



This is the 2nd Affidavit
of Carol Adams in this case and
was made on October 9, 2020

NO. VLC-S-S-206552
VANCOUVER REGISTRY

IN THE IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN:

ROMSPEN INVESTMENT CORPORATION

PETITIONER

AND:

CONIAN DEVELOPMENTS (LA VODA) INC.,
CONIAN DEVELOPMENTS (LA VODA II) INC.,
ET AL

RESPONDENTS

AFFIDAVIT

I, Carol Adams, Legal Assistant, of #200 – 4769 – 222nd Street, Langley, British Columbia, V2Z 3C1, SWEAR THAT:

1. I am a legal assistant to Jon Goheen of the firm CBM Lawyers LLP, legal counsel for the Respondent, W.S. FIRE PROTECTION LTD., herein and as such have personal knowledge of the matters and facts hereinafter deposed to, save and except where the same are stated to be based on information and belief, and where so stated, I verily believe them to be true.
2. Attached to this my Affidavit and marked as **Exhibit "A"** is a copy of Claim of Lien registered in the New Westminster Land Title Office under No. CA8334058.

- 3. Attached to this my Affidavit and marked as **Exhibit "B"** is a copy of the Proposal Trustee's First Report to the Court dated July 7, 2020.

SWORN BEFORE ME at the Township)
 of Langley, in the Province of)
 British Columbia, this 9th day)
 of October, 2020.)



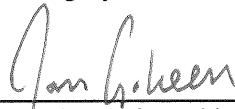
 A Commissioner for taking Affidavits
 within the Province of British Columbia



CAROL ADAMS

Jon Goheen
 Barrister and Solicitor
CAMPBELL BURTON & McMULLAN LLP
 200 - 4769 222nd Street
 Langley, BC V2Z 3C1

This is **Exhibit "A"** referred to in the Affidavit
of CAROL ADAMS, sworn before me at the
Township of Langley this 9th of October, 2020.



A Commissioner for taking Affidavits
within British Columbia.

NEW WESTMINSTER LAND TITLE OFFICE

BUILDERS LIEN ACT
FORM 5 (Sections 15, 16, 18)

Jul-30-2020 12:50:12.001

2

CA8334058

CLAIM OF LIEN Province of British Columbia

PAGE 1 OF 1 PAGES

Your electronic signature is a representation that you are a designate authorized to certify this document under section 168.4 of the *Land Title Act*, RSBC 1996 c.250, that you certify this document under section 168.41(4) of the act, and that an execution copy, or a true copy of that execution copy, is in your possession.

Jonathan Robert Goheen
WH39GU
Digitally signed by Jonathan Robert Goheen WH39GU
Date: 2020.07.30 12:47:26 -07'00'

APPLICATION: (Name, address, phone number of applicant, applicant's solicitor or agent)

CBM LAWYERS LLP
200 - 4769 - 222nd Street

File No. 50486-1
LTO No. 11468
Phone: (604) 533-3821

Langley BC V2Z 3C1
Document Fees: \$0.00

I, **WILL SEMRICK** of **1009 Edgehill Place**
Kamloops, BC, agent of the lien claimant state that:

1. **W.S. FIRE PROTECTION LTD.** Incorporation No
BC0957275

of **1009 Edgehill Place, Kamloops, BC, V2C 0G6**
claims a lien against the following land:
[PID] [legal description]

030-337-020 **LOT 1 SECTION 15 BLOCK 5 NORTH RANGE 2 WEST NEW WESTMINSTER**
DISTRICT PLAN EPP73667

STC? YES

2. A general description of the work done or material supplied, or to be done or supplied, or both, is as follows:

Supply and installation of a fire sprinkler system in the new building on the lands. This claim is for the holdback and is in addition to the amount claimed under Reg. No. CA8214655.

3. The person who engaged the lien claimant, or to whom the lien claimant supplied material, and who is or will become indebted to the lien claimant is:
Flii Construction Ltd.

4. The sum of \$ **11,088.00** is or will become due and owing to **W.S. Fire Protection Ltd.**
on **June 21, 2020**

5. The lien claimant's address for service is:
1009 Edgehill Place
Kamloops, BC V2C 0G6

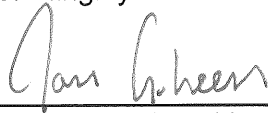
Signed: _____
Date: **July 30, 2020.**

Note: Section 45 of the Builders Lien Act provides as follows:

45 (1) A person who knowingly files or causes an agent to file claim of lien containing a false statement commits an offence.

(2) A person who commits an offence under subsection (1) is liable to a fine not exceeding the greater of \$2,000 and the amount by which the stated claim exceeds the actual claim.

This is **Exhibit "B"** referred to in the Affidavit of CAROL ADAMS, sworn before me at the Township of Langley this 9th of October, 2020.



A Commissioner for taking Affidavits
within British Columbia.

