c) The Representative Counsel Charge is amended to charge the assets of the Petitioner for the benefit of both the Redeeming Shareholder Counsel and the Non-Redeeming Shareholder Counsel (together, the **“Representative Counsel”**), to secure their anticipated cumulative fees, disbursements, and taxes incurred as a result of performing legal services in connection with the Petitioner’s Notice of Application filed January 24, 2019 in these Proceedings (the **“Preferred Shareholder Application”**), in such amounts agreed between them or to be set by further order of this Court.
- 2 Representative Counsel, on behalf of the preferred shareholders, may file and serve an Application Response and affidavit materials in support in response to the Notice of Application filed by the Petitioner, by April 10, 2019 at 4:00 pm.
 - 3 Representative Counsel are at liberty to apply to the Court for further direction.
 - 4 The approval of counsel as to form listed in Schedule “A” hereto, except for counsel for the Applicants, 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 John D. Whyte
 party lawyer for the Applicants

By the Court.

Registrar

Schedule "A" – List of Counsel Appearing

John D. Whyte	The Applicants, Hans-Uwe Andresen and Linda Riesterer
Liam C. Oster	The Petitioner
Douglas B. Hyndman	The Monitor

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IN THE MATTER OF THE ***CANADA BUSINESS CORPORATIONS ACT***, R.S.C. 1985,
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AND

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

**ORDER MADE
AFTER
APPLICATION**

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