



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 FOURTH REPORT TO COURT**

**June 8, 2018**

**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**

## TABLE OF CONTENTS

A. INTRODUCTION .....	2
B. DISCLAIMER AND TERMS OF REFERENCE .....	3
C. ACTIVITIES OF THE PETITIONER SINCE MAY 11, 2018.....	4
D. ACTIVITIES OF THE MONITOR SINCE MAY 11, 2018 .....	5
E. CASH FLOW STATEMENT AND CASH FLOW VARIANCE ANALYSIS .....	6
F. MONITORS REVIEW OF PETITIONER’S ASSETS .....	8
G. DEBTOR IN POSSESSION FINANCING.....	10
H. RESTRUCTURING PLAN AND REQUEST FOR EXTENSION OF STAY .....	11
J. CONCLUSIONS AND RECOMMENDATIONS .....	13

### **Appendices**

**A. Cash Flow Statement**

**B. Cash Flow Variance Analysis**

**C. Schedule of Assets**

## A. INTRODUCTION

1. This report (the “Fourth Report”) is filed by Boale, Wood & Company Ltd. 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 Fourth Report is to provide the Court with:
  - a) an update on the Petitioner’s activities since April 11, 2018;
  - b) an update on the Monitor’s activities since April 11, 2018;
  - c) an updated Cash Flow Statement for the period November 27, 2017 to May 31, 2018 and Cash Flow Variance Analysis for the period April 1, 2018 to May 31, 2018;
  - d) the Monitor’s review of the Petitioner’s assets;
  - e) the Monitor’s view on the Petitioner’s Restructuring Plan (the “Plan”) and request for a further extension of the Stay; and
  - f) the Monitor’s conclusions and recommendations.

## **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 AFDI, the management company (“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 MAY 11, 2018

6. Since the date of the Monitor's last report, Management's activities have included the following:
  - a) Updating the Monitor on information with respect to the Loan Portfolio and real estate holdings;
  - b) Providing the Monitor with weekly updates of the cash receipts and disbursements;
  - c) Continuing to communicate with borrowers in an effort to expedite repayment of both principal and loan interest payments, including instructing legal counsel to commence legal proceedings with respect to certain loans;
  - d) Attending to the registration of all unregistered mortgages held by the Petitioner as security for the Loan Portfolio and initiating enforcement proceedings of its security interest in real property that secures the Loan Portfolio as required pursuant to the Court Order dated April 11, 2018 in the CCAA Proceedings (the "Court Order");
  - e) Following up on the sale transactions of real properties owned by certain Censorio companies;
  - f) Communicating with stakeholders regarding the CCAA proceedings;
  - g) Completing the DIP financing approved by the Court Order; and
  - h) Assisting legal counsel with information required in preparation for the applications to Court to extend the stay of proceedings.

#### **D. ACTIVITIES OF THE MONITOR SINCE MAY 11, 2018**

7. Since the date of our last report, the Monitor has undertaken, amongst others things, the following activities:
- a) Consulting with Management and reviewing information received with respect to the Loan Portfolio, Real Property and the CCAA Proceedings;
  - b) Seeking further information on Management's proposed Plan;
  - c) Monitoring the Petitioner's cash flow receipts and disbursements;
  - d) Following up on information requested from the Petitioner and its borrowers with respect to the Loan Portfolio;
  - e) Ensuring the Petitioner complies with the Court Order including the registration of mortgages held by the Petitioner as security for the Loan Portfolio and initiating enforcement proceedings of its security interest in real property that secures the Loan Portfolio;
  - f) communicating with the Petitioner's stakeholders, including responding to enquiries as received; and
  - g) preparing the Fourth Report to the Court in the CCAA Proceedings.

## **E. CASH FLOW STATEMENT AND CASH FLOW VARIANCE ANALYSIS**

8. The Monitor has attached as Appendix A to this report a Cash Flow Statement for the period November 27, 2017 to March 31, 2018.
9. The Monitor has attached as Appendix B to this report a Cash Flow Variance Analysis for the period April 1, 2018 to May 31, 2018 comparing the Actual Cash Flow to Management's projected Cash Flow for this period.
10. Management had projected cash inflows including mortgage payouts/paydowns of approximately \$800,000 on the assumption that at least one condominium unit in the "Elliot" development located at 188 Agnes Street in New Westminster (the "New Westminster Condos") would sell in this period. This did not happen, resulting in a negative variance of approximately \$822,000.
11. Actual cash outflows were generally in line with Management's projected cash outflows with the exception of legal fees that were approximately \$50,000 higher than projected and management fees that were \$30,000 lower than projected as a result of the reduced management fee requested by the Monitor and imposed by the Court Order.
12. Management projected cash outflows of \$670,000 to repay unsecured debt. As no cash inflows were generated from the sale of the New Westminster Condos, there were no funds that could be used to make any payments towards the unsecured debt. It should be noted that any payment towards the unsecured debt would have to be paid pursuant to a plan of arrangement approved by the Stakeholders and the Court.