Nos. B200284
B200285
B200286
B200287
Vancouver Registry

Estate Nos. 11-2650763
11-2650762
11-2650761
11-2650764

**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
CONIAN DEVELOPMENTS INC.,
CONIAN DEVELOPMENTS (LA VODA) INC.,
CONIAN DEVELOPMENTS (LA VODA II) INC. AND
FLII CONSTRUCTION LTD.

PROPOSAL TRUSTEE'S FIRST REPORT TO THE COURT

DATED JULY 7, 2020

A. Introduction

1. On June 9, 2020, each of Conian Developments Inc. (“**Conian**”), Conian Developments (La Voda) Inc. (“**La Voda**”), Conian Developments (La Voda II) Inc. (“**La Voda II**”) and FLII Construction Ltd. (“**FLII Construction**”, and collectively with Conian, La Voda and La Voda II, the “**Companies**”) filed a Notice of Intention to Make a Proposal (“**NOI**”) pursuant to paragraph 50.4(1) of the *Bankruptcy and Insolvency Act* (“**BIA**”).
2. McEown and Associates Ltd. was appointed as proposal trustee (the “**Proposal Trustee**”) in each of the NOI proceedings.
3. On June 19, 2020, each of the Companies 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.
4. The stay of proceedings and the time for filing a proposal in each of the NOI proceedings expires on July 9, 2020.
5. On June 30, 2020, Romspen Investment Corporation (“**Romspen**”) filed a Petition for the following, to be heard by this Honourable Court on July 8, 2020:
 - a. a declaration that the stay of proceedings against La Voda and La Voda II, as well as any other entities that the court considers just, does not operate in respect of Romspen, *nunc pro tunc*, or in the alternative, an order that those companies’ respective proposals are deemed refused; and
 - b. a receivership order appointing The Bowra Group Inc. as receiver and manager of all the undertakings, property and assets of La Voda and La Voda II.
6. The Companies are seeking an adjournment of Romspen’s Petition so that it may pursue their restructuring plan and seek from this Honourable Court Orders:
 - a. consolidating, for procedural purposes only, the Supreme Court of British Columbia Registry Court File B-200285 (Estate File No. 11-2650762) (the La Voda proceedings), B-200286 (Estate File No. 11-2650764) (the La Voda II proceedings), and B-200287 (Estate File No. 11-2650764) (the FLII Construction proceedings), to the Conian proceedings;
 - b. extending the stay of proceedings to July 17, 2020;
 - c. appointing McEown and Associates Ltd. as interim receiver of all of the assets, undertakings and property of the Companies;
 - d. approving the interim financing facility (the “**Interim Facility**”) from 528221 B.C. Ltd. (the “**DIP Lender**”) substantially in accordance with the terms of the Debtor-in-Possession Term Sheet dated July 7, 2020 (the “**Term Sheet**”); and

- e. granting a priority charge over the assets, undertaking and property of the Companies in favour of the DIP Lender to secure all amounts owing under the Interim Facility in the amount of \$100,000 (the “**DIP Lender’s Charge**”), subordinate only to the Romspen Mortgage, the Gill Mortgage and the CBA Mortgage (as defined below).
7. Should this Honourable Court grant the Companies’ requested relief, the Companies have advised that they will be finalizing the Stalking Horse Bid (as defined below) and will be bringing an application before this Honourable Court for approval of the Stalking Horse Bid and SISP (as defined below).
 8. The purpose of the Proposal Trustee’s First Report to the Court is to inform the Court of the following:
 - a. The background of these NOI proceedings;
 - b. The Companies’ assets;
 - c. The Companies’ liabilities;
 - d. The activities of the Companies since the filing of the NOI;
 - e. The activities of the Proposal Trustee since the filing of the NOI;
 - f. The Companies’ restructuring plan;
 - g. The Companies cash flow projection for the period from July 6, 2020 to September 6, 2020;
 - h. Romspen’s request for the above referenced relief; and
 - i. The Companies’ request for the above referenced relief.
 9. Information in respect of these proceedings are posted on the Proposal Trustee’s website at <https://www.mceownassociates.com/conian-developments-inc-et-al>.

B. Disclaimer and Terms of Reference

1. Except as specified, in preparing this report the Proposal Trustee has obtained and relied upon unaudited, draft and/or internal information which the Companies advise has been compiled from the Companies’ books and records. Where available, the Proposal Trustee 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 Proposal Trustee 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 Proposal Trustee 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.

