



**Third Report of  
KSV Restructuring Inc.  
as CCAA Monitor of  
Ardenton Capital Corporation and  
Ardenton Capital Bridging Inc.**

April 28, 2021

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COURT FILE NO.: S-211985

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 ARDENTON CAPITAL CORPORATION AND  
ARDENTON CAPITAL BRIDGING INC.

PETITIONERS

THIRD REPORT OF KSV RESTRUCTURING INC. AS  
MONITOR

APRIL 28, 2021

## 1.0 Introduction

1. Pursuant to an order (the "Initial Order") of the Supreme Court of British Columbia (the "Court") made on March 5, 2021, Ardenton Capital Corporation ("ACC") and Ardenton Capital Bridging Inc. ("ACBI" and together with ACC, the "Companies") were granted protection under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA"), and KSV Restructuring Inc. ("KSV") was appointed monitor (the "Monitor"). The Companies and their non-filing affiliates and related companies are collectively referred to in this report (the "Report") as "Ardenton".
2. Also pursuant to the terms of the Initial Order, the Court granted:
  - a) an initial stay of proceedings until March 15, 2021 (the "Stay Period"); and
  - b) a charge:
    - i. in the amount of \$350,000 (the "Administration Charge") on the Companies' current and future property, assets and undertaking (collectively, the "Property") to secure the fees and disbursements of the Companies' counsel, as well as the fees and disbursements of the Monitor and its counsel; and
    - ii. in the amount of \$110,000 (the "D&O Charge") on the Property in favour of the Companies' sole director, as well as its officers.

3. At the initial application, the Court set March 15, 2021 as the date for the comeback motion in these proceedings (the “Comeback Motion”). At the Comeback Motion, the Court issued an amended and restated Initial Order (the “Amended and Restated Initial Order”) pursuant to which:
  - a) the Stay Period was extended to May 7, 2021;
  - b) the amount of the Administration Charge was increased to \$1 million;
  - c) the amount of the D&O Charge was increased to \$240,000; and
  - d) a charge in favour of ACBI was created for any advances it makes to ACC during these proceedings (the “Intercompany Charge”).
4. Pursuant to orders issued by the Court on March 31, 2021, the Court:
  - a) approved the appointment of a committee comprised of seven investors (the “Investor Committee”) having claims, or representing claims, totaling at least \$156 million, which was put in place to provide the Monitor and the Companies with insight into the objectives and priorities of the investors so that these are reflected in the Plan of Arrangement or Compromise (the “Plan”) which will be presented to creditors;
  - b) approved a debtor-in-possession loan facility (the “DIP Facility”) in the amount of \$5 million from RCM Capital Management Ltd., or its assignee (the “DIP Lender”) and granted a charge on the Property in favour of the DIP Lender for this amount (the “DIP Charge”);
  - c) reduced the amount of the Administration Charge to \$750,000; and
  - d) approved a claims procedure (the “Claims Procedure”) for soliciting and determining claims against the Companies and against the Companies’ directors and officers (the “Claims Procedures Order”).
5. This Report should be read in conjunction with each of the Affidavits of James Livingstone, ACC’s Chief Executive Officer, sworn on April 27, 2021 (the “Fifth Livingstone Affidavit”) and the Affidavit of Mr. Livingstone sworn on April 27, 2021 (the “Sixth Livingstone Affidavit”), the latter of which has been filed under seal.
6. The principal purpose of the CCAA proceedings is to provide the Companies with the opportunity to restructure their debt obligations in a stable environment with the breathing space afforded by filing for protection under the CCAA. The proceedings are intended to provide a forum to allow the Companies to develop a Plan that is intended to provide creditors with a better outcome than an immediate liquidation of the Companies’ business and assets.

## 1.1 Purposes of this Report

1. The purposes of this Report are to:
  - a) provide background information regarding the Companies and these proceedings;
  - b) discuss the Monitor's dealings with the Investor Committee;
  - c) provide an update on the Claims Procedure;
  - d) provide an overview of ACC's proposed Key Employee Retention Plan (the "KERP");
  - e) comment on the Companies' cash flow projection for the period commencing May 8, 2021 through the week ending July 6, 2021 (the "Cash Flow Forecast");
  - f) provide an update on the Companies' and the Monitor's activities since the Monitor's Second Report to Court dated March 25, 2021 (the "Second Report");
  - g) summarize the anticipated next steps in these proceedings; and
  - h) recommend that the Court issue an order or orders, *inter alia*:
    - i. approving the KERP and a related charge on the Property in the amount of \$496,000 to secure the amounts owing under the KERP (the "KERP Charge");
    - ii. sealing the Sixth Livingstone Affidavit;
    - iii. granting an extension of the Stay Period to July 6, 2021;
    - iv. approving the Monitor's Pre-Filing Report dated March 3, 2021, the Monitor's First Report dated March 10, 2021, the Monitor's Second Report dated March 25, 2021 and this Report (collectively, the "Reports"); and
    - v. approving the Monitor's activities as set out in the Reports.

## 1.2 Restrictions

1. In preparing this Report, the Monitor has relied upon the Companies' unaudited financial information, books and records and discussions with the Companies' management and its legal counsel.
2. The Monitor has not audited or otherwise verified the accuracy or completeness of the financial information relied upon to prepare this Report in a manner that complies with Canadian Auditing Standards ("CAS") pursuant to the Chartered Professional Accountants of Canada Handbook and, accordingly, the Monitor expresses no opinion or other form of assurance contemplated under the CAS in respect of such information. Any party wishing to place reliance on the financial information should perform its own diligence.

3. An examination of the Cash Flow Forecast as outlined in the Chartered Professional Accountants of Canada Handbook has not been performed. Future oriented financial information relied upon in this Report is based upon the Petitioners' assumptions regarding future events; actual results achieved may vary from this information and these variations may be material. The Monitor expresses no opinion or other form of assurance on whether the Cash Flow Forecast will be achieved.
4. This Report does not consider the potential future impact of the COVID-19 pandemic on the Companies' business and operations, including on the Companies' portfolio companies (collectively, the "PCs"). Such impact cannot be determined at this time.

### 1.3 Currency

1. All currency references in this Report are in Canadian dollars.

## 2.0 Background

1. ACC is the parent company of a multinational private equity business. Through various holding companies, including ACBI, ACC acquires, with monies raised from its investors, majority ownership interests in the PCs, which are privately-owned mid-market businesses.
2. ACC currently has indirect majority ownership interests in fourteen (14) PCs located in Canada, the US and the United Kingdom. A copy of ACC's corporate chart is attached as Appendix "A".
3. ACC does not use a typical private equity model, which relies on a limited partnership structure to raise capital for its investors. Rather, ACC raised capital by issuing unsecured debt through instruments which pay annual interest of between 8% and 14% (weighted average of approximately 12%). ACC also issued common equity, but it is a comparatively small amount versus the amount it raised under its debt instruments.
4. All of ACBI's debt was raised through the issuance of promissory notes.
5. Through the end of 2020, the Companies had raised over \$400 million through the issuance of common equity, hybrid units<sup>1</sup>, preferred securities and promissory notes (each instrument being a "Security" and collectively, the "Securities"). The monies raised by ACC and ACBI were used in part to acquire the PCs, and together with PC Distributions (as defined below), to pay Ardenton's operating expenses, fund interest on the Companies' existing debt obligations and redeem Securities.

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<sup>1</sup> Hybrid units have a debt and an equity warrant component.

6. A summary of ACC’s and ACBI’s obligations<sup>2</sup>, by Security, as at the date of the Initial Order is provided in the table below.

(unaudited; \$000s)	ACC	ACBI	Total
Promissory Notes	1,312	18,205	19,517
Preferred Securities	263,952	-	263,952
Hybrid Securities	67,050	-	67,050
<b>Total</b>	<b>332,315</b>	<b>18,205</b>	<b>350,520</b>

7. ACC’s interests in the PCs are owned indirectly through various holding company subsidiaries, including ACBI (the “HoldCos”). ACC’s acquisitions are funded through a combination of debt and equity advanced by ACC indirectly to the PCs through the HoldCos that own the PCs. ACC indirectly receives interest, management fees and dividends from the PCs (collectively “PC Distributions”), although these PC Distributions have not historically been a major source of capital for ACC, which continues to be the case. In addition, ACC has on one occasion sourced capital from a PC by refinancing its loan from ACC with bank debt priced less expensively than the preferred security.
8. Further information regarding the Companies and these proceedings can be found in the Monitor’s prior reports issued in these proceedings and the prior affidavits sworn by Mr. Livingstone. Court materials in these proceedings can be found on the Monitor’s website at <https://www.ksvadvisory.com/insolvency-cases/case/ardenton-capital-corporation>.

### 3.0 Investor Committee

1. As of the date of this Report, the Monitor has convened six meetings with the Investor Committee. Except for certain Ardenton employees who have been invited to present at these meetings, these meetings are attended solely by members of the Investor Committee and representatives of the Monitor and its counsel. The meetings convened to date have addressed the following:
- a) the role of the Investor Committee and its governance structure;
  - b) Ardenton’s governance and management teams;
  - c) Ardenton’s background, its business model and the reasons for its financial difficulties;
  - d) a presentation by Mr. Livingstone on Ardenton’s business, each of the PCs and the reasons for Ardenton’s present situation;
  - e) a presentation from Ardenton’s management teams responsible for the North American PCs and a presentation from Ardenton’s management team responsible for its UK PCs;

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<sup>2</sup> Includes accrued and unpaid interest at the date of the Initial Order.

- f) the key issues affecting the formulation of a Plan and various discussions, including the ranking of creditors in a Plan;
  - g) the KERP; and
  - h) various operational and other matters relative to these proceedings, as they arise.
2. The meetings are intended to provide the Investor Committee with the background information they require to properly consider the issues relevant to a Plan and to allow them to have the information necessary to perform their role on behalf of creditors. The Monitor and the Companies are working on the outline of a Plan which they expect to discuss in the near terms with the Investor Committee.
  3. The Monitor is of the view that the Investor Committee is diligently executing its role and is actively engaged in the proceedings. The Investor Committee is functioning well and is performing diligence on the Companies and the PCs. There has been a high degree of cooperation between the Monitor and the Investor Committee.
  4. While the primary focus of the Investor Committee meetings has been understanding the historical and present issues affecting Ardenton, the focus in coming weeks will be the formulation of a Plan, including Ardenton's governance structure and business model on emergence from the CCAA proceedings.

#### **4.0 Update on Claims Procedure**

1. A copy of the Claims Procedure Order is attached as Appendix "B".
2. To increase the efficiency of the Claims Procedures, the Claims Procedure Order provides that the Monitor and the Companies will identify and quantify all known claims (the "Known Claims") and provide these creditors with a completed claims package (the "Known Claimant Claims Package"), which the known claimants will have a right to dispute.
3. Following the approval of the Claims Procedure Order, and consistent with the terms of the Claims Procedure Order, the Monitor:
  - a) distributed by the date required under the Claims Procedure Order (being April 15, 2021) approximately 400 Known Claimants Claims Packages by ordinary mail or electronic mail to the known claimant's last known address provided by the Companies, or to the address provided to the Monitor by the known claimant;
  - b) published on April 7, 2021 a notice advising of the Claims Procedure in *The Globe and Mail (National Edition)* and the *Vancouver Sun*; and
  - c) posted on its website immediately after the Claims Procedure Order was made, a notice to claimants, the claims package and the Claims Procedure Order.
4. As of the date of this Report, the Monitor has received four disputes in response to the Known Claimant Claims Package. The amounts in dispute are relatively immaterial.



5. The claims bar date for Known Claims and D&O Claims is May 14, 2021 (the “Pre-Filing Claims Bar Date”).
6. The claims bar date for disclaimed contracts is the later of: (i) the Pre-Filing Claims Bar Date; and (ii) thirty (30) days after the Monitor sends a claims package. To-date, there have been four contracts disclaimed during the CCAA proceedings all of which were disclaimed more than thirty days prior to the Pre-Filing Claims Bar Date. Accordingly, these claimants must submit claims by the Pre-Filing Claims Bar Date.
7. The Companies and the Monitor continue to review various agreements to which the Companies are parties, and it is possible that certain of these agreements will be disclaimed.

## 5.0 KERP

1. The Companies are seeking an order to provide retention bonuses to certain key employees (the “Key Employees”) under the KERP in the amount of \$496,000. The KERP was developed by ACC, in consultation with the Monitor. A “kerp” is a common feature in Canadian restructuring proceedings.
2. Mr. Livingstone is not a participant in the KERP.
3. A “kerp” is intended to retain employees believed to be integral to a successful outcome in restructuring proceedings and to dissuade them from resigning during the proceedings. The KERP benefits these proceedings as:
  - a) key individuals have institutional and historical knowledge that cannot be easily replaced (or replaced at all);
  - b) it is significantly less expensive to have employees perform their roles and functions than it is to have professionals perform them, which is necessary if employees resign; and
  - c) it is a stated goal of these proceedings that a plan be implemented within six to seven months from the date of the Initial Order. The involvement of key employees facilitates this objective.
4. The KERP and the entitlement of each Key Employee is provided in Confidential Exhibit “A” to the Sixth Livingstone Affidavit.
5. The Key Employees were determined by the Companies in consultation with the Monitor and were approved by Mr. Livingstone, as the sole director of ACC.
6. Under the terms of the KERP, each of the Key Employees will receive a retention bonus as an incentive to continue their respective employment for the duration of the CCAA proceedings, which bonus shall be earned upon the earlier of:
  - a) the implementation by the Petitioners of a Plan (a “Plan Implementation Event”), in which case the bonus shall be payable in two installments: (i) 50% on the date of the Plan Implementation Event, and (ii) the balance on the date that is 90 days thereafter;

- b) the conversion of these CCAA proceedings to another insolvency process, provided that substantially all of ACC's business and assets have not been sold at the time of the conversion (a "Conversion Event"), in which case the retention bonus shall also be due and payable in two instalments: (i) 50% on the date of the Conversion Event, and (ii) the balance on the date that is 90 days thereafter; and
- c) the completion of any realization process through the CCAA for substantially all of the Petitioners' business or assets (a "Sale Completion Event" and collectively, with a Plan Implementation Event and a Conversion Event, a "Completion Event"), in which case the retention amount shall be due and payable immediately on the Sale Completion Event.

7. Additional terms of the KERP include:

- a) the Key Employees are entitled to their KERP payment if terminated without cause;
- b) a KEY Employee will lose his or her entitlement under the KERP if terminated for cause or if he or she resigns or fails to perform his or her duties and responsibilities before any portion of their KERP entitlement is due and payable; and
- c) ACC is seeking the ability to substitute Key Employees if any of the initial Key Employees resign or are terminated with cause prior to the Completion Event, subject to the consent of the Monitor. ACC is seeking the authority to reallocate the retention bonus of any Key Employee that becomes disentitled to their retention bonus, subject to the consent of the Monitor, for one or more of: (i) increased retention bonus payments to other Key Employees, (ii) bonus payments to other existing Company employees; and (iii) as a recruiting fee or recruiting bonus to newly hired employees.

8. The Monitor believes that the KERP is reasonable and appropriate in the circumstances and reflects the Key Employees' importance to the Companies' business for the following reasons:

- a) the Key Employees are necessary to facilitate a successful outcome in these proceedings;
- b) the payments under the KERP appear reasonable in circumstance. The amounts payable under the KERP have been discussed with ACC's senior management, including senior employees entitled to the KERP, and they are of the view that they should be sufficient to retain the Key Employees;
- c) absent the KERP, there is a greater risk of employee resignations. If that happens, professional costs are likely to increase significantly as the professionals would be required to perform the roles presently performed by the Key Employees;

- d) certain of the Key Employees are particularly important to ACC's management and culture. Losing these Key Employees could result in further employee resignations;
  - e) the Monitor has worked with the Key Employees and has witnessed their contribution. These individuals have worked after hours and on weekends in order to advance these proceedings;
  - f) the key to maximizing recoveries in these CCAA proceedings is generating value from the PCs. Certain of the Key Employees have relationships with the "business partners" and lenders to the PCs and/or sit on the boards of the PCs. Losing key individuals at this time would be disruptive to the operations of the PCs and stakeholder relationships;
  - g) Ardenton's headcount has declined from approximately 82 employees in 2020 to approximately 20 presently. The Key Employees have taken on greater responsibility as a result of these reductions, without a corresponding increase in their compensation;
  - h) the Monitor has been advised by ACC's management that one employee has recently resigned and there is a strong job market for financial and other professionals in Vancouver;
  - i) the base salaries of the Key Employees are not excessive or egregious;
  - j) the Monitor has consulted the Investor Committee regarding the KERP, the KERP reflects the feedback of the Investor Committee and the Investor Committee supports approval of the KERP;
  - k) the Monitor has consulted with the DIP Lender regarding the KERP and understands that the DIP Lender does not object to the KERP; and
  - l) Mr. Livingstone is not a participant in the KERP.
9. The KERP is to have the benefit of a court-ordered charge on the Companies' business and assets. Accordingly, the charges would be as follows if the Court issues the requested order approving the KERP:
- a) the Administration Charge;
  - b) the DIP Charge;
  - c) the D&O Charge;
  - d) the KERP Charge; and
  - e) the Intercompany Charge.

- The Companies are requesting an order sealing the Sixth Livingstone Affidavit which contains personal information for the Key Employees. The Monitor believes it is appropriate to seal this affidavit as this type of information is typically sealed to avoid disruption in the event that the KERP is made publicly available and to protect the privacy of the beneficiaries of the KERP. The Monitor does not believe that any stakeholder will be prejudiced if the KERP information is sealed.

## 6.0 Cash Flow Forecast

- The Companies are seeking an extension of the Stay Period from May 8, 2021 to July 6, 2021 (the "Period"). The Companies prepared the Cash Flow Forecast for the Period.
- The Cash Flow Forecast and the Companies' statutory report on the Cash Flow Forecast pursuant to Section 10(2)(b) of the CCAA are attached as Appendices "C" and "D", respectively.
- The Cash Flow Forecast reflects that the Companies will have sufficient liquidity to pay post-filing expenses, as summarized below.

(unaudited; \$000s)	Amount
Receipts	
Intercompany	634
Disbursements	
Intercompany	66
Payroll and benefits	396
Professional services	83
IT	69
Rent	16
Insurance	41
Restructuring fees	800
Other	140
DIP Interest	26
	1,637
Net Cash Flow	(1,003)
Estimated Opening Cash Balance	887
Net Cash Flow	(1,003)
Additional DIP Financing	500
Closing Cash Balance	384
Opening DIP Balance <sup>3</sup>	1,500
Additional DIP Financing	500
DIP Financing at end of Period	2,000

- The principal amount of the DIP Facility is \$5 million. At the end of the Period, the Companies are projected to have drawn \$2 million under the DIP Facility.

<sup>3</sup> Estimated. There is currently \$1 million outstanding under the DIP Facility. The Companies are expected to draw an additional \$500,000 in the week ending May 9, 2021.

5. Based on the Monitor's review of the Cash-Flow Statement, there are no material assumptions which seem unreasonable. The Monitor's statutory report on the cash flow is attached as Appendix "E".

## 7.0 Stay Extension

1. The Stay Period currently expires on May 7, 2021. The Companies are requesting an extension of the Stay Period until July 6, 2021.
2. The Monitor supports the request for an extension of the stay of proceedings for the following reasons:
  - a) the Companies are acting in good faith and with due diligence;
  - b) no creditor will be prejudiced if the extensions are granted;
  - c) it will allow the Companies time to develop the Plan and to advance these proceedings;
  - d) as of the date of this Report, neither the Companies nor the Monitor is aware of any party opposed to an extension; and
  - e) the Companies are projected to have sufficient liquidity to fund their operations until July 6, 2021.

## 8.0 Companies' Activities

1. The Companies' activities since the date of the Second Report have included:
  - a) continuing to operate its business in the ordinary course;
  - b) engaging routinely with the Companies' investors and interested parties, including the preparation of an investor summary which was sent to all investors in early April 2021;
  - c) overseeing the operations of the PCs;
  - d) communicating with suppliers to secure goods and services during these proceedings;
  - e) advancing its restructuring efforts and considering various restructuring options;
  - f) preparing pro-formas for the PCs;
  - g) attending Investor Committee meetings and preparing presentations for the meetings;

- h) assisting the Monitor with the Claims Procedure;
- i) structuring and negotiating the terms of the KERP; and
- j) keeping the Monitor apprised of all of the foregoing.