13. The closing cash balance at May 31, 2018 of \$322,521 will be sufficient to cover the ongoing management and restructuring costs to the proposed extension date of September 7, 2018.
  
14. An updated Cash Flow Forecast for the Petitioner has been attached as Exhibit "D" to Affidavit # 6 of Don Bergman in these proceedings. The Monitor has not had sufficient time to review this cash flow forecast and therefore provides no comment. The Monitor will be providing a separate report on the updated Cash Flow Forecast which will be filed and circulated in due course. Given the Monitor's conclusion that there are currently sufficient funds available to cover the restructuring costs through to September 7, 2018, the Monitor's report on the updated Cash Flow Forecast will not impact on the Petitioner's requested extension.



## F. MONITORS REVIEW OF PETITIONER'S ASSETS

15. The Monitor has attached as Appendix C to this report a Schedule of Assets that has been prepared from information provided to the Monitor by the Petitioner.
16. The Schedule of Assets provides the loan balances and Management's estimates of the following:
  - a) the estimated value of the real property held as security for the loans;
  - b) the estimated loan repayment from the real property held as security after payment of prior registered encumbrances;
  - c) the unsecured loan amounts expected by Management to be recovered; and
  - d) Management's estimated realization from the sale of the real property owned by the Petitioner.
17. The Schedule of Assets also includes appraisal and BC assessment values used by Management to estimate the real property values.
18. Assuming the Petitioner has now validly secured its interest in the real properties held as security for the Loan Portfolio and there are no other unregistered secured interests that would rank in priority to the Petitioner's security, the overall recovery from the real property the Petitioner holds as security is estimated to be between \$14,900,000 and \$20,200,000.
19. Management estimates the recovery from its unsecured loans to be between \$1,300,000 and \$3,200,000. Given the nature of unsecured obligations and possible difficulties in recovery, the Monitor is unable to comment on these expected recoveries.

20. Management estimates the recovery from the real property owned by the Petitioner to be between \$2,300,000 and \$2,800,000.
21. The Monitor is satisfied that the Petitioner is currently aggressively pursuing the sale of the real properties owned by the Petitioner and that the best time to sell these recreational properties is during the summer months.
22. The overall recovery that Management conservatively estimates from the Assets can be summarized as follows:

	<b>High</b>	<b>Low</b>
Recovery from real property held as loan security	\$20,200,000	\$14,900,000
Recovery from Unsecured Loans	\$3,200,000	\$1,300,000
Recovery from Real Property	\$2,800,000	\$2,300,000
	<b>\$26,200,000</b>	<b>\$18,500,000</b>

23. The above recovery estimates do not include recoveries that the Petitioner will be pursuing from the Borrower's and/or Guarantors of the secured loans.
24. The recoveries from the Assets will be paid out to all Stakeholders, including creditors and investors, pursuant to the Petitioner's plan of arrangement.

## G. DEBTOR IN POSSESSION FINANCING

25. Following the Court Order approval of the DIP financing, funds of \$1,500,000 was advanced by the DIP lender, RC Morris & Company, and disbursed as follows:

DIP Loan Amount	\$2,000,000.00
Less interest reserve held by lender	<u>(\$500,000.00)</u>
Loan Advance	\$1,500,000.00
Less Payout of Fisgard loan	(\$860,684.00)
Less RC Morris Loan fees/expenses	<u>(\$120,000.00)</u>
Balance to ACIC	\$519,316.00

26. The net funds advanced to the Petitioner will be used to cover the ongoing restructuring costs.

## H. RESTRUCTURING PLAN AND REQUEST FOR EXTENSION OF STAY

27. During the course of the CCAA proceedings the Monitor has expressed concerns with respect to the following:
- a) The need for the Petitioner to aggressively pursue the sale of the Real Property to provide funds to pay out the secured creditors in full, provide funding for ongoing restructuring costs and potentially make and distribution to the unsecured creditors;
  - b) The excessive management fee as the only ongoing business activity of Management is to administer the Loan Portfolio and sell the Real Property;
  - c) The need to register all unregistered mortgages that the Petitioner holds; and
  - d) Management's lack of progress with respect to formalizing its restructuring plan.
28. The Monitor is satisfied that the Petitioner has taken appropriate steps to satisfy the Monitor's concerns as outlined in items a, b and c above.
29. The Monitor recognizes that Management, during the recent short extension period, has focused on the DIP financing and registering its' security interest in properties held as security for its Loan Portfolio.
30. The Monitor is also satisfied that, based on the activities of the Petitioner as outlined in Mr. Bergman's affidavit # 6, the Petitioner is now being proactive in taking steps to expedite the repayment of its Loan Portfolio which is the essence of the Plan.