C. Background

1. On April 30, 2020, BC Currency Exchange Inc. (“**BCCE**”) filed a NOI. McEown and Associates Ltd. was appointed as proposal trustee in BCCE’s NOI proceedings. BCCE is a foreign currency exchange dealer that has been in operations in British Columbia for approximately 20 years. Mr. Rana Khaliq is the sole director and shareholder of the Companies. Further information with respect to the BCCE and its NOI proceedings can be found in the Proposal Trustee’s First Report to the Court dated May 27, 2020, the Interim Receiver’s First Report to the Court dated June 24, 2020 and the Supplemental Report to the Interim Receiver’s First Report to the Court dated June 24, 2020, each filed in BCCE’s NOI proceedings (collectively, the “**BCCE Reports**”).
2. On May 6, 2020, the Honourable Madam Justice Fitzpatrick granted an Order (the “**BCCE Interim Receiver Order**”) appointing McEown and Associates Ltd. as interim receiver (the “**BCCE Interim Receiver**”) of all of the assets, undertakings and property of BCCE, including all proceeds pursuant to section 47.1 of the BIA and Section 39 of the law and Equity Act, R.S.B.C. 1996 c. 253, as amended (the “**LEA**”).
3. On May 29, 2020, the Honourable Mr. Justice Sewell granted an Order extending the stay of proceedings in BCCE’s NOI proceedings to June 29, 2020, on certain conditions including that Mr. Khaliq deliver his shares of the Companies to BCCE’s proposal trustee as security for Mr. Khaliq’s undertaking to assign the equity in the Companies for the benefit of the creditors of BCCE.
4. The Companies are in the business of developing a multi-residential rental complex (the “**La Voda Project**”) located in Surrey, BC. Phase I of construction of the La Voda Project is partially complete.
5. The BCCE Interim Receiver determined that BCCE intermingled funds from its currency exchange business with funds from the Companies’ business with the La Voda Project, resulting in millions of dollars of BCCE’s funds being used to fund the La Voda Project

and to fund interest payments to lenders and investors in the La Voda Project. The details of the BCCE Interim Receiver's findings with respect to its investigation is set out in the BCCE Reports.

6. On June 30, 2020, BCCE was deemed bankrupt as a result of not filing a proposal to its creditors.
7. Construction of the La Voda Project was partially funded by loans from institutional lenders and funds raised from other individuals or companies.
8. As set out in the BCCE Reports, the funds provided by the individuals and companies were initially deposited into the accounts of BCCE and then either later transferred to the La Voda Project or used to pay interest to lenders and investors. Mr. Khaliq was using funds received from new lenders and investors to pay interest to existing lenders and investors as well as to pay back creditors of BCCE.
9. Mr. Khaliq would like to repay the Companies' creditors and BCCE's creditors from the proceeds of sale or refinancing of the La Voda Project by initiating a formal sales and investment process (the "SISP") for the La Voda Project and presenting a proposal or proposals to the stakeholders.
10. On June 9, 2020, the Companies each filed an NOI to provide a stay of proceedings so that they can proceed with the SISP and the restructuring plan, as described in further detail below.

D. The Companies' Assets

1. The Companies' sole asset is the La Voda Project.
2. 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

3. The relevant pages of the appraisals for Land Phase I and Land Phase II are attached as Appendices A and B of the Supplemental Report to the Interim Receiver's First Report to the Court filed in the BCCE NOI proceedings (the "BCCE Supplemental Report").

- Also attached as Appendix C to the BCCE Supplemental Report is the summary from BTY's Project Monitoring Claim Report showing the progress of construction and work in progress.

E. The Companies' Liabilities

- The following is a summary of the approximate 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) (the "Romspen Mortgage")	\$16,517,303.96
Agit Gill (mortgage) (the "Gill Mortgage")	\$4,173,333.32
CBA Enterprises Ltd. (mortgage) (the "CBA Mortgage")	\$2,165,000.00
Trade Creditors (including lien claimants)	\$4,650,000.00
TOTAL	\$27,505,637.28

- Individuals and companies who advanced funds on an unsecured basis for the La Voda Project are owed an aggregate amount of approximately \$24 million.
- Based on the foregoing, after payment of the Romspen Mortgage, the Gill Mortgage, the CBA Mortgage and lien claims, there is significant equity in the La Voda Project.

F. Activities of the Companies Since the Filing of the NOI

- Since the filing of the NOI, the Companies have been in discussions with several parties, including parties that had advanced funds on an unsecured basis for the La Voda Project, regarding new financing to complete the construction or a sale of the La Voda Project.

G. Activities of the Proposal Trustee Since the Filing of the NOI

- The Proposal Trustee has performed its statutory duties in the NOI proceedings with respect to notifying creditors and reporting on the cash flow statement as well as fielding numerous calls from creditors.

2. The Proposal Trustee has made enquiries of the Companies' staff, Mr. Khaliq and his independent legal counsel regarding the financial affairs of the Companies.
3. The Proposal Trustee has spoken to the Companies' staff, Mr. Khaliq and his independent legal counsel regarding the prospect of resuming construction with respect to the La Voda Project. It has been concluded that resuming construction with the existing ownership and management is not possible.
4. The Proposal Trustee has also engaged in numerous discussions with the Companies' staff, Mr. Khaliq, legal counsel and interested purchasers regarding a restructuring plan that would maximize the recovery to the La Voda Project stakeholders.