## 9.0 Monitor's Activities

1. The Monitor's activities since the Second Report have included:
  - a) engaging regularly with Ardenton's management regarding all aspects of these proceedings;
  - b) continuing to engage frequently with investors;
  - c) assisting the Companies to prepare the investor update;
  - d) convening six Investor Committee meetings;
  - e) responding to questions from Investor Committee members;
  - f) dealing with the Claims Procedure as required under the Claims Procedure Order;
  - g) corresponding with the Companies' creditors;
  - h) complying with the DIP reporting requirements and providing updates to the DIP Lender;
  - i) monitoring the Companies' receipts and disbursements;
  - j) working with the Companies to consider restructuring issues, including possible frameworks for a CCAA Plan;
  - k) assisting the Companies regarding the terms and structure of the KERP;
  - l) drafting this Report; and
  - m) maintaining the service list.
2. The Monitor also included summaries of its activities from the commencement of these proceedings in its prior Reports. Copies of the Reports (without appendices) are attached as Appendix "F". The Monitor is seeking approval of its activities since the commencement of these proceedings and approval of the Reports.

## 10.0 Next Steps

1. The next major milestone of the CCAA proceedings is the Plan. The Monitor's objective is to work with the Companies and the Investor Committee to develop a Plan by the end of the proposed Stay Period. The Monitor is also advancing the Claims Procedure and will be required to deal with any disputed claims that are filed in the Claims Procedure.

## 11.0 Conclusion and Recommendation

1. Based on the foregoing, the Monitor respectfully recommends that the Court grant the relief detailed in Section 1.1(1)(h) of this Report.

\* \* \*

All of which is respectfully submitted.

*KSV Restructuring Inc.*

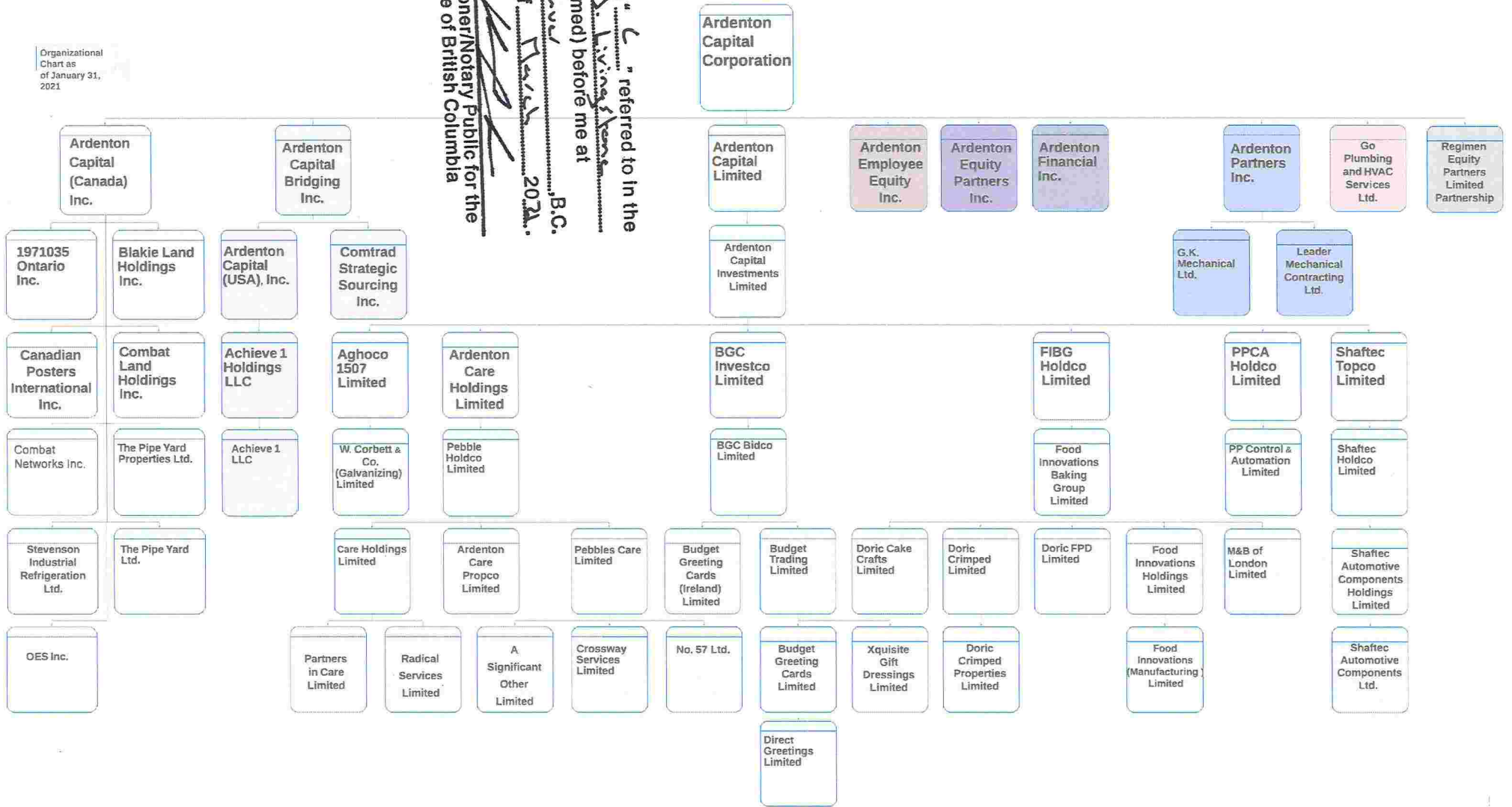
**KSV RESTRUCTURING INC.,  
IN ITS CAPACITY AS MONITOR OF  
ARDENTON CAPITAL CORPORATION AND ARDENTON CAPITAL BRIDGING INC.  
AND NOT IN ITS PERSONAL OR CORPORATE CAPACITIES**

## **Appendix “A”**

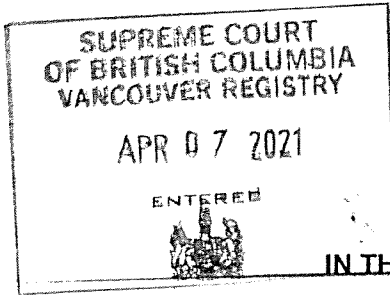


Organizational  
Chart as  
of January 31,  
2021

This is Exhibit "C" referred to in the  
Affidavit of N. Livingstone  
sworn (or affirmed) before me at  
Vancouver, B.C.  
this 2 day of March, 2021.  
A Commissioner/Notary Public for the  
Province of British Columbia



## **Appendix “B”**



Court File No. S-211985  
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

AND

IN THE MATTER OF ARDENTON CAPITAL CORPORATION AND  
ARDENTON CAPITAL BRIDGING INC.

PETITIONERS

BEFORE THE HONOURABLE )  
 ) MARCH 31, 2021  
MR. JUSTICE MACINTOSH )

**ORDER MADE AFTER APPLICATION  
(CLAIMS PROCEDURE ORDER)**

**ON THE APPLICATION** of KSV Restructuring Inc. in its capacity as monitor (the "**Monitor**") of Ardenton Capital Corporation and Ardenton Capital Bridging Inc. coming on for hearing by teleconference at the Law Courts, 800 Smithe Street in the City of Vancouver, in the Province of British Columbia, on the 31st day of March, 2021 (the "Order Date"); **AND ON HEARING** Colin Brousseau, counsel for the Monitor and William Skelly counsel for the Petitioners and those counsel listed on Schedule "A" hereto, and; **AND UPON READING** the material filed, including the Second Report of the Monitor dated March 25, 2021; **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;

IT IS HEREBY ORDERED, ADJUDGED AND DECLARED THAT:

**SERVICE**

1. The time for service and filing of the Notice of Application and the Motion Record is hereby abridged and validated so that this Notice of Application is properly returnable today and hereby dispenses with further service thereof.

## DEFINITIONS

2. The following terms shall have the following meanings:
- (a) **"Assessments"** means Claims of Her Majesty the Queen in Right of Canada or of any Province or Territory or Municipality or any other taxation authority in any Canadian or foreign jurisdiction, including, without limitation, amounts which may arise or have arisen under any notice of assessment, notice of objection, notice of reassessment, notice of appeal, audit, investigation, demand or similar request from any taxation authority;
  - (b) **"BIA"** means the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended;
  - (c) **"Business Day"** means a day, other than a Saturday, Sunday or a statutory holiday, on which banks are generally open for business in Vancouver, British Columbia;
  - (d) **"CCAA Proceeding"** means the proceeding under the CCAA bearing Court File No. S-211985 in respect of or relating to the Petitioners, commenced pursuant to the Initial Order;
  - (e) **"Charges"** has the meaning given to that term in the Initial Order;
  - (f) **"Claim"** means:
    - (i) any right or claim of any Person that may be asserted or made in whole or in part against the Petitioners, whether or not asserted or made, in connection with any indebtedness, liability or obligation of any kind whatsoever in existence at the time of the Initial Order, and any interest accrued thereon or costs payable in respect thereof, including by reason of the commission of a tort (intentional or unintentional), by reason of any breach of contract or other agreement (oral or written), by reason of any breach of duty (including any legal, statutory, equitable or fiduciary duty) or by reason of any right of ownership of or title to property or assets or right to a trust or deemed trust (statutory, express, implied, resulting, constructive, or otherwise), and whether or not such indebtedness, liability or obligation is reduced to judgment, liquidated, unliquidated,

fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, perfected, unperfected, present, future, known, or unknown, by guarantee, surety or otherwise, and whether or not such right is executory or anticipatory in nature, including any right or ability of any Person to advance a claim for contribution or indemnity or otherwise against the Petitioners with respect to any matter, action, cause or chose in action, but subject to any counterclaim, set-off or right of compensation in favour of any of the Petitioners which may exist, whether existing at present or commenced in the future, which indebtedness, liability or obligation (A) is based in whole or in part on facts that existed prior to the Filing Date, (B) relates to a time period prior to the Filing Date, or (C) is a right or claim of any kind that would be a claim provable in bankruptcy within the meaning of the BIA had any of the Petitioners become bankrupt on the Filing Date, including for greater certainty, any claim against the Petitioners for indemnification by any Directors or Officers in respect of a D&O Pre-Filing Claim or a D&O Restructuring Claim (but excluding any such claim for indemnification that is covered by the Directors' Charge (as defined in the Initial Order)) (each, a "**Pre-Filing Claim**");

- (ii) any right or claim of any Person that may be asserted or made in whole or in part against the Petitioners, whether or not asserted or made, in connection with any indebtedness, liability or obligation of any kind whatsoever owed by any of the Petitioners to such Person arising out of the restructuring, disclaimer, repudiation, resiliation, termination or breach ("**Disclaimer**") of any lease, contract, or other arrangement, agreement or obligation (whether oral or written) by any of the Petitioners on or after the Filing Date, whether such restructuring, termination, repudiation or disclaimer took place or takes place before or after the date of this Claims Procedure Order (each, a "**Restructuring Claim**") including for greater certainty, any claim against the Petitioners for indemnification by any Directors or Officers in respect of a D&O Restructuring Claim (but excluding any such claim for indemnification that is covered by the Directors' Charge (as defined in the Initial Order)); and

(iii) any right or claim of any Person that may be asserted or made in whole or in part against one or more of the Directors or Officers of any of the Petitioners, whether or not asserted or made, howsoever arising whether or not such right or claim is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, perfected, unperfected, present, future, known, or unknown, by guarantee, surety or otherwise, and whether or not such right is executory or anticipatory in nature, including any Assessments and any right or ability of any Person to advance a claim for contribution, indemnity or otherwise against any of the Directors and/or Officers with respect to any matter, action, cause or chose in action, however arising and whether:

- (1) (A) based in whole or in part on facts that existed prior to the Filing Date, (B) relating to a time period prior to the Filing Date, or (C) it is a right or claim of any kind that would be a claim provable in bankruptcy within the meaning of the BIA had the Petitioners become bankrupt on the Filing Date (a **"D&O Pre-Filing Claim"**);  
or
- (2) based on facts that arose in connection with the restructuring, disclaimer, resiliation, termination or breach by the Petitioners on or after the Filing Date of any contract, lease, other agreement or obligation, whether written or oral,

in each case for which the Directors or Officers are alleged to be, by statute or otherwise by law or equity, liable to pay in their capacity as Directors or Officers (each, a **"D&O Restructuring Claim"**);

provided, however, that in any case "Claim" shall not include an Excluded Claim;

- (g) **"Claimant"** means any Person who asserts a Claim, including Known Claimants, and includes the transferee or assignee of a Claim recognized in accordance with paragraphs 40 and 41 or a trustee, executor, liquidator, receiver, receiver and manager, or other Person acting on behalf of or through such Person;

- (h) “**Claims Package**” means a document package that contains a copy of the Instruction Letter, a Proof of Claim, a Notice of Dispute and such other materials as the Monitor may deem appropriate;
  - (i) “**Claims Procedure**” means the procedures outlined in this Claims Procedure Order, including the Schedules hereto;
  - (j) “**Court**” means the Supreme Court of British Columbia;
  - (k) “**D&O Claim**” means a D&O Pre-Filing Claim or a D&O Restructuring Claim;
  - (l) “**Directors**” means the current and former directors of the Petitioners and “**Director**” means any one of them;
- 
- (m) “**Directors’ Charge**” has the meaning given to such term in the Initial Order;
  - (n) “**Disputed Claim**” means a Claim that is validly disputed in accordance with the Claims Procedure set out in this Claims Procedure Order and which remains subject to adjudication in accordance with this Claims Procedure Order;
  - (o) “**Equity Claim**” has the meaning set forth in Section 2(1) of the CCAA;
  - (p) “**Excluded Claim**” means:
    - (i) any claim secured by any of the Charges; and
    - (ii) any claim that cannot be compromised pursuant to subsections 5.1(2) and 19(2) of the CCAA;
  - (q) “**Filing Date**” means March 5, 2021;
  - (r) “**Initial Order**” means the Order of the Honourable Mr. Justice MacIntosh dated March 5, 2021, commencing the CCAA Proceeding, as amended and/or amended and restated from time to time;
  - (s) “**Instruction Letter**” means the instruction letter to Claimants, substantially in the form attached as **Schedule “B”** hereto;

- (t) **"Known Claim"** means any Claim determined by the Monitor in consultation with the Petitioners to be a known potential Claimant of the Petitioners based on the Petitioners' books and records;
- (u) **"Known Claimant"** means any Person who received a Known Claimant Notice in accordance with the terms of this Order;
- (v) **"Known Claimant Notice"** means a notice to be delivered by the Monitor setting out the amount and calculation of a Known Claim, substantially in the form attached as **Schedule "D"** hereto;
- (w) **"Known Claimant Claims Package"** means a document package that contains a copy of the Instruction Letter, a Known Claimant Notice, a Proof of Claim, a Notice of Dispute and such other materials as the Monitor may deem appropriate;
- (x) **"Meeting"** means a meeting of the affected creditors of the Petitioners called for the purpose of considering and voting in respect of a Plan;
- (y) **"Monitor"** means KSV Restructuring Inc., in its capacity as the Court-appointed Monitor of the Petitioners;
- (z) **"Monitor's Website"** means <https://www.ksvadvisory.com/insolvency-cases/case/ardenton-capital-corporation>;
- (aa) **"Notice to Claimants"** means the notice for publication by the Monitor as described in paragraph 16, substantially in the form attached as **Schedule "A"** hereto;
- (bb) **"Notice of Dispute"** means the notice referred to in paragraphs 33 and 34 substantially in the form attached as **Schedule "F"** hereto, which may be delivered by a Claimant who wishes to dispute a Notice of Revision or Disallowance to the Court;
- (cc) **"Notice of Known Claim Dispute"** means the notice referred to in paragraphs 21 and 22 substantially in the form attached as **Schedule "G"** hereto, which may be delivered by a Claimant who wishes to dispute a Known Claimant Notice;



- (dd) **"Notice of Revision or Disallowance"** means the notice referred to in paragraph 28(e), substantially in the form attached as **Schedule "E"** hereto, advising a Claimant that the Monitor, with in consultation with the Petitioners, has revised or rejected all or part of such Claimant's Claim as set out in its Proof of Claim or Notice of Known Claim Dispute, as applicable;
- (ee) **"Officers"** means the former and current officers of the Petitioners and **"Officer"** means any one of them;
- (ff) **"Orders"** means any and all orders issued by the Court within the CCAA Proceeding, including the Initial Order;
- (gg) **"Person"** shall be interpreted broadly and means any individual, corporation, firm, limited or unlimited liability company, general or limited partnership, association (incorporated or unincorporated), trust, unincorporated organization, joint venture, trade union, government authority or any agency, regulatory body or officer thereof or any other entity, wherever situate or domiciled, and whether or not having legal status, and whether acting on their own or in a representative capacity;
- (hh) **"Plan"** means a plan of compromise or arrangement pursuant to the CCAA affecting and involving the Petitioners;
- (ii) **"Pre-Filing Claims Bar Date"** means 4:00 p.m. on May 14, 2021 or such other date as may be ordered by the Court;
- (jj) **"Proof of Claim"** means the Proof of Claim referred to in paragraphs 23 to 27 to be filed by the Claimants, including those Known Claimants that wish to assert a Claim in addition to any Claim set out in a Known Claimant Notice, substantially in the form attached as **Schedule "C"** hereto;
- (kk) **"Proven Claim"** means the amount and Status of a Claim of a Claimant as finally determined in accordance with this Claims Procedure Order, or any further Order of the Court;
- (ll) **"Restructuring Claims Bar Date"** means the later of:

- (i) the Pre-Filing Claims Bar Date; and
  - (ii) 5:00 p.m. on the day which is thirty (30) days after the Monitor sends a Claims Package with respect to a Restructuring Claim in accordance with paragraph 19.
- (mm) **"Secured Claim"** means that portion of a Claim that is (i) secured by security validly charging or encumbering property or assets of the Petitioners (including statutory and possessory liens that create security interests) up to the value of such collateral, and (ii) duly and properly perfected in accordance with the relevant legislation in the appropriate jurisdiction;
- (nn) **"Service List"** means the service list maintained by the Monitor in respect of the CCAA Proceeding;
- (oo) **"Status"** means, with respect to a Claim, whether such claim is an Unsecured Claim, Secured Claim, or Equity Claim; and
- (pp) **"Unsecured Claim"** means any Claim that is not a Secured Claim or an Excluded Claim.

3. All references as to time herein shall mean local time in Vancouver, British Columbia, Canada, and any reference to an event occurring on a Business Day shall mean prior to 4:00 p.m. on such Business Day unless otherwise indicated herein.

4. All references to the word "including" shall mean "including without limitation".

5. All references to the singular herein include the plural, the plural include the singular, and any gender includes the other gender.

#### **GENERAL PROVISIONS**

6. The Claims Procedure and the forms attached as schedules to this Claims Procedure Order are hereby approved and the Monitor shall be and is hereby authorized and directed to implement the Claims Procedure. Notwithstanding the foregoing, the Monitor may, from time to time, make such minor changes to such forms as the Monitor, in consultation with the Petitioners, considers necessary or desirable.

7. The Monitor, is hereby authorized to: (i) use reasonable discretion as to the adequacy of compliance with respect to the manner in which forms delivered hereunder are completed and executed, and may, where it is satisfied that a Claim has been adequately proven, waive strict compliance with the requirements of this Claims Procedure Order as to completion and execution of such forms, and (ii) to request any further documentation from a Claimant that the Monitor may reasonably require in order to determine the validity and/or Status of a Claim.

8. All Claims shall be denominated in the original currency of the Claim. Where no currency is indicated, the Claim shall be presumed to be in Canadian Dollars. The Monitor shall subsequently calculate the amount of such Claim in Canadian Dollars using the Bank of Canada Canadian Dollar Daily Exchange Rate on the Filing Date.

9. All Claims other than Restructuring Claims shall be calculated and determined as of the Filing Date, and without including any interest and penalties that would otherwise accrue after the Filing Date. Restructuring Claims shall be calculated and determined as of the effective date of the applicable Disclaimer.

10. Notwithstanding any other provisions of this Claims Procedure Order, the delivery of a Known Claimant Notice, the solicitation by the Monitor of Proofs of Claim, the delivery by the Monitor of Notices of Revision or Disallowance and the filing by any Claimant of a Proof of Claim shall not, for that reason only, grant any Person any rights, including without limitation, in respect of the nature, quantum and Status of its Claim, standing in the CCAA Proceeding or voting rights in respect of any Plan, except as specifically set out in this Claims Procedure Order, or any further Order of the Court.

11. Amounts claimed in respect of any Assessments shall be subject to this Claims Procedure Order and there shall be no presumption of validity or deeming of the amount due in respect of the Claim set out in any Assessments.

#### **MONITOR'S ROLE**

12. The Monitor, in addition to its prescribed rights, duties, responsibilities and obligations under the CCAA and under the Initial Order, shall be responsible for the administration of the Claims Procedure, including the determination of the validity and quantum of Claims, including those Claims set out in the Known Claimant Notices, and the referral of a particular Claim to the Court, and is hereby directed and empowered to take such other actions and fulfill such other roles as are contemplated by this Claims Procedure Order or incidental thereto.