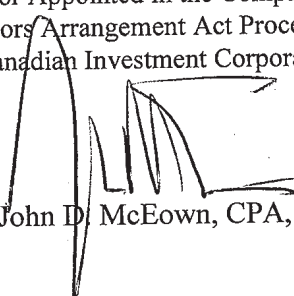
31. The Monitor has received more information from the Petitioner with respect to each of the loans in the Loan Portfolio that has assisted the Monitor in evaluating the Loan Portfolio which is included in this report.
32. The Petitioner is anticipating a significant recovery from the Censorio loans in the next two months assuming that the contracted sales of the Censorio properties complete.
33. The Monitor's expectation is that if the Petitioner is given the requested extension to September 7, 2018, it will make substantial progress towards finalizing the Plan to include a claims process and determination of the creditor/shareholder classes for purpose of distributions under the Plan.

## J. CONCLUSIONS AND RECOMMENDATIONS

34. During this stay period the Monitor is satisfied that the Petitioner has continued to work diligently in providing information requested by the Monitor.
35. The Petitioner has requested that the stay be extended to September 7, 2018 to allow time to develop a plan for the stakeholders.
36. The Monitor is of the view that the Petitioner has been cooperative and has acted in good faith and with due diligence.
37. Based on the information currently available, the Monitor believes that the extension being sought by the Petitioner is reasonable and appropriate.
38. The Monitor is of the view that the stakeholders will not be prejudiced by the further extension sought. Accordingly, the Monitor respectfully recommends that the Court grant a further extension to September 7, 2018.

DATED at the City of Vancouver, British Columbia, this 8<sup>th</sup> day of June, 2018.

**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**

### **Cash Flow Statement**

**ALL CANADIAN INVESTMENT CORPORATION**  
**CASH FLOW STATEMENT**  
**From November 27, 2017 to May 31, 2018**

<b>Cash Inflows</b>		
Mortgage Interest Payments	\$	1,746
Mortgage Payouts/Paydowns		1,139,000
Sale of Lee Road Property		395,641
DIP Financing Proceeds		1,500,000
<b>Total Inflows</b>		<u>3,036,387</u>
<b>Cash Outflows</b>		
<b>Operations</b>		
Management Fees (AFDI)		240,000
Bank Charges		564
Auditor Fees		26,250
Monitor's Fees		70,366
Legal Fees - Monitor's legal counsel		21,143
Legal Fees - Company's legal counsel		215,283
RC Morris & Company - Loan Fees & Expenses		211,200
RC Morris - Interest Payment - Dip Financing		23,144
Property Tax and Utilities		13,533
GST Remitted		19,750
Office photocopies		302
Pest Control		378
		<u>841,913</u>
<b>Secured Debt Repayment</b>		
Van Maren Financial		554,512
Fisgard Capital		1,386,575
		<u>1,941,087</u>
<b>Total Outflows</b>		<u>2,783,000</u>
<b>Net Cash Inflows (Outflows)</b>		253,387
<b>Opening Cash Position</b>		<u>69,134</u>
<b>Closing Cash Position</b>	\$	<u>322,521</u>