H. The Companies' Restructuring Plan

1. As indicated above, the Companies believe that implementing a SISP will maximize recovery to the La Voda stakeholders.
2. The Proposal Trustee is aware that the Companies have been in discussion with several parties that are interested in purchasing or investing in the La Voda Project.
3. The Companies would like to initiate a SISP with a stalking horse bidder for the La Voda Project. Based on the recent appraisals of the La Voda Project, which show value to date of over \$50.3 million, the Companies believe that a sale of the La Voda Project will result in full payment to secured creditors and lien claimants, as well as proceeds available to fund a proposal to the Companies' creditors. Such recovery would likely not be available if the La Voda Project was not sold or refinanced. The SISP would be facilitated and managed by the Proposal Trustee or the interim receiver, as appropriate.
4. The Companies believe that a SISP with a stalking horse bidder, initiated immediately and overseen by the Proposal Trustee or interim receiver who already has knowledge and is familiar with the Companies and the La Voda Project, will be the most cost effective and expeditious means to achieve the greatest value possible for stakeholders.
5. 528221 B.C. Ltd. has agreed to be the stalking horse bidder in the SISP and is also the proposed DIP Lender. The stalking horse bid will be for a purchase price of \$35 million (the "**Stalking Horse Bid**") and requires that a deposit of \$1 million be paid at least three days prior to the hearing of the application for an Order to approve the Stalking Horse Bid. The Companies have advised the Proposal Trustee that they will be bringing an application by July 17, 2020 to approve the SISP and the Stalking Horse Bid. Attached as **Appendix A** is a copy of the Term Sheet for the Stalking Horse Bid, which has been executed by the stalking horse bidder and the Companies.
6. Accordingly, the Companies require some time to finalize the terms of the Stalking Horse Bid and return the approval application for the Stalking Horse Bid and the SISP before this Honourable Court. In the event the Companies are unable to finalize the Stalking Horse Bid by the extended stay period of July 17, 2020, Rompen will be at liberty to proceed with its Petition to appoint a receiver.

7. 528221 B.C. Ltd. has also agreed to be the DIP Lender and has entered into the Interim Facility with the Companies. The \$250,000 pursuant to the Interim Facility has been paid by the DIP Lender and is being held in trust by the Companies' legal counsel. It is proposed that the DIP Lender's Charge securing the funds advanced under the Interim Facility will rank behind the Romspen Mortgage, the Gill Mortgage and the CBA Mortgage.
8. Further to the Companies' Cash Flow Projection (as described below), the Companies' require interim financing in order to secure the La Voda Project, meet their post-filing obligations and move forward with their restructuring plan. At the moment, the Companies' only source of funding for restructuring costs is a GST refund that is expected to be received in the next couple of weeks, however there is no certainty with respect to the payment or its timing.
9. As the Companies are only seeking an extension of the stay to July 17, 2020, it is proposed that the maximum draw on the Interim Facility and the amount of the DIP Lender's Charge shall be \$100,000, being the amount required by the Companies during the extended stay period.
10. The Companies are also bringing an application to appoint McEown and Associates Ltd. as interim receiver to ensure that the Companies' assets and business are protected for the benefit of the stakeholders of the Companies and BCCE and the Companies move forward with their restructuring plan.
11. The current stay of proceedings expires on July 9, 2020 and the Companies are seeking an extension of the stay to July 17, 2020 in order to further the restructuring plan.
12. In the event the Court grants the Companies' requested relief and the Stalking Horse Bid is finalized, the Companies will be bringing an application by July 17, 2020 to approve the SISP and Stalking Horse Bid. It is expected that a claims process will also be initiated in the near future to determine claims against the Companies so that the Companies can present a proposal to stakeholders.
13. The Companies believe that proceeding with the restructuring plan as set out herein will result in the highest return possible to the stakeholders.

I. Cash Flow Report

1. Attached to this report as **Appendix B** is the Cash Flow Projection for the period from July 6, 2020 to September 6, 2020. This Cash Flow Projection has been prepared for La Voda as it is the only company that has the operating account for the La Voda Project. This Cash Flow Projection applies to all of the Companies.
2. The Cash Flow Projection includes an anticipated GST refund in the total amount of \$370,000. As described above, there is no certainty with respect to the payment or timing of receipt of the GST refund.

3. The estimated essential expenses of the Companies include the costs of securing and insuring the La Voda Project, wages of the Companies' controller and the fees and expenses of the restructuring professionals.
4. The Cash Flow Projection also includes the necessary expenses required to remediate the La Voda Project to ensure that the property value is protected and does not deteriorate.