13. In carrying out the terms of this Claims Procedure Order, (i) the Monitor shall have all of the protections granted to it pursuant to the CCAA, the Initial Order, and this Claims Procedure Order, and as an officer of this Court, including the stay of proceedings in its favour, (ii) the Monitor shall incur no liability or obligation as a result of the carrying out of the provisions of this Claims Procedure Order, except to the extent that the Monitor has acted with gross negligence or willful misconduct, (iii) the Monitor shall be entitled to rely on the books and records of the Petitioners and any information provided by the Petitioners, all without independent investigation, and (iv) the Monitor shall not be liable for any claims or damages resulting from any errors or omissions in such books, records or information or in any information provided by any Claimant, except to the extent that the Monitor has acted with gross negligence or willful misconduct.

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#### **NOTICE TO CLAIMANTS**

14. The Petitioners shall provide the Monitor with a complete list of Known Claimants as at the date of this Claims Procedure Order, showing for each Known Claimant, their name, address and the amount of the Known Claim(s) of such Known Claimant, all in accordance with the Petitioners' books and records.

15. The Monitor shall send a Known Claimant Claims Package to each Known Claimant and to Canada Revenue Agency, and any similar revenue or taxing authority of each and every province or territory of Canada in which the Petitioners carry on business within ten (10) Business Days following the granting of this Claims Procedure Order, by ordinary mail or electronic mail to the Known Claimant's last known address provided by the Petitioners, or the address provided to the Monitor by the Known Claimant.

16. As soon as practicable, but no later than 4:00 p.m. on April 9, 2021, the Monitor shall cause the Notice to Claimants to be published for at least one (1) Business Day in the Vancouver Sun and national edition of the *Globe and Mail*.

17. The Monitor shall cause the Notice to Claimants, the Claims Package and the Claims Procedure Order to be posted to the Monitor's Website as soon as reasonably possible and cause it to remain posted thereon until its discharge as Monitor of the Petitioners.

18. Upon request by a Claimant for a Claims Package or documents or information relating to the Claims Procedure prior to the Pre-Filing Claims Bar Date or the applicable Restructuring

Claims Bar Date, as applicable, the Monitor shall forthwith send a Claims Package, direct such Person to the documents posted on the Monitor's Website, or otherwise respond to the request for information or documents as the Monitor considers appropriate in the circumstances.

19. With respect to Restructuring Claims arising from the Disclaimer of any lease, contract, agreement or obligation, which becomes effective on or after the date of the Claims Procedure Order, the Monitor shall send to the counterparties to such lease, contract or other agreement or obligation, a Claims Package no later than five (5) Business Days following the date on which the Monitor becomes aware of the effective date of such Disclaimer.

20. Except as specifically provided for in this Claims Procedure Order, neither the Petitioners nor the Monitor are under any obligation to provide notice of this Claims Procedure Order to any Person having or asserting a claim, and without limitation, neither the Petitioners nor the Monitor shall have any obligation to send notice to any Person having a security interest in a Claim (including the holder of a security interest created by way of a pledge or a security interest created by way of an assignment of a Claim), and all Persons (including Claimants) shall be bound by the applicable Claims Bar Date, this Order and any notices published pursuant to this Claims Procedure Order regardless of whether or not they received actual notice, and any steps taken in respect of any Claim, in accordance with this Claims Procedure Order.

#### **KNOWN CLAIMANT NOTICES AND PROOFS OF CLAIM**

21. Any Known Claimant that does not dispute the amount of its Known Claim as set out in the applicable Known Claimant Notice delivered to such Known Claimant, is not required to take any further action and the Known Claim of such Known Claimant shall be deemed to be such amount as set forth in the Known Claimant Notice for the purposes of voting and distribution under any Plan. Any Known Claimant wishing to dispute the amount or other aspect of the Known Claim set out in the Known Claimant Notice must file a Notice of Known Claim Dispute including all relevant supporting documentation in respect of such dispute, with the Monitor on or before the Pre-Filing Claims Bar Date.

22. If any Person who received a Known Claimant Notice does not return a Notice of Known Claim Dispute in accordance with this Claims Procedure Order, the value and Status of such Known Claim shall be deemed to be set out in the Known Claimant Notice, for the purposes of voting and distribution under any Plan, and the Known Claimant will be barred from disputing or

appealing same, and the balance of such Known Claim, if any, shall be forever barred and extinguished.

23. Any Person who wishes to assert a Pre-Filing Claim (not set out in a Known Claimant Notice) must deliver to the Monitor on or before the Pre-Filing Claims Bar Date a completed Proof of Claim, including all relevant supporting documentation in respect of such Claim, in the manner set out in this Claims Procedure Order.

24. Any Person that wishes to assert a Restructuring Claim must deliver to the Monitor on or before the applicable Restructuring Claims Bar Date a completed Proof of Claim form, together with all relevant supporting documentation in respect of such Claim, in the manner set out in this Claims Procedure Order.

25. Any Person that wishes to assert a D&O Prefiling Claim must deliver to the Monitor on or before the Pre-Filing Claims Bar Date, and any Person that wishes to assert a D&O Restructuring Claim must deliver to the Monitor on or before the Restructuring Claims Bar Date, as applicable, a completed Proof of Claim form, together with all relevant supporting documentation, in the manner set out in this Claims Procedure Order.

26. Any Person wishing to assert a Claim (other than a Claim set out in a Known Claimant Notice) shall include any and all Pre-Filing Claims it asserts against the Petitioners or a Director or Officer in a single Proof of Claim provided, however, that where a Person has taken an assignment or transfer of a Claim after the Filing Date, that Person shall file a separate Proof of Claim for each such assigned or transferred Claim.

27. Any Person who does not file a Proof of Claim in accordance with this Claims Procedure Order with the Monitor by the Pre-Filing Claims Bar Date or Restructuring Claims Bar Date, as applicable, shall:

- (a) not be entitled to receive further notice with respect to, and shall not be entitled to participate as a Claimant or creditor in, the Claims Procedure or the CCAA Proceeding in respect of such Claim;
- (b) with respect to a Pre-Filing Claim or a Restructuring Claim, upon the approval of a Plan, be forever barred, estopped and enjoined from asserting or enforcing such Claim against the Petitioners and the Petitioners shall not have any liability

whatsoever in respect of such Claim and such Claim shall be extinguished without any further act or notification by the Petitioners or the Monitor;

- (c) with respect to a D&O Claim, upon the approval of a Plan, be forever barred, estopped and enjoined from asserting or enforcing such Claim against any of the Directors or Officers and the Directors and Officers shall not have any liability whatsoever in respect of such Claim and such Claim shall be extinguished without any further act or notification by the Petitioners, the Monitor or the Directors or Officers;
- (d) not be permitted to vote on any Plan at any Meeting on account of such Claim; and
- (e) not be permitted to participate in any distribution under any Plan related to such Claim or under this CCAA Proceeding.

#### **ADJUDICATION OF CLAIMS**

28. The Monitor in consultation with the Petitioners (and in the case of a D&O Claim, in consultation with the respective Directors or Officers, if applicable) shall review all Proofs of Claim and Notices of Known Claim Dispute filed in accordance with this Claims Procedure Order, and at any time may:

- (a) request additional information from a Claimant;
- (b) request that a Claimant file a revised Proof of Claim or Notice of Dispute;
- (c) attempt to resolve and settle any issue arising in a Proof of Claim or Notice of Known Claim Dispute or in respect of a Claim;
- (d) accept (in whole or in part), the amount and/or Status of any Claim and so notify the Claimant in writing; and
- (e) revise or disallow (in whole or in part) the amount and/or Status of any Claim and so notify the Claimant in writing by way of a Notice of Revision or Disallowance.

29. The Monitor shall not accept or revise any portion of a D&O Claim absent: (i) the consent of the applicable Directors and Officers in consultation with the applicable insurer; or (ii) further Order of the Court.

30. If a D&O Claim is accepted in accordance with this Claims Procedure Order, the Petitioners and the Monitor shall determine the extent to which the D&O Claims are covered under any applicable directors' or officers' insurance policy, in consultation with the applicable insurer, and, if covered, the extent, if any, to which coverage is sufficient to pay the amount set out in the relevant D&O Claim.

31. Where a Claim has been accepted by the Monitor, in consultation with the Petitioners, and in accordance with this Claims Procedure Order, such Claim shall constitute such Claimant's Proven Claim. The acceptance of any Claim or other determination of same in accordance with this Order, in full or in part, shall not constitute an admission of any fact, thing, liability, or quantum or status of any claim by any Person, save and except in the context of the Claims Procedure and the CCAA Proceeding.

32. Where a Claim or Notice of Known Claim Dispute is revised or disallowed (in whole or in part, and whether as to amount and/or Status), the Monitor shall deliver by electronic mail or ordinary mail to the last known address of the relevant Claimant or Known Creditor a Notice of Revision or Disallowance.

33. Any Person who intends to dispute the amount set out in a Notice of Revision or Disallowance shall deliver a Notice of Dispute to the Monitor in writing, with a copy to the Monitor, by 4:00 p.m. on the day that is no later than fourteen (14) days after such Claimant received the Notice of Revision or Disallowance, with the date of the Claimant's receipt of the Notice of Revision or Disallowance being determined pursuant to paragraph 28 of this Claims Procedure Order, or such longer period as may be agreed to by the Petitioners, in consultation with the Monitor, in writing. The receipt of a Notice of Dispute by the Monitor within the fourteen (14) day period specified in this paragraph shall constitute the Claimant's consent to have the amount and/or Status of such claim determined by the Court pursuant to the Claims Procedure as provided in this Claims Procedure Order.

34. If any Person who received a Notice of Revision or Disallowance does not return a Notice of Dispute in accordance with paragraph 33, the value and Status of such Claim shall be deemed to be set out in the Notice of Revision or Disallowance, respectively, for the purposes of voting and distribution under any Plan, and the Claimant will be barred from disputing or appealing same, and the balance of such Claimant's Claim, if any, shall be forever barred and extinguished.



35. The Petitioners and the Monitor (and in the case of a D&O Claim, with the respective Directors or Officers, if applicable, and in consultation with the applicable insurer), may attempt to consensually resolve the amount and/or Status of any Pre-Filing Claim, Restructuring Claim, and/or D&O Claim as set out in the Notice of Dispute. Notices of Dispute not consensually resolved through the dispute and review process may be accepted by the Petitioners and the Monitor for voting purposes only on any Plan filed by the Petitioners; provided, however, that no D&O Claim shall be resolved by the Petitioners or the Monitor without the consent of the applicable Director or Officer.

36. In the event that the Monitor and the Claimant are unable to resolve any Disputed Claim in respect of any Pre-Filing Claim or Restructuring Claim, the Monitor shall bring an application for advice and direction to the Court in these CCAA Proceedings to have the Disputed Claim, determined by the Court, which application shall be heard as a hearing de novo.

37. In the event that the Monitor, in consultation with the applicable Director or Officer, is unable to resolve any Disputed Claim in respect of any D&O Claim, the Monitor shall bring an application for advice and direction to the Court in these CCAA Proceedings to have the D&O Claim determined by the Court, which application shall be heard as a hearing de novo.

38. Nothing in this Claims Procedure Order will affect or limit the Petitioners' right to assert an affirmative claim against a Claimant within the Claims Procedure, and the Petitioners shall retain all rights and defences, legal and equitable, to any Claims, including Disputed Claims, that are asserted in accordance with this Claims Procedure Order. Without limiting the foregoing, the Petitioners shall be entitled to assert a right of set-off, recoupment or any other affirmative counterclaim of any kind or nature whatsoever against the Claimant with a Disputed Claim and the Petitioners' claim shall be determined within the CCAA Proceeding.

#### **EXCLUDED CLAIMS**

39. For greater certainty, no Person holding an Excluded Claim shall be required to file a Proof of Claim in respect of such Excluded Claims, and such Person shall be unaffected by this Claims Procedure Order and any Plan in respect of such Excluded Claim.

#### **NOTICE OF TRANSFER OR ASSIGNMENT**

40. Neither the Monitor nor the Petitioners shall be obligated to give notice or otherwise deal with the transferee or assignee of a Claim unless and until actual notice of the transfer or

assignment, together with satisfactory evidence of the existence and validity of such transfer or assignment, shall have been received and acknowledged by the Petitioners and the Monitor in writing. Thereafter, such transferee or assignee shall, for all purposes hereof, constitute the "Claimant" in respect of such Claim. Any such transferee or assignee of a Claim shall be bound by any notices given or steps taken in respect of such Claim in accordance with this Claims Procedure Order prior to the receipt and acknowledgment by the Petitioners and the Monitor of satisfactory evidence of such transfer or assignment. A transferee or assignee of a Claim takes the Claim subject to any right of set-off to which the Petitioners may be entitled with respect to such Claim. For greater certainty, a transferee or assignee of a Claim is not entitled to set off, apply, merge, consolidate or combine any Claims assigned or transferred to it against or on account or in reduction of any amounts owing by such Person to the Petitioners.

41. If a Claimant or any subsequent holder of a Claim, who in any such case has previously been acknowledged by the Petitioners and the Monitor as the holder of the Claim, transfers or assigns the whole of such Claim to more than one Person or part of such Claim to another Person, such transfers or assignments shall not create separate Claims and such Claims shall continue to constitute and be dealt with as a single Claim notwithstanding such transfers or assignments. The Petitioners and the Monitor shall not, in each case, be required to recognize or acknowledge any such transfers or assignments and shall be entitled to give notices to and to otherwise deal with such Claim only as a whole and then only to and with the Person last holding such Claim, provided such Claimant may, by notice in writing delivered to the Monitor, direct that subsequent dealings in respect of such Claim, but only as a whole, shall be dealt with by a specified Person and in such event, such Person shall be bound by any notices given or steps taken in respect of such Claim with such Claimant or in accordance with the provisions of this Claims Procedure Order.

#### **SERVICE AND NOTICES**

42. The Known Claimant Claims Package and Claims Package to be provided and sent in accordance with this Claims Procedure Order shall constitute good and sufficient service and delivery of notice of the Claims Procedure and this Claims Procedure Order, the Pre-Filing Claims Bar Date and Restructuring Claims Bar Date on all Persons who may be entitled to receive notice thereof and who may assert a Claim and no other notice or service need be given or made and no other documents or materials need to be sent to or served upon any Person in respect of this Claims Procedure Order.

43. The Petitioners and the Monitor may, unless otherwise specified by this Claims Procedure Order, serve and deliver the Known Claimant Claims Package and Claims Package, and any letters, notices or other documents to the Claimants or any other interested Person by forwarding true copies thereof by prepaid ordinary mail, registered mail, courier, personal delivery or email to such Persons at the physical or electronic address, as applicable, last shown on the books and records of the Petitioners. Any such service and delivery shall be deemed to have been received: (a) if sent by ordinary mail or registered mail, on the third Business Day after mailing within British Columbia, the fifth Business Day after mailing within Canada (other than within British Columbia), and the tenth Business Day after mailing internationally; (b) if sent by courier or personal delivery, on the next Business Day following dispatch; and (c) if delivered by email by 4:00 p.m. on a Business Day, on such Business Day and if delivered after 5:00 p.m. or other than on a Business Day, on the following Business Day.

44. Any notice or communication required to be provided or delivered to the Monitor under this Claims Procedure Order shall be in writing in substantially the form, if any, provided for in this Claims Procedure Order and will be sufficiently given only if delivered by email, or if it cannot be given by email by prepaid registered mail, courier or personal delivery, addressed to:

KSV Restructuring Inc.  
Court-appointed Monitor of the Petitioners  
2308 - 150 King Street West  
Toronto, ON M5H 1J9

Attention: Bobby Kofman / Noah Goldstein / Esther Mann

Phone: (416) 932-6228 / (416) 932-6207 / (416) 932-6009  
Email: bkofman@ksvadvisory.com / ngoldstein@ksvadvisory.com /  
emann@ksvadvisory.com

With a copy to:

DLA Piper (Canada) LLP  
1 First Canadian Place  
100 King Street West, Suite 6000  
Toronto, Ontario M5X 1E2

2800 - 666 Burrard Street  
Vancouver, BC V6C 2Z7

Attention: Edmond Lamek / Colin Brousseau

Phone: (416) 365-3444 / (604) 643-6400  
Email: edmond.lamek@dlapiper.com / colin.brousseau@dlapiper.com

Any such notice or communication delivered by a Claimant shall be deemed to be received upon actual receipt by the Monitor, thereof during normal business hours on a Business Day or if delivered outside of normal business hours, the next Business Day.

45. If during any period during which notices or other communications are being given pursuant to this Claims Procedure Order, a postal strike or postal work stoppage of general application should occur, such notices, notifications or other communications sent by ordinary or registered mail and then not received shall not, absent further Order of this Court, be effective and notices and other communications given hereunder during the course of any such postal strike or work stoppage of general application shall only be effective if given by courier, personal delivery, facsimile transmission or email in accordance with this Claims Procedure Order.

46. In the event that this Claims Procedure Order is later amended by further Order of the Court, the Monitor shall post such further Order on the Monitor's Website, and such posting shall constitute adequate notice to any Claimant of such amended claims procedure.

#### **DIRECTIONS**

47. Notwithstanding the terms of this Claims Procedure Order, the Monitor may apply to this Court from time to time for directions from this Court with respect to this Claims Procedure Order, or for such further Order or Orders as it may consider necessary or desirable to amend, supplement or clarify the terms of this Claims Procedure Order.

#### **MISCELLANEOUS**

48. This Order shall have full force and effect in all provinces and territories in Canada, outside Canada and against all Persons against whom it may be enforceable.

49. Nothing in this Order shall prejudice the rights and remedies of any Directors or Officers to the Charges or any applicable insurance policy or prevent or bar any Person from seeking recourse against or payment from the Petitioners' insurance or any directors' or officers' liability insurance policy or policies that exist to protect or indemnify the Directors or Officers whether such recourse or payment is sought directly by the Person asserting a Claim from the insurer or derivatively through the Director or Officer or the Petitioners; provided, however, that nothing in this Order shall create any rights in favour of such Person under any policies of insurance nor shall anything in this Order limit, remove, modify or alter any defence to such Claim available to

the insurer pursuant to the provisions of any insurance policy or at law; and further provided that any Claim or portion thereof for which the Person receives payment directly from, or confirmation that he or she is covered by, the Petitioners' insurance or any directors' or officers' liability insurance or other liability insurance policy or policies that exist to protect or indemnify the Directors or Officers shall not be recoverable as against the Petitioners or Director or Officer, as applicable.

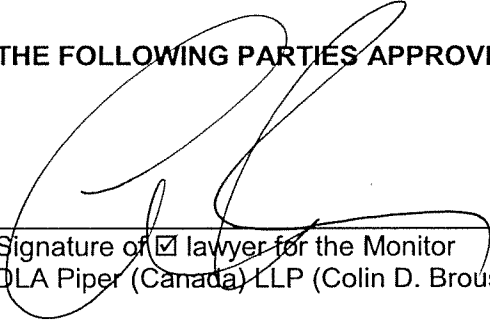
50. Nothing in this Claims Procedure Order shall constitute or be deemed to constitute an allocation or assignment of a Claim or an Excluded Claim into any particular affected or unaffected classes for the purposes of any Plan and, for greater certainty, the treatment of Claims and Excluded Claims subject to any Plan and the class or classes of creditors for voting and distribution purposes shall be subject to the terms of any Plan or further Order of the Court.


51. This Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, or abroad, to give effect to this Order and to assist the Petitioners, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Petitioners and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Petitioners and the Monitor and their respective agents in carrying out the terms of this Order.

52. Each of the Petitioners and the Monitor be at liberty and are hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order.

53. The approval of this Claims Procedure Order by counsel appearing on this application other than DLA Piper (Canada) LLP, counsel to the Monitor, is hereby disposed with.

**THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER**

  
\_\_\_\_\_  
Signature of  lawyer for the Monitor  
DLA Piper (Canada) LLP (Colin D. Brousson)

 By This Court:

\_\_\_\_\_  
Registrar

**Schedule "A"**

List of Counsel Appearing

<b>Name of Counsel</b>	<b>Name of Party</b>
Kyle B. Plunkett, William E.J. Skelly and Thomas W. Clifford	The Petitioners
Colin D. Brousson and Jeffrey D. Bradshaw	The Monitor
Claire Hildebrand	Oxford Management Services Inc.
Kibben Jackson	Montrusco Bolton Investments Inc., Montrusco Bolton Alternative Fund L.P., MBI/Ardenton Private Equity Income Fund, L.P. and MBI/Ardenton Private Equity Income and Growth Fund, L.P.
Adrienne Ho	Leone Financial Corporation, shareholder of 1971035 Ontario Inc.
Christopher Ramsay and Nick Carlson	RCM Capital Management Ltd.