## **APPENDIX B**

### **Cash Flow Variance Analysis**

**ALL CANADIAN INVESTMENT CORPORATION**  
**Cash Flow Variance Analysis**  
**From April 1 to May 31, 2018**

	Projected Apr-18 to May-18	Actual Apr-18 to May-18	Variance Positive (Negative)
<b>Cash Inflows</b>			
Mortgage Interest Payments	\$ 2,358	\$ -	\$ (2,358)
Mortgage Payouts/Paydowns	857,542	35,000	(822,542)
DIP Financing Proceeds	1,500,000	1,500,000	-
<b>Total Inflows</b>	<u>2,359,900</u>	<u>1,535,000</u>	<u>(824,900)</u>
<b>Cash Outflows</b>			
<b>Operations</b>			
Management Fees (AFDI)	80,000	50,000	30,000
Bank Charges	210	174	36
Auditor Fees	-	-	-
Monitor & Monitor's legal counsel fees	45,000	51,988	(6,988)
Legal Fees - Company's legal counsel	70,000	120,647	(50,647)
RC Morris & Company - Loan Fees & Expenses	200,000	161,200	38,800
RC Morris - Interest Payment - Dip Financing	22,708	23,144	(436)
Property Tax and Utilities	-	13,533	(13,533)
	<u>417,918</u>	<u>420,686</u>	<u>(2,768)</u>
<b>Debt Repayments</b>			
Van Maren Financial - Secured	-	-	-
Fisgard Capital - Secured	850,000	860,684	(10,684)
Unsecured Debt Repayment	670,000	-	670,000
	<u>1,520,000</u>	<u>860,684</u>	<u>659,316</u>
<b>Total Outflows</b>	<u>1,937,918</u>	<u>1,281,370</u>	<u>656,548</u>
<b>Net Cash Inflows (Outflows)</b>	421,982	253,630	(168,352)
<b>Opening Cash Position</b>	<u>68,891</u>	<u>68,891</u>	<u>-</u>
<b>Closing Cash Position</b>	<u>\$ 490,873</u>	<u>\$ 322,521</u>	<u>\$ (168,352)</u>

# **APPENDIX C**

## **Schedule of Assets**

**ALL CANADIAN INVESTMENT CORPORATION**  
**Loan Portfolio & Real Property Schedule**

	Balance Owed Feb 2018		Estimated Value of Property		Prior Charges		Repayment from Property		Unsecured Loan Recovery		Total Loan Recovery	
	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low
<b>Secured Loans</b>												
Censorio Group of Companies	\$ 28,338,580	\$ 45,500,000	\$ 40,500,000	\$ 40,500,000	\$ 27,206,174	\$ 18,293,826	\$ 13,293,826	\$ -	\$ -	\$ 18,293,826	\$ 13,293,826	
Other	5,702,827	2,500,000	1,700,000	1,700,000	-	1,871,779	1,571,779	-	-	1,871,779	1,571,779	
	34,041,407	48,000,000	42,200,000	42,200,000	27,206,174	20,165,605	14,865,605	-	-	20,165,605	14,865,605	
	3,466,283	-	-	-	-	-	-	3,271,841	1,280,126	3,271,841	1,280,126	
<b>Unsecured Loans</b>												
<b>Total</b>	\$ 37,507,690	\$ 48,000,000	\$ 42,200,000	\$ 42,200,000	\$ 27,206,174	\$ 20,165,605	\$ 14,865,605	\$ 3,271,841	\$ 1,280,126	\$ 23,437,446	\$ 16,145,731	
<b>Real Property</b>												
Pender Harbour												
Packalen Blvd.		750,000	600,000	600,000	-	750,000	600,000			750,000	600,000	
Packalen Blvd.		750,000	600,000	600,000	-	750,000	600,000			750,000	600,000	
Packalen Blvd.		1,200,000	1,000,000	1,000,000	-	1,200,000	1,000,000			1,200,000	1,000,000	
Lee Rd.		90,000	75,000	75,000	-	90,000	75,000			90,000	75,000	
	2,790,000	2,275,000	2,275,000	2,275,000	-	2,790,000	2,275,000			2,790,000	2,275,000	
<b>Total</b>	\$ 37,507,690	\$ 50,790,000	\$ 44,475,000	\$ 44,475,000	\$ 27,206,174	\$ 22,955,605	\$ 17,140,605	\$ 3,271,841	\$ 1,280,126	\$ 26,227,446	\$ 18,420,731	

**Real Property Value Indicators**

**Censorio Group of Companies Properties**

	Appraised Value	BC Assessed Value
Agnes & Elliot	n/a	2,291,000
Chisa Holdings & Properties	4,900,000	4,523,000
Hastings & Beta (Altezza)	4,800,000	4,291,000
Hastings 4223 & Carleton	18,310,000	n/a
Hastings 4719 (Beta)	5,600,000	4,742,000
Hastings 6715 (Sperling)	8,800,000	4,081,000

**Other**

Leasehold Land Conklin Alberta	n/a	n/a
Residential/Commercial Land Estevan, Sask.	n/a	n/a
Stonewater Hotel	n/a	1,522,000

**Real Property**

Packalen Blvd.	900,000	809,000
Packalen Blvd.	950,000	748,000
Packalen Blvd.	1,250,000	1,257,000
Lee Rd.	n/a	83,700

n/a - not available