J. Romspen's Petition

1. Romspen has applied to lift the stay so that it can appoint a receiver. In its Petition, Romspen states that it would be content to simply market and sell the La Voda Project, however it anticipates that the receiver would be obliged to assess the cost/benefit to stakeholders of selling the land "as is" versus completing the development in order to enhance the recovery for the broader stakeholder group.
2. Accordingly, if the receiver was appointed, it would take some time for the receiver to assess the circumstances and monetize the La Voda Project for the benefit of the stakeholders.
3. The Companies have found a DIP Lender who has also submitted the Stalking Horse Bid. Should the Stalking Horse Bid be approved by this Honourable Court, the Proposal Trustee believes that the SISF would be the most expeditious means of achieving the highest value possible for the benefit of both the Companies' and BCCE's stakeholders.
4. The Proposal Trustee does not believe that any creditor or person will be materially prejudiced by the continued operation of the stay to allow the Companies a short period of time to have the Stalking Horse Bid finalized and approved and the SISF initiated. In the event the Stalking Horse Bid is not finalized and approved, Romspen will be at liberty to appoint a receiver pursuant to its Petition.
5. The Proposal Trustee believes that marketing and selling the La Voda Project through a court-approved stalking horse sales process, initiated immediately, will likely achieve the greatest value for the benefit of the stakeholders.
6. Further, the Companies are seeking the appointment of McEown and Associates Ltd. as the interim receiver of the Companies. Should this Honourable Court grant the appointment, the Companies' assets will be protected and stakeholders will not be prejudiced from an adjournment of Romspen's Petition to appoint a receiver.

K. Interim Financing and DIP Lender's Charge

1. Assuming that the GST refund will not be paid in the period to July 17, 2020, the Cash Flow Projection indicates that the Companies will require funding of approximately \$100,000.
2. The DIP Lender has agreed to provide the Interim Facility of \$250,000. However, should this Honourable Court grant an extension of the stay to July 17, 2020, the Companies

require approximately \$100,000 to be drawn from the Interim Facility for the extended stay period.

3. The DIP Lender has made an offer to provide the Interim Facility pursuant to the terms of Term Sheet, a copy of which is attached as **Appendix C** to this report. The Term Sheet is summarized below:
 - a. Borrowers: The Companies
 - b. Amount: \$250,000
 - c. Interest: 10% per annum, compounded semi-annually
 - d. Security: The DIP Lender's Charge on all of the Companies' assets subordinate only to the existing mortgages on the La Voda Project
 - e. Condition Precedent to Funding: Court approval of the Interim Facility and the DIP Lender's Charge (the "**Condition Precedent**")
 - f. Availability: Provided that no Event of Default (as defined below) has occurred and is continuing, on or after the date the Condition Precedent has been satisfied.
 - g. Repayment: In full on the earliest of:
 - i. the occurrence of any Event of Default;
 - ii. the implementation of a proposal or proposals within the NOI proceedings or plan or plans in proceedings commenced by the Companies, or any of them, under the *Companies' Creditors Arrangement Act* (Canada) (the "**CCAA Proceedings**"), which has or have been approved by the requisite majorities of creditors and by order of the Court;
 - iii. the closing of a sale of all or substantially all of the Companies' assets which have been approved by orders of the Court; and
 - iv. the termination of the NOI proceedings or CCAA Proceedings.
 - h. Events of Default: The occurrence of any one or more of the following events without the Proposal Trustee's written consent ("**Event of Default**") under the Term Sheet:
 - i. the Borrowers fail to make any payments when due and payable;
 - ii. there is a change in the party appointed as interim receiver of BCCE, proposal trustee in the NOI proceedings or monitor in the CCAA Proceedings without the prior written consent of the Proposal Trustee; and
 - iii. the Proposal Trustee in good faith and on commercially reasonable grounds believes that the prospect of payment or performance of any of

the security is impaired or that any of the assets is or is about to be placed in jeopardy.

4. The Proposal Trustee supports the Companies' application for the Interim Facility and DIP Lender's Charge. In reaching its conclusion, the Proposal Trustee has considered a number of factors including those outlined in Section 50.6 of the BIA. The Proposal Trustee has the following observations with respect to the proposed Interim Facility:
 - a. The appointment of the interim receiver will ensure that the Companies' assets are protected and the funds from the Interim Facility properly administered so that the restructuring plan can move forward for the benefit of all stakeholders;
 - b. The Interim Financing is critical to facilitating the restructuring plan, finalizing the Stalking Horse Bid and implementing the SISP. Without the Interim Financing, the Companies do not have the necessary funds to move forward;
 - c. The value of the La Voda Project based on the appraisals and construction report reviewed by the Proposal Trustee is \$50.3 million. There appears to be sufficient equity in the property such that no creditor will be materially prejudiced by the DIP Lender's Charge;
 - d. The existing secured creditors, Rompen and Mr. Gill, will not be prejudiced by the DIP Lender's Charge as it will rank behind their security;
 - e. To date, there have been a number of parties which have expressed interest in the La Voda Project and the value of the La Voda Project will ultimately be determined by exposing it to the market;
 - f. The Interim Financing contemplates the granting of the DIP Lender's Charge. All of the Companies' creditors will therefore be subordinated to this charge, except for the Romspen Mortgage, the Gill Mortgage and the CBA Mortgage. In the Proposal Trustee's view, the creditors will not be materially prejudiced as the maintenance of the Companies' assets and funding of the restructuring provides the best opportunity to realize upon the value of the La Voda Project. The Proposal Trustee expects that the return available to stakeholders will be substantially lower outside of the SISP with a stalking horse bid;
 - g. The Term Sheet provides for a rate of interest of 10%, which is in the range of interest rates in interim lending facilities; and
 - h. The Proposal Trustee is of the opinion that the terms and conditions of the Term Sheet are consistent with other interim lending facilities in similar BIA or CCAA proceedings.