SCHEDULE "A"

NOTICE TO CLAIMANTS

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NOTICE TO CLAIMANTS

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

IN THE MATTER OF ARDENTON CAPITAL CORPORATION AND  
ARDENTON CAPITAL BRIDGING INC. (the "PETITIONERS")

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**PLEASE TAKE NOTICE** that this notice is being published pursuant to an Order of the Supreme Court of British Columbia (the "**Court**") made March 31, 2021 (the "**Claims Procedure Order**"). The Court has ordered that KSV Restructuring Inc., in its capacity as the Petitioners' Court-appointed monitor (the "**Monitor**"), send a Known Claimant Claims Package to each Known Claimant of the Petitioners, as well as a Claims Package to any Person who requests one from the Monitor, as part of the Court-approved claims process (the "**Claims Procedure**"). All capitalized terms shall have the meaning given to those terms in the Claims Procedure Order.

The Claims Procedure Order, the Claims Package and related materials may be accessed from the Monitor's website at <https://www.ksvadvisory.com/insolvency-cases/case/ardenton-capital-corporation>.

Please take notice that any Person who believes that they have a Pre-Filing Claim or a D&O Pre-Filing Claim against the Petitioners or their Directors and Officers that existed or is based on facts existing as at the date of the Initial Order (March 5, 2021) must deliver a Proof of Claim to the Monitor **before 4:00 pm (Pacific Time) on May 14, 2021 (the "Pre-Filing Claims Bar Date")**.

Any Person who believes that they have a Restructuring Claim or a D&O Restructuring Claim against the Petitioners or Directors and Officers arising out of the restructuring, termination, repudiation or disclaimer on or after March 5, 2021 of any contract, lease or other agreement, whether oral or written, by the Petitioners must deliver a Proof of Claim to the Monitor **before the later of the Pre-Filing Claims Bar Date or 5:00 p.m. (Pacific Time) on the date which is 30 days after the date the Monitor sends a Claims Package with respect to a Restructuring Claim or a D&O Restructuring Claim in accordance with the Claims Procedure Order (the "Restructuring Claims Bar Date")**.

**PROOFS OF CLAIM MUST BE RECEIVED BY THE MONITOR BY THE PRE-FILING CLAIMS BAR DATE OR THE RESTRUCTURING CLAIMS BAR DATE, AS APPLICABLE. THE FAILURE TO DO SO WILL RESULT IN THE APPLICABLE CLAIM BEING FOREVER BARRED AND EXTINGUISHED, INCLUDING ANY CLAIM(S) AGAINST THE DIRECTORS AND OFFICERS.**



The Monitor can be contacted by email at [jwong@ksvadvisory.com](mailto:jwong@ksvadvisory.com), to the attention of Jordan Wong.

## SCHEDULE “B”

### INSTRUCTION LETTER

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#### INSTRUCTION LETTER FOR THE CLAIMS PROCEDURE

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

IN THE MATTER OF ARDENTON CAPITAL CORPORATION AND  
ARDENTON CAPITAL BRIDGING INC. (the “PETITIONERS”)

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#### CLAIMS PROCEDURE

By Order of the Supreme Court of British Columbia dated March 31, 2021, (the “**Claims Procedure Order**”) under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36 as amended (the “**CCAA**”), KSV Restructuring Inc., in its capacity as Monitor of the Petitioners, has been authorized to conduct a procedure for the identification, quantification, and resolution of Claims against the Petitioners and the Directors and Officers of the Petitioners (the “**Claims Procedure**”). A copy of the Claims Procedure Order can be obtained from the Monitor’s website at <https://www.ksvadvisory.com/insolvency-cases/case/ardenton-capital-corporation>.

This letter provides general instructions for completing the Notice of Known Claim Dispute, if applicable, and the Proof of Claim form. As of the date of this instruction letter, there has been no proposed plan of compromise or arrangement pursuant to the CCAA. Capitalized terms not defined within this instruction letter shall have the meaning set out in the Claims Procedure Order. You should review the Claims Procedure Order carefully for all terms defined therein.

The Claims Procedure is intended for any Person with a claim of any kind or nature whatsoever, including a Pre-Filing Claim and a Restructuring Claim, other than an Excluded Claim, against the Petitioners and any D&O Claim against the Directors and Officers arising prior or subsequent to the Filing Date, whether unliquidated, contingent or otherwise, or arising out of the restructuring, termination, repudiation or disclaimer after March 5, 2021 of any contract, lease or other agreement, whether oral or written, by the Petitioners.

All notices and inquiries with respect to the Claims Procedure should be directed to the Monitor by regular mail, prepaid registered mail, courier, personal delivery, electronic communication or facsimile transmission at the address below:

KSV Restructuring Inc.  
Monitor of Ardenton Capital Corporation and Ardenton Capital Bridging Inc.  
2308 - 150 King Street West  
Toronto ON M5H 1J9

Attention: Jordan Wong

Email: jwong@ksvadvisory.com

### **FOR KNOWN CLAIMANTS RECEIVING A KNOWN CLAIMANT NOTICE**

If you are a Known Claimant of the Petitioners, have received a Known Claimant Notice and do not wish to dispute the amount of the Known Claim set out therein, you are not required to take any further action and the amount of your Known Claim shall be deemed to be the amount set forth in the Known Claimant Notice for the purposes of voting and distribution under any Plan.

If you are a Known Claimant of the Petitioners, have received a Known Claimant Notice and **you wish to dispute the amount of the Known Claim set out therein**, you must file a Notice of Known Claim Dispute with the Monitor. All Notices of Known Claim Dispute for Known Claims must be received by the Monitor **before 4:00 pm (Pacific Time) on May 14, 2021 (the “Pre-Filing Claims Bar Date”)**, unless the Monitor and the Petitioners agree in writing or the Court orders that the Notice of Known Claim Dispute be accepted after that date.

### **FOR CLAIMANTS SUBMITTING A PROOF OF CLAIM FORM**

If you believe that you have a Claim against the Petitioners and/or the Directors and Officers, you must file a Proof of Claim with the Monitor. All Proofs of Claim for Claims arising prior to March 5, 2021, including D&O Pre-Filing Claims, must be received by the Monitor **before the Pre-Filing Claims Bar Date**, unless the Monitor and the Petitioners agree in writing or the Court orders that the Proof of Claim be accepted after that date.

All Proofs of Claim for Restructuring Claims and D&O Restructuring Claims arising out of the restructuring, termination, repudiation or disclaimer after March 5, 2021 of any contract, lease or other agreement, whether oral or written, by any of the Petitioners must be received by the Monitor **before the later of the Pre-Filing Claims Bar Date or 5:00 p.m. (Pacific Time) on the date which is 30 days after the date the Monitor sends a Claims Package with respect to a Restructuring Claim or a D&O Restructuring Claim in accordance with the Claims Procedure Order (the “Restructuring Claims Bar Date”)**. If your Proof of Claim is not received by the Pre-Filing Claims Bar Date or Restructuring Claims Bar Date, it will be forever barred and extinguished and you will not be entitled to participate in any Plan or distribution, unless the Court orders otherwise.

All Claims are to be filed in the original currency of the transaction. For the purposes of the Claims Procedure only (and without prejudice to the terms of any plan of arrangement or compromise) Claims in a foreign currency will be converted to Canadian Dollars, using the Bank of Canada Canadian Dollar Daily Exchange Rate on the Filing Date.

Additional Notice of Known Claim Dispute and Proof of Claim forms can also be obtained from the Monitor’s website at <https://www.ksvadvisory.com/insolvency-cases/case/ardenton-capital-corporation> or by email to Jordan Wong at jwong@ksvadvisory.com and by providing the particulars as to your name, address, facsimile number, email address and contact person. Once the Monitor has this information, you will receive, as soon as practicable, an additional Notice of Known Claim Dispute or Proof of Claim form.

It is your responsibility to ensure that the Monitor receives your Notice of Known Claim Dispute or Proof of Claim at the above-noted time and date.

DATED this \_\_\_\_<sup>th</sup> day of \_\_\_\_\_, 2021.

KSV Restructuring Inc.,  
in its capacity as Monitor of  
Ardenton Capital Corporation and  
Ardenton Capital Bridging Inc.,  
and not in its personal capacity

**SCHEDULE "C"**

**PROOF OF CLAIM FORM**

**Court File No. S-211985**

**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 ARDENTON CAPITAL  
CORPORATION AND ARDENTON CAPITAL BRIDGING  
INC. (the "PETITIONERS")**

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**PROOF OF CLAIM**

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Please read carefully the enclosed Instruction Letter for completing this Proof of Claim form. Capitalized terms not defined within this Proof of Claim form shall have the meaning ascribed thereto in the Order of the Supreme Court of British Columbia dated March 31, 2021, as may be amended from time to time (the "**Claims Procedure Order**").

**A. PARTICULARS OF CLAIMANT:**

- (1) Full legal name of Claimant:  
(include trade name, if different)

The full legal name should be the name of the Claimant of the Petitioners, notwithstanding whether an assignment of a Claim, or a portion thereof, has occurred.

- (2) Full mailing address of Claimant:

- (3) Telephone number:

- (4) E-mail address:

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(5) Facsimile number: \_\_\_\_\_

(6) Attention (Contact person): \_\_\_\_\_

(7) Has the claim set out herein been sold, transferred or assigned by the Claimant to another party?  Yes  
 No

**B. PARTICULARS OF ASSIGNEE(S) (IF APPLICABLE)**

If the Claim set out herein has been sold, transferred or assigned, complete the required information set out below. If there is more than one assignee, please attach a separate sheet that contains all of the required information set out below for each assignee.

(1) Full legal name of Assignee: \_\_\_\_\_

(2) Full mailing address of Assignee: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

(3) Telephone number: \_\_\_\_\_

(4) E-mail address: \_\_\_\_\_

(5) Facsimile number: \_\_\_\_\_

(6) Attention (Contact person): \_\_\_\_\_

**C. PROOF OF CLAIM:**

The undersigned hereby certifies as follows:

(a) that I:

am a Claimant; **OR**

am \_\_\_\_\_  
(state name and title)

of \_\_\_\_\_ (name of Claimant);

(b) that I have knowledge of all the circumstances connected with the Claim described and set out below;

(c) that the Claimant asserts a Claim against:  Ardenton Capital Corporation

Ardenton Capital Bridging Inc.

which is/were and still is/are indebted to the Claimant as follows (include all Claims that you assert against the Petitioner(s) noted above. Claims should be filed in the **currency of the transaction** (with reference to the contractual rate of interest, if any) and such currency should be indicated as provided below in respect of the Claim(s).

	(i) Amount of Pre-Filing Claim	(ii) Amount of Restructuring Claim	(iii) Total Claim (Sum of (i) and (ii))
	(please complete in the original currency of transaction)		
<b>Secured</b>			
<b>Unsecured</b>			

**Note:** For the purpose of the Claims Procedure Order only (and without prejudice to the terms of any plan of arrangement or compromise that may be filed by the Petitioners), Claims will be converted to Canadian Dollars as per the Claims Procedure Order using the Bank of Canada Canadian Dollar Daily Exchange Rate on the Filing Date.

**D. Note: If you are asserting your Claim against the Petitioners' Directors and Officers, you are required to complete Section F of this Proof of Claim Form.**

**(1) NATURE OF CLAIM – Complete ONLY if you are asserting a Secured Claim (CHECK AND COMPLETE APPROPRIATE CATEGORY)**

Petitioner(s): \_\_\_\_\_

Secured Claim of \$ \_\_\_\_\_  
(Original currency and amount)

In respect of this debt, I hold security over the assets of the Petitioner(s) valued at

\$ \_\_\_\_\_,  
(Original currency and amount)

the particulars of which security and value are attached to this Proof of Claim form.

Unsecured Claim of \$ \_\_\_\_\_  
(Original currency and amount)

*Give full particulars of the security, including the date on which the security was given the value which you ascribe to the assets charged by your security, the basis for such valuation and attach a copy of the security documents evidencing the security.*

*If you are asserting multiple secured claims, against one or more of the Petitioners, please provide full details of your security against each of the Petitioners.*

**E. PARTICULARS OF CLAIM:**

Other than as already set out herein, the particulars of the undersigned's total Claim against the Petitioner(s) are attached on a separate sheet.

*Provide all particulars of the Claim and supporting documentation that you feel will assist in the determination of your Claim. At a minimum, you are required to provide the invoice date, invoice number, the amount of each outstanding invoice and the related purchase order number. Further particulars may include the following if applicable: a description of the transaction(s) or agreement(s) giving rise to the Claim; contractual rate of interest (if applicable); name of any guarantor which has guaranteed the Claim; details of all credits, discounts, etc. claimed; description of the security if any, granted by the affected Petitioner(s) to the Claimant, the estimated value of such security and the basis for such valuation; and the particulars of any Restructuring Claim.*

**F. PROOF OF CLAIM – CLAIM AGAINST THE DIRECTORS AND OFFICER(S)**

This section should *only* be completed by a Claimant asserting a claim against the Director(s) and Officer(s) of the Petitioner(s). A Claimant asserting a claim only against the Petitioner(s) should *not* complete this section.

**G. THE UNDERSIGNED HEREBY CERTIFIES AS FOLLOWS:**

that I:



am a Claimant; **OR**

am \_\_\_\_\_  
(state position or title)

of \_\_\_\_\_  
(name of Claimant)

I assert a claim against the following Director(s) and Officer(s) (please list below the individual Directors or Officers:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

that I have knowledge of all the circumstances connected with the Claim described and set out below;

The Director(s) and Officer(s) was/were and still is/are indebted to the Claimant as follows in respect of a Pre-Filing D&O Claim arising prior to Filing Date (claims should be filed in the original currency of the transaction):

\$ \_\_\_\_\_  
(Original currency)

The Director(s) and Officer(s) was/were and still is/are indebted to the Claimant as follows in respect of a D&O Restructuring Claim arising on or after Filing Date (claims should be filed in the original currency of the transactions):

\$ \_\_\_\_\_  
(Original Currency)

**H. FILING OF CLAIM:**

This Proof of Claim form must be returned to and received by the Monitor by no **later than 4:00 p.m. (Pacific Time) on May 14, 2021** (the “**Pre-Filing Claims Bar Date**”), unless a Restructuring Claim is being asserted in which case the Proof of Claim form related to your Restructuring Claim only must be received by the Monitor on the date which is the later of the Pre-Filing Claims Bar Date and **5:00 p.m. (Pacific Time) on the day which is 30 days after the date the Monitor sends a Claims Package with respect to a Restructuring**

**Claim in accordance with the Claims Procedure Order (the “Restructuring Claims Bar Date”), by either regular mail, prepaid registered mail, personal delivery, courier, electronic communication or facsimile transmission at the following address:**

KSV Restructuring Inc.  
Monitor of Ardenton Capital Corporation and Ardenton Capital Bridging Inc.  
2308 - 150 King Street West  
Toronto ON M5H 1J9

Attention: Jordan Wong  
Email: jwong@ksvadvisory.com

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 2021.

\_\_\_\_\_  
Witness Name:

Per: \_\_\_\_\_  
(Signature)

If Claimant is a Corporation, print name and title of authorized signatory:

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**Note: After signing this form, please ensure you return all pages of this Proof of Claim to the Monitor.**

**SCHEDULE "D"**

**KNOWN CLAIMANT NOTICE**

**Court File No. S-211985**

**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 ARDENTON CAPITAL**  
**CORPORATION AND ARDENTON CAPITAL BRIDGING**  
**INC. (the "PETITIONERS")**

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**KNOWN CLAIMANT NOTICE**

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Please read carefully the enclosed Instruction Letter regarding this Known Claimant Notice. Capitalized terms not defined within this Known Claimant Notice shall have the meaning ascribed thereto in the Order of the Supreme Court of British Columbia dated March 31, 2021, as may be amended from time to time (the "**Claims Procedure Order**").

**A. PARTICULARS OF CLAIMANT:**

(1) Full legal name of Claimant:

\_\_\_\_\_

(2) Full mailing address of Claimant:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

(3) Telephone number:

\_\_\_\_\_

(4) E-mail address:

\_\_\_\_\_

(5) Facsimile number:

\_\_\_\_\_

(6) Attention (Contact person):

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**B. NATURE AND CALCULATION OF KNOWN CLAIM**

The Known Claimant named above has a Known Claim, the particulars of which are set out in the attached schedule, against:

- Ardenton Capital Corporation
- Ardenton Capital Bridging Inc.

If you do not wish to dispute the amount of the Known Claim, you are not required to take any further action and the amount of your Known Claim shall be deemed to be the amount set forth in this Known Claimant Notice for the purposes of voting and distribution under any Plan.

**Note:** For the purpose of the Claims Procedure Order only (and without prejudice to the terms of any plan of arrangement or compromise that may be filed by the Petitioners), Known Claims will be converted to Canadian Dollars as per the Claims Procedure Order using the Bank of Canada Canadian Dollar Daily Exchange Rate on the Filing Date.

**C. PARTICULARS OF ASSIGNEE(S) (IF APPLICABLE)**

If the Known Claim set out herein has been sold, transferred or assigned, the Known Claimant set out above shall, pursuant to paragraphs 40 and 41 of the Claims Procedure Order, provide actual notice of the transfer or assignment, together with satisfactory evidence of the existence and validity of such transfer or assignment to the Petitioners and the Monitor. **Until such time as the Petitioners and the Monitor have been provided with the aforementioned notice, neither the Monitor nor the Petitioners shall be obligated to give notice or otherwise deal with the transferee or assignee of a Known Claim.**

Notice of the transfer or assignment to the Petitioners and the Monitor should include all of the required information set out below for each assignee.

(1) Full legal name of Assignee:

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(2) Full mailing address of Assignee:

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- \_\_\_\_\_
- \_\_\_\_\_
- (3) Telephone number: \_\_\_\_\_
- (4) E-mail address: \_\_\_\_\_
- (5) Facsimile number: \_\_\_\_\_
- (6) Attention (Contact person): \_\_\_\_\_

**D. FILING OF NOTICE OF KNOWN CLAIM DISPUTE:**

If you wish to dispute the amount of the Known Claim set out herein, you must file a Notice of Known Claim Dispute with the Monitor. All Notices of Known Claim Dispute for Known Claims must be received by the Monitor **before 4:00 pm (Pacific Time) on May 14, 2021 (the "Pre-Filing Claims Bar Date")**, unless the Monitor and the Petitioners agree in writing or the Court orders that the Notice of Known Claim Dispute be accepted after that date, and shall be sent to the Monitor by either regular mail, prepaid registered mail, personal delivery, courier, electronic communication or facsimile transmission at the following address:

KSV Restructuring Inc.  
Monitor of Ardenton Capital Corporation and Ardenton Capital Bridging Inc.  
2308 - 150 King Street West  
Toronto ON M5H 1J9

Attention: Jordan Wong  
Email: [jwong@ksvadvisory.com](mailto:jwong@ksvadvisory.com)

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 2021.

**SCHEDULE "E"**

**NOTICE OF REVISION OR DISALLOWANCE**

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**NOTICE OF REVISION OR DISALLOWANCE FOR VOTING  
AND/OR DISTRIBUTION PURPOSES**

**FOR THE CLAIMS PROCEDURE**

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

**AND IN THE MATTER OF ARDENTON CAPITAL CORPORATION AND  
ARDENTON CAPITAL BRIDGING INC. (the "PETITIONERS")**

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TO:

\_\_\_\_\_  
(the "Claimant")

Capitalized terms not defined within this Notice of Revision or Disallowance shall have the meaning ascribed thereto in the Order of the Supreme Court of British Columbia dated March 31, 2021 (the "Claims Procedure Order"). All dollar values contained herein are in Canadian Dollars unless otherwise noted.

Pursuant to paragraph 28 of the Claims Procedure Order, KSV Restructuring Inc., in its capacity as Monitor of the Petitioners, hereby gives you notice that the Monitor, with the assistance of the Petitioners, has reviewed your Notice of Known Claim Dispute and/or Proof of Claim and has revised or disallowed your Claim in whole or in part. Subject to further dispute by you in accordance with the Claims Procedure Order, your Claim will be allowed or disallowed as follows:

<b>(i) Claim against the Petitioners</b>	<b>Proof of Claim Amount:</b>	<b>Amount Allowed by Monitor:</b>
Unsecured Claim	\$	\$
Secured Claim	\$	\$
Restructuring Claim	\$	\$

<b>(ii) Claim against the Directors and Officers</b>	<b>Proof of Claim Amount:</b>	<b>Amount Allowed by Monitor:</b>
D&O Pre-Filing Claim	\$	\$
D&O Restructuring Claim	\$	\$

**REASON(S) FOR THE REVISION OR DISALLOWANCE**

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**SERVICE OF NOTICES OF DISPUTE**

If you intend to dispute a Notice of Revision or Disallowance sent pursuant to paragraph 28 you must deliver a Notice of Dispute (in the form enclosed) to the Monitor in writing **by 4:00 p.m. (Pacific Time) on the day that is no later than fourteen (14) days after such Claimant received the Notice of Revision or Disallowance, or such longer period as may be agreed to by the Monitor, in consultation with the Petitioners, in writing**, either by regular mail, prepaid registered mail, personal delivery, courier, electronic communication or facsimile to the following address, setting out the reasons for the dispute.