L. Interim Receiver

1. The Companies have made an application to appoint McEown and Associates Ltd. as the interim receiver of all of the assets, undertakings and property of the Companies pursuant to section 47.1 of the BIA and Section 39 of the LEA.
2. The Proposal Trustee has considered section 47.1 of the BIA and agrees that it is necessary for the protection of the Companies' estate and the interest of their creditors to appoint the interim receiver. The appointment of the interim receiver will ensure that the Companies' assets are protected such that the Companies can pursue the restructuring plan for the benefit of stakeholders.
3. The appointment of the interim receiver will ensure the safety of the property and protect its value.

M. Consolidation

1. The Companies have made an application to consolidate the court proceedings for each of Conian, La Voda, La Voda II and FLII Construction into one proceeding for procedural purposes.
2. The Proposal Trustee supports this application for procedural efficiency purposes.

N. Extension of the Stay

1. The Companies have applied to this Honourable Court for an extension of the stay to July 17, 2020.
2. The Proposal Trustee has considered the factors under Section 50.4(9) of the BIA in order for the Court to grant an extension of the stay of proceedings and time for filing of a proposal, namely that:
 - a. the insolvent person has acted, and is acting, in good faith and with due diligence;
 - b. the insolvent person would likely be able to make a viable proposal if the extension being applied for were granted; and
 - c. no creditor would be materially prejudiced if the extension being applied for were granted.
3. Despite the actions taken by Mr. Khaliq preceding the commencement of the Companies' NOI proceedings, it appears that the Companies have been acting in good faith and with due diligence with respect to seeking potential restructuring options that would see the Companies' creditors receive a better return than in a bankruptcy, including seeking the Interim Facility and the Stalking Horse Bid.

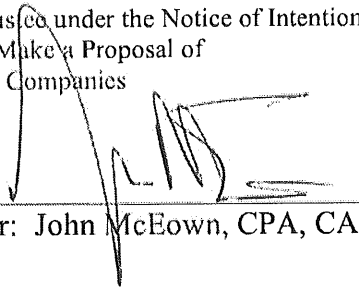
4. In the event the Interim Facility is approved and the stay extended, the Proposal Trustee believes the Companies will be in a position to finalize the Stalking Horse Bid, initiate the SISP and present a proposal to the stakeholders.
5. The Proposal Trustee does not believe that there will be any material prejudice to the Companies' creditors if the extension were granted.

O. Conclusion

1. In summary, the Proposal Trustee recommends that the Court approve the Companies' request for an adjournment of Romspen's Petition and the relief sought by the Companies.
2. Should this Honourable Court grant the Companies' requested relief, the Companies intend to bring an application to approve the Stalking Horse Bid and the SISP so that it may present a proposal to its stakeholders.
3. The Proposal Trustee does not believe any creditor will be materially prejudiced by the short extension of the stay requested by the Companies and the relief sought will benefit all stakeholders.

McEown and Associates Ltd.

Trustee under the Notice of Intention
to Make a Proposal of
the Companies



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

Appendix A
Stalking Horse Bid

SUMMARY OF TERMS FOR STALKING HORSE BID SHEET

(the "Term Sheet")

DATE: July 7, 2020

FROM: 528221 B.C. LTD.

TO: Conian Developments Inc.,
Conian Developments (La Voda) Inc.,
Conian Developments (La Voda II) Inc. and
FLII Construction Ltd.

AND TO:

McEown & Associates Ltd., in its capacity as Court-Appointed Trustee in NOI Proceedings of Conian Developments (La Voda), Inc., Conian Developments (La Voda II) Inc. and FLII Construction Ltd. (the "CDI Trustee")

800 W. Pender St #1140
Vancouver, BC
V6C 2V6

VENDORS: Conian Developments Inc., Conian Developments (La Voda) Inc., Conian Developments (La Voda II) Inc. and FLII Construction Ltd. (the "Vendors" or "Conian")

ASSETS: Conian is the owner of multi-residential real estate development located in South Surrey, and known the La Voda Project (the "La Voda Project" or the "Assets")

PURCHASER: 528221 B.C. LTD. (the # Co. or the "Purchaser"). The Purchaser has provided debtor with debtor in possession financing to Conian in the amount of \$250,000. If successful in its Stalking Horse bid, the Purchaser intends to complete and build-out both phases of the La Voda Project.

NOI PROCEEDINGS: The Vendors commenced proceedings by each filing a Notice of Intention to Make a Proposal under the *Bankruptcy and Insolvency Act* (the "BIA") on June 9, 2020 (the "NOI Proceedings"). The Vendors intend to conduct a sales process under the NOI Proceedings (the proposed "Sales Process").

**STALKING HORSE
BID TERMS:**

1. the purchase price for the Assets is \$35 million;
2. the Assets will be acquired on an "As Is, Where Is" basis;

3. the offer is subject to no better offer being presented under the "Bidding Procedures" attached thereto (the "Bidding Procedures");
4. # Co. has the option to apply the amounts owing to the DIP Lender under its mortgage, which is secured on the property being sold, as a credit bid against the purchase price, with the balance to be paid in cash;
5. the deposit of \$1,000,000 must be paid at least 3 days prior to the hearing of the application for an Order to approve the Stalking Horse Bid;
6. If a better offer is received as a result of the Bidding Procedures, the Stalking Horse Bid provides that # Co. will earn a termination fee of \$250,000; and,
7. # Co.'s obligation to complete the sale transaction is conditional on the Court a) approving the agreement and b) issuing a Vesting Order.

**INTERIM FACILITY
AND AMOUNT:**

CLOSING DATE: The date upon which the Conditions Precedent (as defined herein) have been satisfied or waived by the CDI Trustee.

This Term Sheet is open for acceptance until **July 7, 2020**

528221 B.C. LTD.



MCEOWN AND ASSOCIATES LTD.

Per: John McEown, CPA, CA, CIRP LIT,
on behalf of McEown and Associates Ltd.
in its capacity as Court-Appointed Trustee of

Conian Developments (La Voda) Inc.,
Conian Developments (La Voda II) Inc. and
FLII Construction Ltd.

[Signature Pages to Follow]

CONIAN DEVELOPMENTS INC.



Per: Rana Khaliq

CONIAN DEVELOPMENTS (LA VODA) INC.



Per: Rana Khaliq

CONIAN DEVELOPMENTS (LA VODA II) INC.



Per: Rana Khaliq

FLII CONSTRUCTION LTD.



Per: Rana Khaliq

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Appendix B
Cash Flow Projection

Conian Developments (La Voda) Inc.
 Statement of Projected Cash Flow
 July 6 to September 6, 2020

Week of	July 6	July 13	July 20	July 27	Aug 3	Aug 10	Aug 17
Projected Cash Inflows							
Debtor In Possession Financing	\$ 100,000	\$ 150,000	\$ -	\$ -	\$ -	\$ -	\$ -
Goods & Service Tax Refund	-	-	220,000	-	-	-	-
	100,000	150,000	220,000	-	-	-	-
Projected Cash Outflows							
<i>Operations</i>							
Salaries	10,000	10,000	-	10,000	-	10,000	-
Site Remediation	-	-	-	100,000	-	-	-
Insurance	30,000	-	-	15,000	-	-	-
Security and Fencing Expenses	3,200	3,200	3,200	3,200	3,200	3,200	3,200
Professional Fees & Disbursements	50,000	20,000	20,000	20,000	20,000	20,000	20,000
	93,200	33,200	23,200	148,200	23,200	33,200	23,200
Net Cash Inflow (Outflow)	6,800	116,800	196,800	(148,200)	(23,200)	(33,200)	(23,200)
Opening Cash Position on July 6, 2020	692	7,492	124,292	321,092	172,892	149,692	116,492
Closing Cash Position	\$ 7,492	\$ 124,292	\$ 321,092	\$ 172,892	\$ 149,692	\$ 116,492	\$ 93,292

This Statement of Projected Cash Flow of Conian Developments (La Voda) Inc. is prepared in accordance with the requirements of S. 50.4(2) of the *Bankruptcy and Insolvency Act* and should be read in conjunction with the Trustee's Report on the reasonableness of the Statement of Projected Cash Flow.

McEown & Associates Ltd.
 Trustee in the Matter of the Notice of Intention
 to Make a Proposal of Conian Developments (La Voda) Inc.

Conian Developments (La Voda) Inc.

Per: John McEown

Per: Rana W. Khaliq

Appendix C
Interim Facility Term Sheet

SUMMARY OF TERMS FOR DEBTOR-IN-POSSESSION (DIP) TERM SHEET

(the "Term Sheet")

DATE: July 6, 2020

FROM: 528221 B.C. LTD.