In accordance with the Claims Procedure Order, notices are deemed to have been received on the date of actual receipt thereof during normal business hours on a Business Day or if delivered outside of normal business hours, on the next Business Day.

Notices of Dispute must be sent to the Monitor at the following address:

KSV Restructuring Inc.  
 Court-appointed Monitor of Ardenton Capital Corporation and  
 Ardenton Capital Bridging Inc.  
 2308 - 150 King Street West  
 Toronto ON M5H 1J9

Attention: Jordan Wong  
 Email: [jwong@ksvadvisory.com](mailto:jwong@ksvadvisory.com)

**If any Person who received a Notice of Revision or Disallowance does not return a Notice of Dispute by 4:00 p.m. (Pacific Time) on the day that is no later than fourteen (14) days after such Claimant received the Notice of Revision or Disallowance, or such longer period as**

**may be agreed to by the Monitor, in consultation with the Petitioners, in writing, the value and Status of such Claim shall be deemed to be set out in the Notice of Revision or Disallowance for the purposes of voting and distribution under any Plan, and the Claimant will be barred from disputing or appealing same, and the balance of such Claimant's Claim, if any, shall be forever barred and extinguished.**

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 2021.



**SCHEDULE "F"**

**NOTICE OF DISPUTE**

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**NOTICE OF DISPUTE**

**FOR THE CLAIMS PROCEDURE**

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

**AND IN THE MATTER OF ARDENTON CAPITAL CORPORATION AND  
ARDENTON CAPITAL BRIDGING INC. (the "PETITIONERS")**

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Name of Petitioners and or Directors and Officers against which a Claim is asserted:

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**A. Particulars of Claimant**

(1) Full Legal Name of Claimant (include trade name, if different):

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(2) Full Mailing Address of Claimant:

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(3) Telephone Number:

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(4) E-mail Address:

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(5) Facsimile Number:

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(6) Attention (Contact Person):

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**B. Particulars of original Claimant from whom the Claim was assigned, if applicable:**

(1) Have you acquired this claim by assignment? If Yes, if not already provided, attached documents evidencing assignment.

Yes       No

(2) Full Legal Name of original claimant(s): \_\_\_\_\_

**C. Dispute of Revision or Disallowance of Claim**

The Claimant hereby disagrees with the value of its Claim as set out in the Notice of Revision or Disallowance and asserts a Claim as follows:

	Claim as Filed in the Proof of Claim Form			Assessed Claim in CAD	
	Pre-Filing Claim / D&O Pre-Filing Claim	Restructuring Claim / D&O Restructuring Claim	Total Claim (in original Currency)	Disallowed Amount	Amount Claimed by the Claimant
Secured					
Unsecured					
Directors and Officers					
<b>TOTAL:</b>					

**REASON(S) FOR THE DISPUTE**

*(You must include a list of reasons as to why you are disputing your Claim(s) as set out in the Notice of Revision or Disallowance).*

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**SERVICE OF DISPUTE NOTICES**

If you intend to dispute a Notice of Revision or Disallowance sent pursuant to paragraph 28 of the Claims Procedure Order, you must deliver a Notice of Dispute (in the form enclosed in the Claims Package) to the Monitor **by 4:00 p.m. on the day that is no later than fourteen (14) days after such Claimant received the Notice of Revision or Disallowance, or such longer period as may be agreed to by the Monitor, in consultation with the Petitioners, in writing**, either by regular mail, prepaid registered mail, personal delivery, courier, electronic communication or facsimile to the following address, setting out the reasons for the dispute.

In accordance with the Claims Procedure Order, notices are deemed to have been received on the date of actual receipt thereof during normal business hours on a Business Day or if delivered outside of normal business hours, on the next Business Day.

Notices of Dispute must be sent to the Monitor at the following address:

KSV Restructuring Inc.  
Court-appointed Monitor of Ardenton Capital Corporation and  
Ardenton Capital Bridging Inc.  
2308 - 150 King Street West  
Toronto ON M5H 1J9

Attention: Jordan Wong  
Email: [jwong@ksvadvisory.com](mailto:jwong@ksvadvisory.com)

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 2021.

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Signature

Name:  
Title:  
(please print)

**SCHEDULE "G"**

**NOTICE OF KNOWN CLAIM DISPUTE**

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**NOTICE OF KNOWN CLAIM DISPUTE**

**FOR THE CLAIMS PROCEDURE**

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

**AND IN THE MATTER OF ARDENTON CAPITAL CORPORATION AND  
ARDENTON CAPITAL BRIDGING INC. (the "PETITIONERS")**

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Name of Petitioners against which a Claim is asserted:

**A. Particulars of Known Claimant**

(1) Full Legal Name of Known Claimant (include trade name, if different):

\_\_\_\_\_  
\_\_\_\_\_

(2) Full Mailing Address of Known Claimant:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

(3) Telephone Number:

\_\_\_\_\_

(4) E-mail Address:

\_\_\_\_\_

(5) Facsimile Number:

\_\_\_\_\_

(6) Attention (Contact Person):

\_\_\_\_\_

**B. Particulars of original Known Claimant from whom the Claim was assigned, if applicable:**

(1) Have you acquired this claim by assignment?

Yes       No

If Yes, if not already provided, attach documents evidencing assignment.

(2) Full Legal Name of original Known Claimant: \_\_\_\_\_

**C. Dispute of Known Claimant Notice**

**REASON(S) FOR THE DISPUTE**

*(You must include a list of reasons as to why you are disputing your Claim(s) as set out in the Known Claimant Notice).*

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**SERVICE OF KNOWN CLAIM DISPUTE NOTICES**

If you intend to dispute the amount of the Claim set out in the Known Claimant Notice sent pursuant to paragraph 21 of the Claims Procedure Order, you must deliver a Notice of Known Claim Dispute (in the form enclosed in the Known Claimant Claims Package) to the Monitor **by no later than 4:00 p.m. (Pacific Time) on May 14, 2021** (the “Pre-Filing Claims Bar Date”), either by regular mail, prepaid registered mail, personal delivery, courier, electronic communication or facsimile to the following address, setting out the reasons for the dispute.

**If any Person who received a Known Claimant Notice and wishes to dispute the amount of the Claim set out therein does not return a Notice of Known Claim Dispute by the Pre-Filing Claims Bar Date, the value and Status of such Known Claim shall be deemed to be set out in the Known Claimant Notice for the purposes of voting and distribution under any Plan, and the Known Claimant will be barred from disputing or appealing same, and the balance of such Known Claimant’s Claim, if any, shall be forever barred and extinguished.**

In accordance with the Claims Procedure Order, notices are deemed to have been received on the date of actual receipt thereof during normal business hours on a Business Day or if delivered outside of normal business hours, on the next Business Day.

Notices of Known Claim Dispute must be sent to the Monitor at the following address:

KSV Restructuring Inc.  
Court-appointed Monitor of Ardenton Capital Corporation and  
Ardenton Capital Bridging Inc.  
2308 - 150 King Street West  
Toronto ON M5H 1J9

Attention: Jordan Wong  
Email: jwong@ksvadvisory.com

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 2021.

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Signature

Name:  
Title:  
(please print)

## **Appendix “C”**

Ardenton Capital Corporation and Ardenton Capital Bridging Inc.

**Projected Statement of Cash Flow**

For the Period Ending July 6, 2021

(Unaudited; \$C)

	Notes	Weeks Ending							Total	
		16-May-21	23-May-21	30-May-21	06-Jun-21	13-Jun-21	20-Jun-21	27-Jun-21		06-Jul-21
<i>Receipts</i>										
Intercompany	2	-	-	-	143,471	-	-	-	490,943	634,414
<i>Total Receipts</i>		-	-	-	143,471	-	-	-	490,943	634,414
<i>Disbursements</i>										
Intercompany	3	21,353	-	-	11,649	-	21,353	-	11,649	66,005
Payroll and benefits	4	96,398	-	-	109,569	-	90,772	-	99,790	396,530
Professional services	5	-	-	-	41,500	-	-	-	41,500	83,000
IT		-	-	-	42,000	-	-	-	27,000	69,000
Rent		-	-	-	8,000	-	-	-	8,000	16,000
Insurance		10,500	-	-	10,000	-	10,500	-	10,000	41,000
Other		12,500	10,000	10,000	37,500	10,000	12,500	10,000	37,500	140,000
<i>Total Disbursements</i>		140,751	10,000	10,000	260,218	10,000	135,126	10,000	235,440	811,535
<i>Net cash flow before the undernoted</i>		(140,751)	(10,000)	(10,000)	(116,748)	(10,000)	(135,126)	(10,000)	255,503	(177,121)
Restructuring fees	6	200,000	-	-	200,000	-	200,000	-	200,000	800,000
DIP Interest		-	-	-	12,639	-	-	-	13,611	26,250
<i>Net cash flow</i>		(340,751)	(10,000)	(10,000)	(329,387)	(10,000)	(335,126)	(10,000)	41,892	(1,003,371)
Opening cash balance	7	887,396	546,645	536,645	526,645	197,258	687,258	352,132	342,132	887,396
Net cash flow		(340,751)	(10,000)	(10,000)	(329,387)	(10,000)	(335,126)	(10,000)	41,892	(1,003,371)
DIP financing		-	-	-	-	500,000	-	-	-	500,000
Closing cash balance		546,645	536,645	526,645	197,258	687,258	352,132	342,132	384,025	384,025
										-
DIP loan balance	8	1,500,000	1,500,000	1,500,000	1,500,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000



Ardenton Capital Corporation and Ardenton Capital Bridging Inc.

**Notes to Projected Statement of Cash Flow**

For the Period Ending July 6, 2021

(Unaudited; \$C)

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**Purpose and General Assumptions**

1. The purpose of the projection is to present a cash flow forecast of the Petitioners for the period from May 8, 2021 to July 6, 2021 (the "Period") in respect of their potential proceedings under the Companies' Creditors Arrangement Act ("CCAA").

The cash flow projection has been prepared based on hypothetical and most probable assumptions.

**Hypothetical Assumptions**

2. Represent receipts from the Petitioners' subsidiaries, including interest, management fees, and other receipts.

**Probable Assumptions**

3. Represents operating disbursements to the Petitioners' subsidiaries, including disbursements for payroll, professional fees, mortgage, and taxes.
4. Represents the Petitioners' payroll, payroll remittances and related fees.
5. Includes accounting, legal, and consulting fees not related to the Petitioners' restructuring.
6. Includes estimated payments to the Monitor, its counsel and the Petitioners' insolvency counsel.

## **Appendix “D”**

**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 ARDENTON CAPITAL CORPORATION AND**  
**ARDENTON CAPITAL BRIDGING INC.**

**PETITIONERS**

**MANAGEMENT'S REPORT ON CASH FLOW STATEMENT**  
(paragraph 10(2)(b) of the CCAA)

The management of Ardenton Capital Corporation and Ardenton Capital Bridging Inc. (collectively, the "Petitioners") have developed the assumptions and prepared the attached statement of projected cash flow as of the 27<sup>th</sup> day of April, 2021 for the period May 8, 2021 to July 6, 2021 ("Cash Flow"). All such assumptions are disclosed in the notes to the Cash Flow.


The hypothetical assumptions are reasonable and consistent with the purpose of the Cash Flow as described in Note 1 to the Cash Flow, and the probable assumptions are suitably supported and consistent with the plans of the Petitioners and provide a reasonable basis for the Cash Flow.

Since the Cash Flow is based on assumptions regarding future events, actual events will vary from the information presented and the variations may be material.

The Cash Flow has been prepared solely for the purpose outlined in Note 1 using a set of hypothetical and probable assumptions set out therein. Consequently, readers are cautioned that the Cash Flow may not be appropriate for other purposes.

Dated at Vancouver this 27<sup>th</sup> day of April, 2021.

Ardenton Capital Corporation and Ardenton Capital Bridging Inc.

  
\_\_\_\_\_  
James Livingstone

## **Appendix “E”**

**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 ARDENTON CAPITAL CORPORATION AND ARDENTON  
CAPITAL BRIDGING INC.**

**MONITOR'S REPORT ON CASH FLOW STATEMENT**

(paragraph 23(1)(b) of the CCAA)

The attached statement of projected cash-flow of Ardenton Capital Corporation and Ardenton Capital Bridging Inc. (collectively, the "Petitioners"), as of the 27<sup>th</sup> day April, 2021, consisting of a weekly projected cash flow statement for the period May 8, 2021 to July 6, 2021 ("Cash Flow") has been prepared by the management of the Petitioners for the purpose described in Note 1, using the probable and hypothetical assumptions set out in the notes to the Cash Flow.

Our review consisted of inquiries, analytical procedures and discussions related to information supplied by the management and employees of the Petitioners. Since hypothetical assumptions need not be supported, our procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the Cash Flow. We have also reviewed the support provided by management for the probable assumptions and the preparation and presentation of the Cash Flow.

Based on our review, nothing has come to our attention that causes us to believe that, in all material respects:

- a) the hypothetical assumptions are not consistent with the purpose of the Cash Flow;
- b) as at the date of this report, the probable assumptions developed by management are not suitably supported and consistent with the plans of the Petitioners or do not provide a reasonable basis for the Cash Flow, given the hypothetical assumptions; or
- c) the Cash Flow does not reflect the probable and hypothetical assumptions.

Since the Cash Flow is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material. Accordingly, we express no assurance as to whether the Cash Flow will be achieved. We express no opinion or other form of assurance with respect to the accuracy of any financial information presented in this report, or relied upon in preparing this report.

The Cash Flow has been prepared solely for the purpose described in Note 1 and readers are cautioned that it may not be appropriate for other purposes.

Dated at Toronto, Ontario this 27<sup>th</sup> day of April, 2021.

*KSV Restructuring Inc.*

**KSV RESTRUCTURING INC.  
IN ITS CAPACITY AS CCAA MONITOR OF  
ARDENTON CAPITAL CORPORATION AND  
ARDENTON CAPITAL BRIDGING INC.  
AND NOT IN ITS PERSONAL CAPACITY**

## **Appendix “F”**



**Pre-Filing Report of  
KSV Restructuring Inc.  
as Proposed CCAA Monitor of  
Ardenton Capital Corporation and  
Ardenton Capital Bridging Inc.**

March 3, 2021

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COURT FILE NO.: \_\_\_\_\_

**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 ARDENTON CAPITAL CORPORATION AND  
ARDENTON CAPITAL BRIDGING INC.**

**PETITIONERS**

**PRE-FILING REPORT OF KSV RESTRUCTURING INC. AS  
PROPOSED MONITOR**

**MARCH 3, 2021**

## **1.0 Introduction**

1. KSV Restructuring Inc. ("KSV") understands that Ardenton Capital Corporation ("ACC") and Ardenton Capital Bridging Inc. ("ACBI" and together with ACC, the "Petitioners") intend to make an application to the Supreme Court of British Columbia (the "Court") under the *Companies' Creditors Arrangement Act, R.S.C. 1985, c. C-36, as amended* (the "CCAA"), for an initial order (the "Initial Order") granting the Petitioners' protection under the CCAA, and appointing KSV as the monitor in these proceedings ("Monitor"). The Petitioners and their non-filing affiliates and related companies are collectively referred to in this report (the "Report") as "Ardenton."
2. The principal purpose of the CCAA proceedings is to provide the Petitioners with the opportunity to restructure their debt obligations in a stable environment with the breathing space afforded by filing for protection under the CCAA. The proceedings will provide a forum to allow the Petitioners to develop a plan of compromise or arrangement that is intended to provide creditors with a better outcome than an immediate liquidation of the Petitioners' assets and business. The Petitioners intend to move through the CCAA proceedings expeditiously with the goal of emerging as a going concern at the earliest possible opportunity.
3. Pursuant to the terms of the Initial Order, the Petitioners are seeking:
  - a) Court-ordered Administration and D&O Charges (as each term is defined below); and
  - b) a stay of proceedings for the statutory ten (10) day period;
4. At a comeback motion to be scheduled within the initial statutory ten (10) day stay period (the "Comeback Motion"), the Petitioners intend to seek an increase to each of the Administration Charge and D&O Charge in amounts to be determined.

5. As discussed further in paragraph 3.6 below, at the Comeback Motion, or subsequently, the Petitioners may seek approval of a debtor-in-possession loan facility (a “DIP Facility”), the need for which is dependent on the Petitioners’ cash flow generated from its portfolio companies (collectively the “PCs” and each a “PC”), as more fully detailed below, and certain transactions that ACC’s management is presently negotiating.
6. The Affidavit of James Livingstone, the Chief Executive Officer and President of ACC, and the President of ACBI, sworn March 2, 2021 in support of the CCAA application (the “Affidavit”), provides, *inter alia*, background information and an overview of each of the Petitioners and their respective businesses, including the reasons for the commencement of these proceedings.
7. If the Court grants the relief set out in the Initial Order, the Court materials filed in these proceedings will be made available by KSV on its website at <https://www.ksvadvisory.com/insolvency-cases/case/ardenton-capital-corporation>. The case website will also include additional information concerning these proceedings, including “Frequently Asked Questions”.
8. KSV is filing this Report as proposed Monitor.

## 1.1 Purposes of this Report

1. The purposes of this Report are to:
  - a) provide KSV’s qualifications to act as Monitor;
  - b) provide background information about Ardenton;
  - c) report on the Petitioners’ cash flow projection for the period March 3, 2021 to May 9, 2021 (the “Cash Flow Forecast”);
  - d) discuss the rationale for:
    - a charge in the amount of \$350,000 on each of the Petitioners’ current and future property, assets and undertaking (collectively, the “Property”) to secure the fees and disbursements of the Petitioners’ counsel, as well as the fees and disbursements of the Monitor and its independent counsel (the “Administration Charge”);
    - a charge in the amount of \$110,000 on the Property in favour of the sole director and the officers of the Petitioners (the “D&O Charge”) in respect of liabilities that accrue after the making of the Initial Order;
    - the proposed priority in the Initial Order of the Administration Charge and the D&O Charge; and
  - e) recommend that this Court grant the relief sought by the Petitioners in its CCAA application materials.

## 1.2 Restrictions

1. In preparing this Report, KSV has relied upon Ardenton's unaudited financial information, books and records and discussions with Ardenton's management and legal counsel.
2. KSV has not audited or otherwise attempted to verify the accuracy or completeness of the financial information relied on to prepare this Report in a manner that complies with Canadian Auditing Standards ("CAS") pursuant to the Chartered Professional Accountants of Canada Handbook and, accordingly, KSV expresses no opinion or other form of assurance contemplated under the CAS in respect of such information. Any party wishing to place reliance on the financial information should perform its own diligence.
3. An examination of the Cash Flow Forecast as outlined in the Chartered Professional Accountants of Canada Handbook has not been performed. Future oriented financial information relied upon in this Report is based upon the Petitioners' assumptions regarding future events; actual results achieved may vary from this information and these variations may be material. KSV expresses no opinion or other form of assurance on whether the Cash Flow Forecast will be achieved.
4. This report does not consider the potential future impact of the COVID-19 pandemic (the "Pandemic") on Ardenton's business and operations. Such impact cannot be determined at this time.

## 1.3 Currency

1. All currency references in this Report are in Canadian dollars. US Dollar and Great British Pounds have been converted to Canadian dollars at \$1.30 and \$1.72, respectively.

## 1.4 KSV's Qualifications to Act as Monitor

1. KSV is a licensed trustee within the meaning of subsection 2(1) of the *Bankruptcy and Insolvency Act* (Canada).
2. KSV has consented to act as Monitor in these proceedings should the Court grant the Initial Order. A copy of KSV's consent to act as Monitor is attached as Appendix "A".
3. Pursuant to an engagement letter dated December 24, 2020, KSV was engaged to assist ACC to consider restructuring options and conduct certain financial analyses of its business. As a result of its engagement, KSV has acquired significant knowledge of Ardenton's business and operations, including the key issues and challenges presently facing the Petitioners. KSV will be able to assist Ardenton without delay following the issuance of the Initial Order as a result of the knowledge it has gained since the outset of its engagement.

4. Neither KSV nor any of its representatives or affiliates has been at any time in the past two years: (a) a director, officer or employee of any member of the Petitioners; (b) related to any member of the Petitioners, or to any director or officer of any member of the Petitioners; or (c) the auditor, accountant or legal counsel, or a partner or an employee of the auditor, accountant or legal counsel, of any member of the Petitioners.

## 2.0 Background

1. ACC is the parent company of an integrated multinational private equity business. Through various holding companies, including ACBI, ACC acquires, with monies raised from its investors, majority ownership interests in the PCs, which are privately-owned mid-market businesses.
2. ACC currently has indirect majority ownership interests in fourteen (14) PCs located in Canada, the United States and the United Kingdom. A copy of ACC's corporate chart is attached as Appendix "B".
3. ACC was incorporated in British Columbia on May 3, 2010 as Regimen Capital Partners Inc. ("Regimen"). Regimen changed its name to Ardenton Capital Corporation on August 31, 2016, and subsequently amalgamated with its parent, Livingstone Acquisitions Inc., on January 2, 2018.
4. ACC does not use a typical private equity model, which relies on a limited partnership structure to raise capital for its investments. Rather, ACC raised the majority of its capital by issuing unsecured debt through instruments which pay annual interest of between 8% and 14% (weighted average of approximately 12%). ACC also issued common equity, but it is a comparatively small amount versus the amount it raised under its debt instruments. All of ACBI's debt was raised through the issuance of promissory notes.
5. Through the end of 2020, the Petitioners have raised over \$400 million through the issuance of common equity, hybrid units (which have a debt and an equity component), preferred securities and promissory notes (collectively the "Securities" and each a "Security"). The monies raised by ACC and ACBI were used, together with the PC Distributions (as defined below), to purchase the PCs, pay Ardenton's operating expenses, fund interest payments on existing debt obligations and redeem Securities. Generally, the Petitioners' debtholders have limited recourse against the issuer in the event of a default.
6. ACC's interest in the PCs is owned indirectly through its subsidiaries. ACC's acquisitions are funded through a combination of equity and debt advanced by ACC indirectly to the PCs through the holding companies that own the PCs. ACC indirectly receives interest, management fees and dividends or distributions from the PCs (collectively "PC Distributions"), although the PC Distributions have not historically been a major source of capital for ACC. In addition, ACC has on one occasion sourced capital from a PC by refinancing its loan from ACC (through a 12% preferred security) with bank debt priced less expensively than the preferred security (the "PC Refinancing Transaction"). ACC is presently working to complete another such PC Refinancing Transaction.

7. ACC had not missed an interest payment on its debt obligations prior to the onset of the Pandemic; however, the Pandemic has negatively affected the ability of the PCs to make PC Distributions to ACC, and ACC's ability to continue to raise capital through the issuance of new Securities. Accordingly, the Petitioners are now significantly in arrears on their respective debt service obligations and neither can meet its obligations in the ordinary course. Interest arrears on the Petitioners' debt totalled approximately \$24 million as at February 28, 2021, which amount continues to accrue.
8. ACC's business model has historically been capital intensive. As a result, Ardenton recently implemented several significant cost reductions, including reducing its headcount from a peak of 82 employees to 25<sup>1</sup> presently, and closing its offices in the US and the UK, and most of them in Canada. Ardenton intends to disclaim its remaining office leases in Vancouver and Toronto shortly after the commencement of the contemplated proceedings. Ardenton intends to operate from a single, less costly, leased office in Vancouver.
9. The Petitioners' cash balance is presently insufficient to meet their liabilities in the ordinary course, and they are facing a liquidity crisis. The Petitioners are significantly in arrears on their interest obligations and cannot meet their redemption obligations which are now due or coming due. Additionally, ACC is unable to pay its vendor obligations in the normal course<sup>2</sup>. Filing for CCAA protection will alleviate the Petitioners' immediate liquidity pressures and provide a forum for them to restructure their debt obligations.

## 2.1 Financial Position

1. A summary of the financial position of the Petitioners as at December 31, 2020 is provided below.

(unaudited; \$000s)	ACC	ACBI
Current assets		
Intercompany receivables	158,710	16,089
Other current assets	433	772
Total current assets	159,143	16,861
Investments	27,961	8,745
Other assets	7,063	-
Total assets	194,167	25,606
Current liabilities		
Accrued interest	18,981	178
Current portion of loans	52,239	-
Accounts payable	1,545	9
Other	2,672	9
Total current liabilities	75,437	196
Loans	248,226	-
Promissory notes	-	22,201
Total liabilities	323,663	22,397
Equity		
Common stock	24,769	8,745
Other	756	808
Retained earnings	(155,021)	(6,344)
Total equity	(129,496)	3,209
Total liabilities and equity	194,167	25,606

<sup>1</sup> Of the 25 employees, 15 are employed by the Petitioners.

<sup>2</sup> ACBI's vendor obligations are presently insignificant.

2. The balance sheets reflect that:
  - a) substantially all of the Petitioners' assets are illiquid – they largely consist of investments in the PCs, which were funded through intercompany loans and direct investments;
  - b) the Petitioners had liabilities totalling approximately \$346 million, mainly owing to debtholders; and
  - c) both Petitioners have significant negative retained earnings, reflecting a history of accumulated losses.
3. A summary as at December 31, 2020<sup>3</sup> of the amounts owing under each type of Security issued by the Petitioners (including accrued and unpaid interest) is provided in the table below.

(unaudited; \$000s)	ACC	ACBI	Total
Preferred securities	240,784	-	240,784
Hybrid securities	59,681	-	59,681
Accrued interest	18,981	178	19,159
Promissory notes	-	22,201	22,201
Total	319,446 <sup>4</sup>	22,379	341,825

## 2.2 Secured Creditors

1. Toronto Dominion Bank (“TD”) has registered financing statements against ACC under the British Columbia, Ontario and Saskatchewan *Personal Property Security Acts*. HSBC has registered a financing statement against ACC under the British Columbia *Personal Property Security Act*.
2. KSV has been advised that TD’s registrations were made in respect of limited recourse guarantees supported by share pledges that ACC had previously made in support of loans by TD to certain PCs. Shares in the PCs pledged to TD Bank are now held by Ardenton Capital Canada Inc. (“ACCI”), a non-applicant subsidiary of ACC, after an internal reorganization completed by Ardenton in 2019. KSV understands that ACC is working with TD to reflect the correct owner of the pledged PC shares.
3. HSBC is not a lender to the Petitioners. ACC maintains bank accounts at HSBC. The HSBC registration against ACC relates to HSBC’s security for ACC’s obligations in relation to account management and related services. Presently, there are no material obligations owed by ACC in respect of such services.

<sup>3</sup> Balances are based on ACC and ACBI’s unaudited financial statements as at December 31, 2020.

<sup>4</sup> Reconciles to the balance sheet as follows: loans (\$248,226) + accrued interest (\$18,981) + current portion of loans (\$52,239) = \$319,446.

## 2.3 Unsecured Creditors

1. As at December 31, 2020, the amounts owing by the Petitioners, including accrued interest, to their debtholders is provided in the table in paragraph 2.1.3 above. Interest has continued to accrue on those obligations since December 31, 2020.
2. As at February 28, 2021, ACC's vendor obligations totalled approximately \$1.6 million. ACC's vendor obligations relate to operating expenses, professional fees and broker fees, as further detailed below.

(unaudited; \$000s)	ACC
Montrusco Bolton Investments Inc.	311
Ernst & Young LLP	193
Linedata Services Inc.	127
Lawson Lundell LLP	51
LinkedIn Ireland Company	49
Other	886
<b>Total</b>	<b>1,617</b>

3. Other unsecured creditors of ACC as at February 28, 2021 include former employees and former shareholders pursuant to an agreement to purchase their shares dated December 30, 2017, as further detailed below:

(unaudited; \$000s)	ACC
Former shareholders	1,588
Various employees	900
<b>Total</b>	<b>2,488</b>

4. Further information concerning the Petitioners' liabilities is provided in the Affidavit.

## 3.0 Cash Flow Forecast

1. The Petitioners have prepared the Cash Flow Forecast for the period March 3, 2021 to May 9, 2021. The Cash Flow Forecast and the Petitioners' statutory report on the cash flow pursuant to Section 10(2)(b) of the CCAA is attached as Appendix "C".
2. The Cash Flow Forecast reflects that the Petitioners should have sufficient liquidity to pay post-filing expenses to May 9, 2021, as reflected in the table below.



(unaudited; \$000s)	March 3 – May 9
<b>Receipts</b>	
Intercompany	4,415
Interest	151
Management fees	42
	4,608
<b>Disbursements</b>	
Intercompany	408
Payroll and benefits	446
Professional services	83
IT	54
Rent	84
Insurance	36
Restructuring fees	800
Other	52
	1,963
Net Cash Flow	2,645
Opening Cash Balance	253
Net Cash Flow	2,645
Closing Cash Balance	2,898

3. Based on KSV's review of the Cash Flow Forecast, the cash flow assumptions appear reasonable. KSV's statutory report on the Cash Flow Forecast is attached as Appendix "D".
4. An overview of Ardenton's cash management system is as follows:
  - a. the PCs pay PC Distributions to ACC's subsidiaries, including Ardenton Capital (Canada) Inc., Ardenton Capital (USA) Inc., ACBI and Ardenton Capital Investments Limited (collectively, the "ACC Subsidiaries");
  - b. the PC Distributions are then distributed by the ACC Subsidiaries directly and indirectly to ACC; and
  - c. ACC then funds all the operating costs of the ACC Subsidiaries, including their normal course operating costs.
5. During the course of the CCAA proceedings, the ACC Subsidiaries intend to maintain sufficient cash received from the PCs to pay their operating costs, with the residual amount distributed to ACC. If, however, the ACC Subsidiaries require funding for operating expenses, ACC intends to make advances through intercompany loans. Other than ACBI, none of the ACC Subsidiaries have any significant third-party debt. In the case of ACBI, the Monitor understands that the Petitioners may seek a Court-ordered intercompany charge at the Comeback Motion to protect ACBI's creditors for any distributions made by ACBI to ACC.
6. If ACC continues to receive its expected normal course distributions from the PCs, and is able to complete the PC Refinancing Transaction referenced in paragraph 2.1.3 above, the Petitioners project that they will have sufficient liquidity to fund their operations and the costs of these proceedings for at least the next six months. If ACC is unable to source the liquidity it requires, the Petitioners may require a DIP Facility. On a contingency basis, the Petitioners have commenced discussions with prospective lenders. Further information regarding the need for a DIP Facility will be addressed in due course, if necessary.



## 4.0 Court Ordered Charges

### 4.1 Administration Charge

1. The Petitioners are seeking an Administration Charge in an amount not to exceed \$350,000 until the date of the Comeback Motion to secure the fees and expenses of the Monitor, its counsel and the Petitioners' counsel.
2. The Administration Charge is a customary provision in an Initial Order in a CCAA proceeding - it is required by the professionals engaged to assist a debtor company in the CCAA proceedings and to protect them if the debtor is unable to pay professional fees and costs during the CCAA process.
3. The Petitioners worked with KSV to estimate the proposed amount of the Administration Charge.
4. KSV believes that the Administration Charge is reasonable and appropriate in the circumstances given the complexities of the Petitioners' business, including its global operations and its large number of investors. Additionally, the professionals involved in these proceedings have significant accrued and unpaid fees at this time due to the Petitioners' illiquidity. Accordingly, the professionals require the benefit of the Administration Charge to protect them for their pre-filing fees related to preparing for these proceedings, as well as for their fees and costs during these proceedings. Without such protection, the professionals are unlikely to be prepared to continue to provide services in these proceedings.

### 4.2 D&O Charge

1. KSV understands that the Petitioners are current on their normal course payroll obligations (including withholding taxes) and sales taxes, other than certain accrued and unpaid bonuses totaling approximately \$654,000. The unpaid bonuses are not projected to be paid in the Cash Flow Forecast.
2. The Cash Flow Forecast contemplates payroll and sales taxes will continue to be paid in the ordinary course. The proposed D&O Charge provides protection for the directors and officers should the Petitioners fail to pay certain obligations which may give rise to liability for directors and officers.
3. The directors and officers shall only be entitled to the benefit of the D&O Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, to the extent such coverage is insufficient to pay an indemnified amount as described above, or to the extent that such coverage is denied by the insurance provider.
4. The amount of the D&O Charge was estimated by the Petitioners in consultation with KSV, taking into consideration the payroll obligations of ACC. The Petitioners are generally in a sales tax refund position. The amount of payroll in one payroll cycle is approximately \$110,000, which represents the proposed amount of the D&O Charge until the date of the Comeback Motion.<sup>5</sup>

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<sup>5</sup> Excludes pre-filing bonuses.

5. KSV is of the view that the D&O Charge is reasonable in the circumstances and that the continued involvement of the directors and officers is beneficial to the Petitioners and these proceedings.

#### **4.3 Priority of Charges**

1. The Petitioners propose the Court-ordered charges have the following priority:
  - a) First, the Administration Charge; and
  - b) Second, the D&O Charge.

#### **5.0 Creditor Notification**

1. The proposed Initial Order requires the Monitor to:
  - a) publish without delay a notice in the national edition of *The Globe and Mail* newspaper containing the information prescribed under the CCAA; and
  - b) within five days of the granting of the Initial Order to:
    - i. make the Initial Order publicly available in the manner prescribed under the CCAA;
    - ii. send, in the prescribed manner, a notice to every known creditor who has a claim against the Company of more than \$1,000 advising that the order is publicly available; and
    - iii. prepare a list, showing the names and addresses of those creditors, and the estimated amounts of those claims, and make it publicly available in the prescribed manner, save and except the Petitioners' investors, whose addresses and claim amounts shall be treated confidentially.
2. ACC's management has advised KSV that its investors have an expectation of privacy and would therefore be averse to having their addresses and amounts invested in the Petitioners made publicly available. Accordingly, the Initial Order contemplates that the addresses and the amounts invested by investors will be not be disclosed on the creditors' list that will be made available on the Monitor's website or elsewhere. As a result of the privacy expectations of the investors, the Monitor supports this relief.
3. If appointed Monitor, KSV will also post the Initial Order and all motion materials on a its case website.

## 6.0 Conclusion and Recommendation

1. Based on the foregoing, KSV respectfully recommends that this Honourable Court make an order granting the relief detailed in Sections 1.0 (3) and 1.1 (1)(e) of this Report.

\* \* \*

All of which is respectfully submitted,

*KSV Restructuring Inc.*

**KSV RESTRUCTURING INC.,  
AS PROPOSED MONITOR OF  
ARDENTON CAPITAL CORPORATION AND ARDENTON CAPITAL BRIDGING INC.  
AND NOT IN ITS PERSONAL CAPACITY**



**First Report of  
KSV Restructuring Inc.  
as CCAA Monitor of  
Ardenton Capital Corporation and  
Ardenton Capital Bridging Inc.**

March 10, 2021

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COURT FILE NO.: S-211985

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 ARDENTON CAPITAL CORPORATION AND  
ARDENTON CAPITAL BRIDGING INC.

COMPANIES

FIRST REPORT OF KSV RESTRUCTURING INC. AS  
MONITOR

MARCH 10, 2021

## 1.0 Introduction

1. Pursuant to an order (the "Initial Order") of the Supreme Court of British Columbia (the "Court") made on March 5, 2021, Ardenton Capital Corporation ("ACC") and Ardenton Capital Bridging Inc. ("ACBI" and together with ACC, the "Companies") were granted protection under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA") and KSV Restructuring Inc. ("KSV") was appointed monitor (the "Monitor"). A copy of the Initial Order is attached as Appendix "A". The Companies and their non-filing affiliates and related companies are collectively referred to in this report (the "Report") as "Ardenton".
2. Also pursuant to the terms of the Initial Order, the Court:
  - a) granted a stay of proceedings until March 15, 2021; and
  - b) granted a charge:
    - i. in the amount of \$350,000 (the "Administration Charge") on the Companies' current and future property, assets and undertaking (collectively, the "Property") to secure the fees and disbursements of the Companies' counsel, as well as the fees and disbursements of the Monitor and its counsel (the "Administration Professionals"); and
    - ii. in the amount of \$110,000 (the "D&O Charge") on the Property in favour of the Companies' sole director, as well as its officers.
3. At the initial application, the Court set March 15, 2021 as the date for the comeback motion in these proceedings (the "Comeback Motion").

4. The principal purpose of the CCAA proceedings is to provide the Companies with the opportunity to restructure their debt obligations in a stable environment with the breathing space afforded by filing for protection under the CCAA. The proceedings will provide a forum to allow the Companies to develop a plan of arrangement or compromise that is intended to provide creditors with a better outcome than an immediate liquidation of the Companies' business and assets. The Companies intend to move through the CCAA proceedings expeditiously with the goal of emerging as a going concern.
5. KSV's pre-filing report dated March 3, 2021 (the "Pre-Filing Report"), and the Affidavit of James Livingstone, the Chief Executive Officer and President of ACC sworn on March 2, 2021 in support of the CCAA application (the "Initial Affidavit"), discuss that the Companies may seek approval of a debtor-in-possession loan facility (a "DIP Facility"). The need for a DIP Facility is dependent on the Companies' cash flow generated from its portfolio companies (collectively the "PCs" and each a "PC") and a transaction that ACC management is presently negotiating, and which is referenced in the CCAA application materials as the "PC Refinancing Transaction". As the PC Refinancing Transaction is uncertain, the Companies intend to formalize a process to solicit offers from prospective lenders to provide a DIP Facility, as more fully discussed in Section 8 below. A copy of the Pre-Filing Report is provided in Appendix "B".

## 1.1 Purposes of this Report

1. The purposes of this Report are to:
  - a) provide background information regarding the Companies and these proceedings;
  - b) discuss the need to increase the Administration Charge from \$350,000 to \$1 million and the D&O Charge from \$110,000 to \$240,000;
  - c) discuss a proposed intercompany charge in favour of ACBI for any advances from ACBI to ACC (the "Intercompany Charge");
  - d) provide an update on the Companies' activities since the commencement of these proceedings;
  - e) provide an update on the Monitor's activities since its appointment; and
  - f) recommend that the Court issue an order (the "Amended and Restated Initial Order"):
    - extending the stay of proceedings from March 15, 2021 to May 7, 2021;
    - increasing the amount of the Administration Charge from \$350,000 to \$1 million;
    - increasing the D&O Charge from \$110,000 to \$240,000;

- approving the Intercompany Charge; and
- establishing the priority of the Administration Charge, D&O Charge and the Intercompany Charge, as among them.

## 1.2 Restrictions

1. In preparing this Report, the Monitor has relied upon the Companies' unaudited financial information, books and records and discussions with the Companies' management and its legal counsel.
2. The Monitor has not audited or otherwise verified the accuracy or completeness of the financial information relied upon to prepare this Report in a manner that complies with Canadian Auditing Standards ("CAS") pursuant to the Chartered Professional Accountants of Canada Handbook and, accordingly, the Monitor expresses no opinion or other form of assurance contemplated under the CAS in respect of such information. Any party wishing to place reliance on the financial information should perform its own diligence.
3. This report does not consider the potential future impact of the COVID-19 pandemic (the "Pandemic") on Ardenton's business and operations, including the PCs. Such impact cannot be determined at this time.

## 1.3 Currency

1. All currency references in this Report are in Canadian dollars. US Dollars and Great British Pounds have been converted to Canadian dollars at \$1.30 and \$1.72, respectively.

## 2.0 Background

1. ACC is the parent company of an integrated multinational private equity business. Through various holding companies, including ACBI, ACC acquires, with monies raised from its investors, majority ownership interests in the PCs, which are privately-owned mid-market businesses.
2. ACC currently has indirect majority ownership interests in fourteen (14) PCs located in Canada, the United States and the United Kingdom. A copy of ACC's corporate chart is attached as Appendix "C".
3. ACC was incorporated in British Columbia on May 3, 2010 as Regimen Capital Partners Inc. ("Regimen"). Regimen changed its name to Ardenton Capital Corporation on August 31, 2016, and amalgamated with its parent, Livingstone Acquisitions Inc., on January 2, 2018.
4. ACC does not use a typical private equity model, which relies on a limited partnership structure to raise capital for its investments. Rather, ACC raised the majority of its capital by issuing unsecured debt through instruments which pay annual interest of between 8% and 14% (weighted average of approximately 12%). ACC also issued common equity, but it is a comparatively small amount versus the amount it raised under its debt instruments. All of ACBI's debt was raised through the issuance of promissory notes.