TO: Conian Developments Inc.,
Conian Developments (La Voda) Inc.,
Conian Developments (La Voda II) Inc. and
FLII Construction Ltd.

AND TO:

McEown & Associates Ltd., in its capacity as Court-Appointed Trustee in NOI Proceedings of Conian Developments (La Voda), Inc., Conian Developments (La Voda II) Inc. and FLII Construction Ltd. (the "CDI Trustee")

800 W. Pender St #1140
Vancouver, BC
V6C 2V6

BORROWERS: Conian Developments Inc., Conian Developments (La Voda) Inc., Conian Developments (La Voda II) Inc. and FLII Construction Ltd. (the "Borrowers" or "Conian")

LENDER: 528221 B.C. LTD. (the "Interim Lender")

NOI PROCEEDINGS: The Borrowers commenced proceedings by each filing a Notice of Intention to Make a Proposal under the *Bankruptcy and Insolvency Act* (the "BIA") on June 9, 2020 (the "NOI Proceedings")

PURPOSE: To provide for the short-term liquidity needs of the Borrowers.

INTERIM FACILITY AND AMOUNT: A priority, debtor-in-possession, interim, non-revolving credit facility (the "Interim Facility") up to a maximum amount of CAD \$250,000 (the "DIP Funds"), subject to the terms and conditions contained herein.

CLOSING DATE: The date upon which the Conditions Precedent (as defined herein) have been satisfied or waived by the CDI Trustee.

SECURITY: The security (the "Security") for repayment of the Interim Facility is a first-ranking CAD \$250,000 court-ordered priority charge against the assets of the Borrowers (the "Assets"), subordinate only to the existing mortgages on the real estate properties owned by Conian known as the La Voda Project (the "DIP Lender's Charge").

INTEREST:	10% per annum, compounded semi-annually.
CONDITIONS PRECEDENT TO FUNDING:	The Interim Lender's agreement to advance the DIP Funds to the Borrowers is subject to approval by the British Columbia Supreme Court (the " Court ") of the Interim Facility and the DIP Lender's Charge, and such orders being in full force and effect, unamended and not stayed (the " Condition Precedent ").
AVAILABILITY:	Provided that no Event of Default (as defined herein) has occurred and is then continuing, on and after the date on which the Condition Precedent shall have been satisfied, the CDI Trustee may advance the DIP Funds to the Borrowers.
REPAYMENT:	The Interim Facility shall be repayable in full on the earliest of: <ul style="list-style-type: none"> (i) the occurrence of any Event of Default which is continuing and has not been cured to the satisfaction or approval of the CDI Trustee; (ii) the implementation of a proposal or proposals within the NOI Proceedings or plan or plans in proceedings commenced by the Borrowers, or any of them, under the <i>Companies' Creditors Arrangement Act</i> (Canada) (the "CCAA Proceedings"), which has or have been approved by the requisite majorities of creditors and by order of the Court; (iii) the closing of a sale of all or substantially all of the Assets which have been approved by orders of the Court; and (iv) the termination of the NOI Proceedings or CCAA Proceedings.
EVENTS OF DEFAULT:	The occurrence of any one or more of the following events without the CDI Trustee's written consent shall constitute an event of default (" Event of Default ") under this Term Sheet: <ul style="list-style-type: none"> (i) the Borrowers fail to make any payments when due and payable; (ii) there is a change in the party appointed as interim receiver of BCCE, proposal trustee in the NOI Proceedings or monitor in the CCAA Proceedings without the prior written consent of the CDI Trustee; and (iii) the CDI Trustee in good faith and on commercially reasonable grounds believes that the prospect of payment or performance of any of the Security is impaired or that any of the Assets is or is about to be placed in jeopardy.
GOVERNING LAW:	This Term Sheet is governed by, and will be interpreted in accordance with, the laws of the Province of British Columbia.
COUNTERPART EXECUTION:	This Term Sheet and all other documents related thereto or arising therefrom may be executed in any number of counterparts (including by e-mail transmission) and by different parties in separate counterparts, each of which when so executed will be deemed to be an original and all of which taken together will constitute one and the same instrument.

This Term Sheet is open for acceptance until **July 6, 2020**

[Signature Pages to Follow]

528221 B.C. LTD.

sarj dhaliwal

MCEOWN AND ASSOCIATES LTD.

Per: John McEown, CPA, CA, CIRP LIT,
on behalf of McEown and Associates Ltd.
in its capacity as Court-Appointed Trustee of
Conian Developments (La Voda) Inc.,
Conian Developments (La Voda II) Inc. and
FLII Construction Ltd.

CONIAN DEVELOPMENTS INC.



Per: Rana Khaliq

CONIAN DEVELOPMENTS (LA VODA) INC.



Per: Rana Khaliq

CONIAN DEVELOPMENTS (LA VODA II) INC.



Per: Rana Khaliq

FLII CONSTRUCTION LTD.



Per: Rana Khaliq