5. Through the end of 2020, the Companies have raised over \$400 million through the issuance of common equity, hybrid units (which have a debt and an equity component), preferred securities and promissory notes (collectively the “Securities” and each a “Security”). The monies raised by ACC and ACBI were used, together with the PC Distributions (as defined below), to purchase the PCs, pay Ardenton’s operating expenses, fund interest payments on existing debt obligations and redeem Securities. Generally, the Companies’ debtholders have limited recourse against the issuer in the event of a default.
6. ACC’s interest in the PCs is owned indirectly through its subsidiaries. ACC’s acquisitions are funded through a combination of debt and equity advanced by ACC indirectly to the PCs through the holding companies that own the PCs. ACC indirectly receives interest, management fees and dividends or distributions from the PCs (collectively “PC Distributions”), although these PC Distributions have not historically been a major source of capital for ACC. (The majority of the capital has been raised through the issuance of Securities, as discussed above.) In addition, ACC has on one occasion sourced capital from a PC by refinancing its loan from ACC (made through a 12% preferred security) with bank debt priced less expensively than the preferred security (the “PC Refinancing Transaction”). ACC is presently working on another PC Refinancing Transaction; however, it is unclear if and when this transaction will be completed.
7. ACC had not missed an interest payment on its debt obligations prior to the onset of the Pandemic; however, the Monitor has been advised by ACC’s management that the Pandemic negatively affected the ability of the PCs to make PC Distributions to ACC, as well as ACC’s ability to continue to raise capital through the issuance of new Securities. Accordingly, the Companies are now significantly in arrears on their respective debt service obligations and neither can meet its obligations in the ordinary course. Interest arrears on the Companies’ debt totalled approximately \$24 million as of February 28, 2021, which amount continues to accrue.
8. Ardenton recently implemented several significant cost reductions, including reducing its headcount from a peak of 82 employees to 25<sup>1</sup> presently, and closing its offices in the US, UK and Canada. On March 10, 2021, ACC disclaimed its remaining office leases in Vancouver and Toronto. As of the date of this Report, ACC was in the process of entering into an inexpensive month-to-month lease just outside the downtown core in Vancouver.
9. Ardenton Financial Inc. (“AFI”) is a registered exempt market dealer that distributes the Securities under prospectus exemptions primarily in Canada. ACC is a related party issuer and the source of AFI’s revenues. As ACC sought and was granted protection under the CCAA, AFI is unable to continue its business operations as a registrant.
10. On March 8, 2021, staff of the British Columbia Securities Commission (“BCSC staff”), as AFI’s principal regulator, expressed concerns that AFI’s registration had become unsuitable and objectionable and accordingly took the position that to allow it to continue its registration was contrary to the public interest. Consequently, BCSC staff recommended to the Executive Director under section 40.1 (1) of the Securities Act, that he suspend AFI’s registration. Consistent with securities legislation in British Columbia, the Executive Director must not suspend a registration without first giving

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<sup>1</sup> Of the 25 employees, 15 are employed by the Companies.

the registrant an opportunity to be heard. In discussions between AFI and BCSC staff, AFI's representatives confirmed that AFI would not object to the suspension of its registration and on March 8, 2021, AFI consented to the Executive Director taking this action. The Companies do not intend to raise capital in the near term, so this is not expected to affect the Companies' restructuring efforts.

11. Further information regarding the Companies was provided in the Pre-Filing Report, the Initial Affidavit and the affidavit of Mr. Livingstone dated March 10, 2021 in support of the relief sought by the Companies in this motion. Court materials in these proceedings can be found on the Monitor's website at <https://www.ksvadvisory.com/insolvency-cases/case/ardenton-capital-corporation>.

### **3.0 Cash Flow**

1. The Companies have prepared the cash flow forecast for the period March 3, 2021 to May 9, 2021 (the "Cash Flow Forecast"). A copy of the Cash Flow Forecast is provided in Appendix "D" and was appended to the Pre-Filing Report. The Cash Flow Forecast has not been amended. The Cash Flow Forecast reflects that the Companies are projected to have sufficient liquidity until May 9, 2021, subject to the PC Refinancing Transaction, which, as stated, is presently uncertain.
2. An overview of Ardenton's cash management system was included in the Pre-Filing Report and is summarized as follows:
  - a) PC Distributions are made directly and indirectly from the PCs to ACC's subsidiaries, including Ardenton Capital (Canada) Inc., Ardenton Capital (USA) Inc., ACBI and Ardenton Capital Investments Limited (collectively, the "ACC Subsidiaries");
  - b) the PC Distributions are then distributed by the ACC Subsidiaries to ACC; and
  - c) ACC then funds all the operating costs of the ACC Subsidiaries, including their normal course operating costs.
3. During these CCAA proceedings, the ACC Subsidiaries intend to maintain sufficient cash received from the PCs to pay their operating costs, with the residual amount distributed to ACC. If, however, the ACC Subsidiaries require funding for operating expenses, ACC intends to make advances through intercompany loans. Other than ACBI, none of the ACC Subsidiaries have material third-party debt obligations.

### **4.0 Court-Ordered Charges**

#### **4.1 Intercompany Charge**

1. The Cash Flow Forecast reflects that approximately \$123,000 (net) will be advanced from ACBI to ACC during the Cash Flow Forecast period. These monies are required by ACC to fund its operating costs and the costs of these proceedings.
2. As discussed in the Pre-Filing Report, ACBI had approximately \$22 million of promissory notes outstanding as of December 31, 2020.

3. In order to ensure that there is no prejudice to ACBI's creditors resulting from cash transfers from ACBI to ACC, the Companies are seeking approval of the Intercompany Charge, which is to provide security to ACBI for any amounts transferred from it to ACC during these proceedings.
4. The Monitor recommends that this Court issue an order approving the Intercompany Charge for the following reasons:
  - a) ACC requires the funding available within ACBI to advance these proceedings;
  - b) the Intercompany Charge will protect the interests of the promissory note holders and any other creditors of ACBI;
  - c) ACBI has no employees or stand-alone corporate infrastructure and receives all of its management and support from ACC, which accrues to the benefit of the ACBI creditors; and
  - d) the ACBI creditors are not expected to suffer any prejudice if the Intercompany Charge is approved by the Court. ACC is projected to have materially more value than is required to cover any exposure under the Intercompany Charge.

#### **4.2 Administration Charge**

1. The Initial Order granted a \$350,000 Administration Charge to protect the fees and costs of the Administration Professionals. The Companies are seeking to increase the Administration Charge to \$1 million.
2. Ardenton has significant assets but has limited liquidity at this time. Professional fees are continuing to accrue and Ardenton may not have sufficient cash to pay these fees and costs as they come due. Additionally, there are significant pre-filing fees and costs owing to the Administration Professionals related to preparing for these proceedings. The Administration Professionals require an increase in the Administration Charge given Ardenton's illiquidity and the extent of their present exposure. Additionally, legal counsel for the sole director, Mr. Livingstone, is to be provided protection for his fees and costs under the Administration Charge to a limit of \$25,000, plus HST.
3. The Monitor is of the view that the increased Administration Charge is required and reasonable in the circumstances and that without it, the Administration Professionals may not be prepared to continue to provide services to the Applicants. The Administration Charge is a standard feature in CCAA proceedings designed to protect the professionals who assist a debtor during its restructuring proceedings.

#### **4.3 D&O Charge**

1. The Initial Order approved a D&O Charge in the amount of \$110,000 to provide the sole director (Mr. Livingstone) and the Companies' officers with protection for any liabilities that may accrue until the Comeback Motion. The Companies are seeking to increase the D&O Charge to \$240,000 representing Ardenton's estimated payroll liability for a full month. As with the Administration Charge, Mr. Livingstone and the officers are seeking this increase due to Ardenton's present liquidity situation.

2. The Cash Flow Forecast contemplates payroll will continue to be paid in the ordinary course. The proposed D&O Charge provides protection for the Companies' sole director and its officers should the Companies fail to pay this and other obligations which may give rise to liability for director and officers.
3. The amount of the D&O Charge was estimated by the Companies in consultation with the Monitor, taking into consideration the monthly payroll obligations of ACC. The Companies are generally in a sales tax refund position, so no exposure is anticipated under the D&O Charge for such amounts.
4. The Companies' director and officers are to be entitled to the benefit of the D&O Charge to the extent that they do not have coverage under any director's and officers' insurance policy, to the extent such coverage is insufficient to pay an indemnified amount, as described above, or to the extent that such coverage is denied by the insurance provider.
5. The Monitor is of the view that the increase in the D&O Charge is reasonable in the circumstances and that the continued involvement of the Companies' sole director and its officers will assist to advance these proceedings.

#### **4.4 Secured Creditors**

##### **4.4.1 Toronto Dominion Bank**

1. Toronto Dominion Bank ("TD") has registered financing statements against ACC under the British Columbia, Ontario and Saskatchewan *Personal Property Security Acts*.
2. The Monitor has been advised that TD's registrations were made in respect of:
  - a) limited recourse guarantees supported by share pledges that ACC had previously made in support of loans by TD to certain PCs. Shares in the PCs pledged to TD Bank are now held by Ardenton Capital Canada Inc. ("ACCI"), a non-applicant subsidiary of ACC, after an internal reorganization completed by Ardenton in 2019. The Monitor understands that ACC is working with TD to reflect the correct owner of the pledged PC shares; and
  - b) a GSA which secured the Companies' TD VISA corporate credit card liabilities, which are currently approximately \$47,000.
3. As the subsidiaries for which TD has a secured limited recourse guarantee are now owned by ACCI and not ACC, the Amended and Restated Initial Order sets out that the proposed Administration Charge, D&O Charge and the Intercompany Charge (collectively, the "Court-Ordered Charges") will rank in priority to the TD security interest, subject to a \$100,000 priority to be afforded to TD for amounts owing to it or that may be owing to it in the future in respect of the TD VISA cards.
4. The priority of the Court-Ordered Charges will not prejudice TD, whose security interest is actually in respect of collateral now owned by the subsidiaries owned by ACCI, who themselves are not CCAA filing entities.

#### 4.4.2 HSBC

1. HSBC has registered a financing statement against ACC under the British Columbia *Personal Property Security Act*. HSBC is not a lender to the Companies. ACC maintains bank accounts at HSBC. The HSBC registration against ACC relates to HSBC's security for ACC's obligations in relation to account management and related services. As the amounts that may be owing to HSBC at any point in time are not anticipated to be significant, the Court-Ordered Charges are not intended to rank in priority to the HSBC security interest.

#### 4.5 Priority of Charges

1. The proposed priority of the Court-ordered charges is as follows:
  - a) first, the Administration Charge;
  - b) second, the D&O Charge; and
  - c) third, the Intercompany Charge.

### 5.0 Companies' Activities Since the Date of the Initial Order

1. The Companies' activities since the date of the Initial Order have included:
  - a) operating its business in the ordinary course;
  - b) rolling out a communication plan, including preparing answers to Frequently Asked Questions, convening an employee meeting, preparing and sending a letter to all employees to advise of the proceedings, convening dozens of investor video and conference calls and speaking with vendors, PC representatives and the banks which are lenders to the PCs;
  - c) considering Ardenton's liquidity issues and whether a DIP Facility will be required;
  - d) speaking with various parties about providing a DIP Facility;
  - e) communicating with suppliers to secure goods and services during these proceedings;
  - f) disclaiming the leases for Ardenton's two remaining office locations;
  - g) entering into a new month-to-month lease for a small office just outside the downtown core of Vancouver (monthly rent is approximately \$4,000);
  - h) dealing with regulators in Canada and the United States;
  - i) advancing its restructuring efforts;
  - j) preparing a multi-year pro-forma of the PCs;

- k) considering a claims procedure, which is expected to be the subject of a future motion; and
- l) keeping the Monitor apprised of all of the foregoing.

## 6.0 Monitor's Activities

1. The Monitor's activities since the commencement of these proceedings have included:
  - a) corresponding regularly with Ardenton's management regarding all aspects of these proceedings;
  - b) participating on numerous calls with investors;
  - c) working with Ardenton to prepare the stakeholder communication strategy and assisting to roll out same;
  - d) sending a notice to the Companies' creditors, as required pursuant to the CCAA;
  - e) making arrangements to have the CCAA notice published in the national edition of *The Globe and Mail* newspaper, in accordance with the CCAA;
  - f) corresponding with the Companies' creditors;
  - g) preparing a virtual data room ("Data Room") for potential interim lenders to perform diligence in respect of a DIP Facility;
  - h) monitoring the Companies' receipts and disbursements;
  - i) working with Ardenton to consider the structure of a restructuring plan and its underlying business model;
  - j) framing a creditor claims process for subsequent approval by the Court;
  - k) approving the Companies' disclaimers of two office leases;
  - l) drafting this Report; and
  - m) maintaining the service list.

## 7.0 Stay Extension

1. The stay of proceedings currently expires on March 15, 2021. The Companies are requesting an extension of the Stay Period until May 7, 2021.
2. The Monitor supports the request for an extension of the stay of proceedings for the following reasons:
  - a) the Companies are acting in good faith and with due diligence;
  - b) no creditor will be prejudiced if the extensions are granted;

- c) it will allow the Companies time to restructure their debt obligations and develop a plan of arrangement or compromise;
- d) as of the date of this Report, neither the Companies nor the Monitor is aware of any party opposed to an extension; and
- e) subject to the PR Refinancing Transaction or obtaining a DIP Facility, the Companies are projected to have sufficient liquidity to fund their operations until May 7, 2021.

## 8.0 Interim Financing

1. As it is uncertain when and if the PC Refinancing Transaction will be completed, the Companies intend to formalize the process for receiving bids to provide a DIP Facility. The Companies intend to set a deadline of March 20, 2021 (or thereabouts) for this purpose. Interested parties will be provided an opportunity to review information in the Data Room that has been set up for this purpose, subject to executing a confidentiality agreement. A template term sheet has been drafted and prospective lenders will be requested to provide their proposals in the form of that document, with changes to the term sheet blacklined against the original.

## 9.0 Conclusion and Recommendation

1. Based on the foregoing, KSV respectfully recommends that this Honourable Court make an order granting the relief detailed in Section 1.1(1)(f) of this Report.

\* \* \*

All of which is respectfully submitted,

*KSV Restructuring Inc.*

**KSV RESTRUCTURING INC.,  
IN ITS CAPACITY AS MONITOR OF  
ARDENTON CAPITAL CORPORATION AND ARDENTON CAPITAL BRIDGING INC.  
AND NOT IN ITS PERSONAL OR CORPORATE CAPACITIES**



**Second Report of  
KSV Restructuring Inc.  
as CCAA Monitor of  
Ardenton Capital Corporation and  
Ardenton Capital Bridging Inc.**

March 25, 2021



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COURT FILE NO.: S-211985

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 ARDENTON CAPITAL CORPORATION AND  
ARDENTON CAPITAL BRIDGING INC.

PETITIONERS

SECOND REPORT OF KSV RESTRUCTURING INC. AS  
MONITOR

MARCH 25, 2021

## 1.0 Introduction

1. Pursuant to an order (the "Initial Order") of the Supreme Court of British Columbia (the "Court") made on March 5, 2021, Ardenton Capital Corporation ("ACC") and Ardenton Capital Bridging Inc. ("ACBI" and together with ACC, the "Companies") were granted protection under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA") and KSV Restructuring Inc. ("KSV") was appointed monitor (the "Monitor"). The Companies and their non-filing affiliates and related companies are collectively referred to in this report (the "Report") as "Ardenton".
2. Also pursuant to the terms of the Initial Order, the Court:
  - a) granted a stay of proceedings until March 15, 2021; and
  - b) granted a charge:
    - i. in the amount of \$350,000 (the "Administration Charge") on the Companies' current and future property, assets and undertaking (collectively, the "Property") to secure the fees and disbursements of the Companies' counsel, as well as the fees and disbursements of the Monitor and its counsel (the "Administration Professionals"); and
    - ii. in the amount of \$110,000 (the "D&O Charge") on the Property in favour of the Companies' sole director, as well as its officers.

3. At the initial application, the Court set March 15, 2021 as the date for the comeback motion in these proceedings (the “Comeback Motion”). At the Comeback Motion, the Court issued an amended and restated Initial Order (the “Amended and Restated Initial Order”) pursuant to which:
  - a) the stay of proceedings was extended to May 7, 2021;
  - b) the amount of the Administration Charge was increased to \$1 million;
  - c) the amount of the D&O Charge was increased to \$240,000; and
  - d) a charge in favour of ACBI was created for any advances it makes to ACC during these proceedings (the “Intercompany Charge”) (collectively, the Administration Charge, the D&O Charge and the Intercompany Charge are referred to as the “Court-Ordered Charges”).

A copy of the Amended and Restated Initial Order is provided in Appendix “A”.

4. The principal purpose of the CCAA proceedings is to provide the Companies with the opportunity to restructure their debt obligations in a stable environment with the breathing space afforded by filing for protection under the CCAA. The proceedings are intended to provide a forum to allow the Companies to develop a plan of arrangement or compromise (the “Plan”) that is intended to provide creditors with a better outcome than an immediate liquidation of the Companies’ business and assets.

## **1.1 Purposes of this Report**

1. The purposes of this Report are to:
  - a) provide background information regarding the Companies and these proceedings;
  - b) discuss the rationale for the appointment of a committee comprised of seven investors (the “Investor Committee”) which will work with the Monitor and the Companies to formulate a Plan that will be presented to creditors;
  - c) summarize the process (the “DIP Solicitation Process”) carried out by the Monitor to solicit debtor-in-possession (“DIP”) financing proposals for a \$5 million DIP facility (the “DIP Facility”);
  - d) summarize the terms of the recommended DIP Facility between RCM Capital Management Ltd., or its designated assignee (“RCM”), as lender (the “Lender”), ACC, as borrower (the “Borrower”) and ACBI as guarantor, including a court-ordered charge on the Companies’ business and assets, which is a condition of the DIP Facility, subject only to the Administration Charge to a maximum of \$750,000 and the encumbrances in favour of Toronto Dominion Bank (“TD Bank”) to a maximum of \$100,000 and HSBC Canada (“HSBC”) (the “DIP Charge”);

- e) summarize the proposed claims procedure (the “Claims Procedure”) for soliciting and determining claims against the Companies and against the Companies’ directors and officers;
- f) provide an update on the Companies’ and the Monitor’s activities since the Monitor’s first report to Court dated March 11, 2021 (the “First Report”); and
- g) recommend that the Court issue an order or orders, *inter alia*:
  - i. approving the appointment of the Investor Committee and its members and providing the Investor Committee and its members with protections consistent with those afforded to the Monitor in the Initial Order;
  - ii. approving the DIP Facility and the DIP Charge;
  - iii. reducing the amount of the Administration Charge to \$750,000;
  - iv. approving the Claims Procedure and authorizing the Monitor to carry out the Claims Procedure on the basis set out in the proposed claims procedure order (the “Claims Procedure Order”);
  - v. sealing the confidential appendices to this Report; and
  - vi. approving the Monitor’s activities from the commencement of these proceedings to the date of this Report.

## 1.2 Restrictions

1. In preparing this Report, the Monitor has relied upon the Companies’ unaudited financial information, books and records and discussions with the Companies’ management and its legal counsel.
2. The Monitor has not audited or otherwise verified the accuracy or completeness of the financial information relied upon to prepare this Report in a manner that complies with Canadian Auditing Standards (“CAS”) pursuant to the Chartered Professional Accountants of Canada Handbook and, accordingly, the Monitor expresses no opinion or other form of assurance contemplated under the CAS in respect of such information. Any party wishing to place reliance on the financial information should perform its own diligence.
3. This Report does not consider the potential future impact of the COVID-19 pandemic on the Companies’ business and operations, including on the Companies’ portfolio companies (collectively, the “PCs”). Such impact cannot be determined at this time.

## 1.3 Currency

1. All currency references in this Report are in Canadian dollars.

## 2.0 Background

1. ACC is the parent company of an integrated multinational private equity business. Through various holding companies, including ACBI, ACC acquires, with monies raised from its investors, majority ownership interests in the PCs, which are privately-owned mid-market businesses.
2. ACC currently has indirect majority ownership interests in fourteen (14) PCs located in Canada, the US and the United Kingdom. A copy of ACC's corporate chart is attached as Appendix "B".
3. ACC does not use a typical private equity model, which relies on a limited partnership structure to raise capital for its Investors. Rather, ACC raised capital by issuing unsecured debt through instruments which pay annual interest of between 8% and 14% (weighted average of approximately 12%). ACC also issued common equity, but it is a comparatively small amount versus the amount it raised under its debt instruments.
4. All of ACBI's debt was raised through the issuance of promissory notes.
5. Through the end of 2020, the Companies had raised over \$400 million through the issuance of common equity, hybrid units (which have a debt and an equity warrant component), preferred securities and promissory notes (each instrument being a "Security" and collectively, the "Securities"). The monies raised by ACC and ACBI were used in part to acquire PCs, and together with PC Distributions (as defined below), to pay Ardenton's operating expenses, fund interest on the Companies' existing debt obligations and redeem Securities.
6. A summary of ACC's and ACBI's obligations<sup>1</sup>, by Security, as at the date of the Initial Order is provided in the table below.

(unaudited; \$000s)	ACC	ACBI	Total
Promissory Notes	1,312	18,205	19,517
Preferred Securities	263,952		263,952
Hybrid Securities	67,050		67,050
Total	332,315	18,205	350,520

7. ACC's interest in the PCs is owned indirectly through its holding company subsidiaries including ACBI (the "HoldCos"). ACC's acquisitions are funded through a combination of debt and equity advanced by ACC indirectly to the PCs through the HoldCos that own the PCs. ACC indirectly receives interest, management fees and dividends from the PCs (collectively "PC Distributions"), although these PC Distributions have not historically been a major source of capital for ACC, which continues to be the case. In addition, ACC has on one occasion sourced capital from a PC by refinancing its loan from ACC (made through a 12% preferred security) with bank debt priced less expensively than the preferred security (the "PC Refinancing Transaction").

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<sup>1</sup> Includes accrued and unpaid interest at the date of the Initial Order.

8. Further information regarding the Companies and these proceedings can be found in the Monitor’s prior reports issued in these proceedings, including its pre-filing report (the “Pre-Filing Report”) and in affidavits sworn by James Livingstone, ACC’s Chief Executive Officer. Court materials in these proceedings can be found on the Monitor’s website at <https://www.ksvadvisory.com/insolvency-cases/case/ardenton-capital-corporation>.

### 3.0 Investor Committee

1. Since the commencement of these proceedings, Mr. Livingstone and representatives of the Monitor have engaged in discussions with a significant number of the Companies’ investors. In light of feedback from these discussions, it became apparent to Mr. Livingstone and the Monitor that these proceedings would benefit from the establishment of a committee of investors. During those discussions, several investors expressed an interest in sitting on such a committee. The primary purpose of the Investor Committee is for the Companies and the Monitor to work with the Investor Committee to formulate a Plan that will be presented to creditors for their consideration.
2. On March 15, 2021, the Monitor sent an update letter to investors. The update letter advised of the Monitor’s intention to form the Investor Committee and to have it approved by the Court by the end of March. In response to this letter, several additional individuals contacted the Monitor to advise that they have an interest in sitting on the Investor Committee. A copy of the March 15, 2021 letter to investors is provided in Appendix “C”.
3. The Monitor has identified seven individuals for the Investor Committee. These individuals are significant investors and/or an advisor or representative of groups of investors. The Monitor believes these investors represent a broad cross-section of the various Securities issued by the Companies. A summary of the holdings of the Investor Committee members, or the investors they represent, is provided in the table below.

Name	Preferred Securities	Hybrid Securities	Promissory Notes
Montrusco Bolton Investors Inc.	X	X	X <sup>2</sup>
Requisite Capital Management LLC	X	X	
Monkey Toes LLC	X	X	X <sup>3</sup>
Birnam Wood Capital LLC	X		
Wood Group Capital Inc.	X		
Robert Maroney	X		
Donald Lang		X	

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<sup>2</sup> Issued by ACBI.

<sup>3</sup> Issued by ACC and ACBI.

4. The amounts owing to the Investor Committee members, or the investors that they represent, total, at least, approximately \$156 million, or 44% of the total outstanding Securities. The amount owing to each investor on the Investor Committee, or the investors they represent, is provided in Confidential Appendix “1”. The balance of the Securities is owed to 284 investors comprising approximately \$200 million. A complete list of investors and the amounts owed to each is provided in Confidential Appendix “2”.<sup>4</sup>
5. The Monitor has spoken with each prospective member of the Investor Committee. The Investor Committee members have diverse backgrounds that will provide various insights and perspectives into the restructuring process. Each of the Investor Committee members has significant financial and/or operational experience.
6. The Investor Committee is to have the following construct:
  - a) the Investor Committee is intended to perform an advisory and consultation function so that the goals and priorities of the Companies’ creditors are considered and reflected in the Plan;
  - b) the decisions of the Investor Committee are not binding on the creditors, the Monitor or the Companies;
  - c) the members of the Investor Committee will not be compensated for sitting on the Investor Committee;
  - d) the Investor Committee is to consider the interests of all ACC and ACBI investors;
  - e) in the event that any member of the Investor Committee is unhelpful, disruptive or misses, without reasonable explanation, either two consecutive Investor Committee meetings, or three Investor Committee meetings in aggregate, the member can be expelled from the Committee by a resolution passed by two-thirds of the other Committee members or the Monitor can bring a motion to have them removed;
  - f) there may be instances when Investor Committee members believe it would be helpful to discuss ideas and issues with stakeholders and/or the constituents that they represent or with whom they have a relationship. Generally, Investor Committee discussions are to be conducted on a confidential basis; however, the Monitor will work with the Investor Committee to agree to the scope of information that can be shared with other stakeholders. An Investor Committee member that breaches the Committee confidentiality rules can be expelled from the Committee by a resolution passed by two-thirds of the other Committee members, or the Monitor can bring a motion to have them removed;

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<sup>4</sup> Pursuant to the terms of the Initial Order, the amount owing to each investor is confidential. Accordingly, that information has not been provided in this Report, except in the confidential appendices.

- g) members of the Investor Committee should not have any liability for sitting on the Investor Committee, except for their gross negligence or wilful misconduct. The Monitor is of the view that Investor Committee members should be afforded protections consistent with those provided to the Monitor or a court-appointed officer in an insolvency proceeding. It is contemplated that leave of the Court would be required to commence an action against the Investor Committee or any member of the Investor Committee; and
- h) The establishment of the Investor Committee will not obviate the need for the Companies to provide creditors with periodic updates concerning the performance of the PCs and other financial updates.

### **3.1 Recommendation Re Investor Committee**

1. For the following reasons, the Monitor recommends that the Court issue an order approving the appointment of the Investor Committee and its initial members, and granting protections to the Investor Committee and its members consistent with those provided to the Monitor in the Initial Order:
  - a) the Investor Committee members own or represent a cross-section of Securities totaling, at least, approximately \$156 million (or 44%) of the total Securities outstanding as of the date of the Initial Order;
  - b) the Investor Committee will provide the Companies and the Monitor with the opportunity to engage with a single representative group of investors on the formulation of the Plan so that the goals and priorities of the investors are reflected in the Plan. This will assist to make these CCAA proceedings more efficient and will reduce the professional costs in these proceedings;
  - c) without the establishment of a single investor committee, it is likely that there will be several informal committees established, each advancing its own interests. This will make it difficult for the Monitor to build broad consensus for the Plan and could cause these proceedings to be unsuccessful. It is also likely to significantly increase professional costs and cause delay in reaching consensus concerning a Plan;
  - d) based on the Monitor's discussions with the prospective Investor Committee members, the members of the Investor Committee have significant financial and/or operational experience that should facilitate the restructuring process;
  - e) Investor Committee members should not have any liability for serving on the Investor Committee and accordingly, it is appropriate to grant them Court-ordered protections similar to those afforded to the Monitor in the Initial Order. If Investor Committee members are not provided appropriate protections, it is unlikely that investors would be prepared to sit on the committee, which would be to the detriment of the successful completion of these proceedings;



- f) Investor Committee members will not be compensated for sitting on the Investor Committee; and
- g) the decisions of the Investor Committee are not binding on the Companies' creditors, the Monitor and the Companies, but rather are intended to provide guidance to the Monitor and the Companies as to the structure of a Plan that addresses the key issues that will be considered by creditors so that the Plan has the best opportunity to be accepted by the creditors.

## 4.0 DIP Solicitation Process

1. The Monitor advised in its pre-filing report and in the First Report that the Companies may need DIP financing. Mr. Livingstone also foreshadowed the potential need for DIP financing in his affidavits sworn in these proceedings. These reports and affidavits discussed that ACC was at the date of the Initial Order working on a PC Refinancing Transaction, and if completed, the Companies would not require a DIP Facility, at least in the short-term.
2. Since the commencement of these proceedings, it has become apparent that the PC Refinancing Transaction will not be completed at this time and accordingly, given their lack of liquidity, the Companies require a DIP Facility to fund their operating expenses and professional costs during these proceedings. Additionally, the DIP Facility provides the Companies with liquidity if the Companies incur negative cash flow variances versus its cash flow forecasts. Accordingly, on March 10, 2021, the Monitor commenced the DIP Solicitation Process to obtain DIP Facility proposals by sending a letter (the "DIP Solicitation Letter") to prospective DIP lenders (the "Prospective Lenders"). A copy of the letter sent by the Monitor to Prospective Lenders is attached as Appendix "D".
3. An overview of the DIP Solicitation Process is as follows:
  - a) early in these proceedings, several Prospective Lenders contacted the Monitor to advise of their interest to provide a DIP loan to the Companies;
  - b) the Monitor sent the DIP Solicitation Letter to eight Prospective Lenders, including those which had contacted the Monitor;
  - c) to be permitted into the process, Prospective Lenders were required to sign a confidentiality agreement (the "CA"). Upon execution of the CA, Prospective Lenders were provided access to an online data room, which included financial information concerning the Companies and the PCs, as well as a draft term sheet for the DIP Facility prepared by the Monitor, in consultation with the Companies; and
  - d) Prospective Lenders were encouraged to submit proposals using the draft term sheet, with any changes blacklined against it.

## 4.1 DIP Solicitation Process Results

1. The results of the DIP Solicitation Process are summarized as follows:
  - a) eight parties executed the CA and were provided access to the data room; and
  - b) three offers were submitted.
2. A summary of the offers is provided in Confidential Appendix “3” (the “DIP Summary”). The Companies and the Monitor are of the view that the best DIP Facility proposal was submitted by the Lender.

## 4.2 DIP Facility<sup>5</sup>

1. The terms of the DIP Facility are set out in the term sheet (the “DIP Term Sheet”). A copy of the DIP Term Sheet is attached as Appendix “E”. The significant terms of the DIP Facility are below.
  - a) Lender: RCM
  - b) Guarantor: ACBI
  - c) Amount: \$5 million
  - d) Maturity Date: ACC will repay all of the Interim Financing Obligations in full, on the earlier of: (i) the occurrence of any Event of Default which is continuing and has not been cured; (ii) the implementation of a Plan and by an order entered by the Court; (iii) conversion of the CCAA Proceedings into a proceeding under the *Bankruptcy and Insolvency Act* (Canada); and (iv) the date that is six months from the date of the Initial Advance, subject to the ability of the Borrower, with the reasonable consent of the Lender to extend the Maturity Date for an additional six month period by notice in writing to the Interim Lender delivered prior to the expiry of the initial six month term (the earliest of such dates being the “Maturity Date”).
  - e) Interest rate: 10% per annum on outstanding advances (there are no unused facility fees, set up fees or other fees related to the DIP Facility).
  - f) DIP Charge: First-ranking Court ordered charge over the Borrowers’ business and assets, subject to the Administration Charge to a maximum of \$750,000 and the secured claims of TD Bank (to a maximum of \$100,000) and HSBC.

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<sup>5</sup> Terms not defined in this section have the meaning provided to them in the DIP Term Sheet.

- g) Budget: The Borrower has delivered, with consent of the Monitor, and the Lender has accepted, a current weekly line-item budget covering the period of at least ninety-one (91) days following the date of this Term Sheet (together with all updates thereto approved by the Interim Lender in their sole discretion, including the Revised Budget if approved by the Interim Lender in their sole discretion, the “Agreed Budget”).

On Wednesday of each week by 4:00 p.m. (Vancouver time), commencing on the first week after the initial funding, ACC will deliver to the Lender: (i) a report showing actual cash receipts and actual expenditures for each line-item in the Agreed Budget covering the previous week and comparing the foregoing amounts with the budgeted cash receipts and budgeted expenditures, respectively, set forth in the Agreed Budget for such line-item during such one week period, and (ii) a one week roll-forward of the Agreed Budget, which shall reflect the Borrower’s good faith projections and be in form and detail consistent with the initial Agreed Budget and subject to the approval of the Lender in its sole discretion (if so approved by the Interim Lender, the “Revised Budget”).

- h) Conditions, include:

- i. reduction in the Administration Charge to \$750,000;
- ii. entry of the DIP Order and the granting of the DIP Charge; and
- iii. no Default or Event of Default shall have occurred or, if applicable, will occur as a result of the requested Interim Advance;

- i) Events of Default, include:

- i. termination of the CCAA proceedings or lifting the CCAA stay of proceedings to permit (A) the enforcement of any Lien against Companies, or a material portion of their respective property, assets or undertaking, or (B) the appointment of a receiver and manager, receiver, interim receiver or similar official, or substituting the Monitor, or the making of a bankruptcy order against the Companies; granting any Lien which is senior to or *pari passu* with the Interim Lender Charge, other than the Permitted Priority Liens;
- ii. the issuance of an order modifying the DIP Charge or any orders in a manner which adversely impacts the Lender without the prior consent of the Lender;
- iii. failure of any of the Companies to comply with (i) any of the negative covenants in the DIP Term Sheet, and to the extent such failure or default is capable of being remedied, such failure or default shall continue unremedied for a period of ten (10) Business Days or (ii) any of the positive covenants in the DIP Term Sheet, and to the extent such failure or default is capable of being remedied, such failure or default shall continue unremedied for a period of thirty (30) Business Days;

- iv. if the Companies' exposure to HSBC exceeds \$40,000;
- v. the occurrence of a Material Adverse Change<sup>6</sup>;
- vi. any material violation or breach of any Court Order by the Companies; and
- vii. any Revised Budget (A) contemplates or forecasts an adverse change from the then-existing Agreed Budget, and such change(s) constitute a Material Adverse Change or (B) contemplates or forecasts a cash flow deficit in excess of \$500,000 or the equivalent amount thereof in any other currency (each, an "Updated Budget Default").

### 4.3 Secured Creditors

1. The DIP Facility will not have priority over the following obligations owing to TD Bank to a maximum of \$100,000 and HSBC.

#### 4.3.1 TD Bank

1. TD Bank has registered financing statements against ACC under the British Columbia, Ontario and Saskatchewan Personal Property Security Acts.
2. The Monitor has been advised that TD's registrations were made in respect of:
  - a) limited recourse guarantees supported by share pledges that ACC had previously made in support of loans by TD to certain PCs. Shares in the PCs pledged to TD Bank are now held by Ardenton Capital Canada Inc. ("ACCI"), a non-applicant subsidiary of ACC, after an internal reorganization completed by Ardenton in 2019. The Monitor understands that ACC is working with TD to reflect the correct owner of the pledged PC shares; and
  - b) a GSA which secured the Companies' TD VISA corporate credit card liabilities, which are currently approximately \$47,000.
3. As the subsidiaries for which TD has a secured limited recourse guarantee are now owned by ACCI and not ACC, the Amended and Restated Initial Order sets out that the Court-Ordered Charges rank in priority to the TD security interest, subject to a \$100,000 priority afforded to TD for amounts owing to it or that may be owing to it in the future in respect of the TD VISA cards.

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<sup>6</sup> "Material Adverse Change" means any event which, individually or in the aggregate, results, or could reasonably be expected to result, in a material adverse change in: (a) the ability of the Companies to perform any obligation under the DIP Term Sheet or any Court Order, or the ability of ACC to carry out a Plan; (b) the validity or enforceability of any of the D&O Charge or the ranking of any of the Liens granted thereby or the material rights or remedies intended or purported to be granted to the Lender under the D&O Charge; (c) the rights and remedies of the Lender under the DIP Term Sheet; (d) the business of the Companies, on a consolidated basis, including without limitation a material adverse qualification (other than a "going concern" qualification resulting from the CCAA proceedings); (e) the ability of the Companies to carry on its business as conducted as of the date of this Term Sheet; or (f) the Collateral.

4. The Monitor understands that TD has recently terminated the Visa facilities and that the Companies intend to repay this obligation at their earliest opportunity.

#### **4.3.2. HSBC**

1. HSBC has registered a financing statement against ACC under the British Columbia Personal Property Security Act. HSBC is not a lender to the Companies. ACC maintains bank accounts at HSBC and has a Visa facility with HSBC. The HSBC registration against ACC relates to HSBC's security for ACC's obligations in relation to account management and related services, as well as any exposure under the Visa facility. The amounts that may be owing to HSBC at any point in time are not anticipated to be significant and the ranking of HSBC's security is not to be affected by the DIP Charge.

#### **4.3.3. Priority of Charges**

1. The proposed priority of the Court-ordered charges is as follows:
  - a) first, the Administration Charge;
  - b) second, the DIP Charge;
  - c) the D&O Charge; and
  - d) the Intercompany Charge.

#### **4.4 Recommendation re DIP Facility**

1. The Monitor considered the following factors regarding the terms of the DIP Facility, as well those set out in Section 11.2 of the CCAA:
  - a. the Companies are facing a liquidity crisis. They are projected to exhaust their cash balances by approximately mid-April. Absent DIP Financing, the Companies may not be able to pay operating costs and professional fees in relation to these proceedings. In the Monitor's view, the Companies require the DIP Facility to ensure that they have sufficient liquidity to continue to operate and to fund the costs of these proceedings for the benefit of all of the Companies' stakeholders;
  - b. the DIP Facility enhances the prospect that the Companies will be able to successfully restructure and will prevent a fire sale of certain of the PCs, which would be the Companies' only other option to generate liquidity, if required. Such option is not in the interest of the Companies' stakeholders;
  - c. the DIP Facility is for six months and can be extended by another six months by ACC, which may be necessary if these proceedings are not completed by the six-month anniversary of these proceedings;

- d. the DIP Facility has no fees, including an unused line fee, which is an important consideration as the full amount of the DIP Facility is not projected at this time to be drawn;
- e. the Companies are permitted to repay the DIP Facility at any time, without penalty; and
- f. based on the other DIP proposals received, and a comparison of the terms of the DIP Facility to the terms of other DIP facilities approved by Canadian courts in CCAA proceedings commenced between 2018 and 2021 (see Appendix “F”), the Monitor believes that the terms of the DIP Facility are reasonable for the following reasons:
  - the interest rate of the proposed DIP Facility is consistent with, and in many instances lower than, DIP facilities approved by Canadian courts in other CCAA and restructuring proceedings;
  - there are no fees payable under the DIP Facility, including an unused line fee; and
  - the DIP Facility is for a six-month term and can be extended at no cost for an additional six months, if required. The maximum term of the DIP Facility should be sufficient to complete or substantially complete these proceedings.

## 5.0 Claims Procedure<sup>7</sup>

1. **This Report summarizes the Claims Procedure. Interested parties are strongly encouraged to read the Claims Procedure Order in its entirety. To the extent there are inconsistencies between this Report and the Claims Procedure Order, the Claims Procedure Order shall prevail. The full details of the Claims Procedure have not been reproduced or summarized in this Report.**
2. The Monitor developed the Claims Procedure to solicit and determine any and all Claims, including Pre-Filing Claims, D&O Claims and Restructuring Claims.
3. The key terms and provisions of the Claims Procedure are summarized in the following sections of this Report.

### 5.1 Notice to Creditors

1. The Claims Procedure requires a Notice to Claimants to be published in *The Globe and Mail* (National Edition) and the Vancouver Sun by the Monitor by no later than April 6, 2021.

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<sup>7</sup> Capitalized terms in this section have the meaning provided to them in the Claims Procedure Order unless otherwise defined herein.

2. The Monitor will post the Notice to Claimants, the Claims Package and the Claims Procedure Order on its website as soon as possible. The Claims Package includes an Instruction Letter, a Proof of Claim and a Notice of Dispute.
3. The Monitor shall send a Known Claimant Claims Package to each Known Claimant and to Canada Revenue Agency, and any similar revenue or taxing authority of each and every province or territory of Canada in which the Companies carry on business within ten (10) Business Days following the granting of the Claims Procedure Order, by ordinary mail or electronic mail to the Known Claimant's last known address provided by the Companies, or the address provided to the Monitor by the Known Claimant.

## 5.2 Proof of Claims

1. Most of the creditors of the Companies are investors. To increase the efficiency of the Claims Procedure, the Monitor and the Companies will determine the claim amounts for all Known Claims as at the Filing Date, based on the Companies' books and records. Any Known Claimant that does not dispute the amount of its Known Claim is not required to take any further action and the Known Claim will be deemed to be the Claimant's proven claim for the purposes of voting and distribution under any Plan.
2. Any Known Claimant wishing to dispute the amount or other aspect of the Known Claim must file a Notice of Known Claim Dispute with the Monitor on or before the Pre-Filing Claims Bar Date, being 4:00 p.m. (PST) on May 14, 2021 or such other date as may be ordered by the Court.
3. Any Person who wishes to assert:
  - a. a Pre-Filing Claim (not set out in a Known Claimant Notice) must deliver a completed Proof of Claim to the Monitor on or before the Pre-Filing Claims Bar Date;
  - b. a Restructuring Claim<sup>8</sup>, must deliver a completed Proof of Claim form to the Monitor on or before the applicable Restructuring Claims Bar Date. The Restructuring Period Claims Bar Date is the later of (i) the Pre-Filing Claims Bar Date; and (ii) thirty (30) days after the Monitor sends a Claims Package with respect to a Restructuring Claim; and
  - c. a D&O Claim, must deliver a completed Proof of Claim form to the Monitor on or before the Pre-Filing Claims Bar Date, if in respect of a claim arising before the Filing Date, or the Restructuring Claims Bar Date if in respect of a Disclaimer, as applicable.

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<sup>8</sup> Any right or claim of any Person that may be asserted or made in whole or in part against the Companies in connection with any indebtedness, liability or obligation of any kind whatsoever owed by any of the Companies to such Person arising out of the Disclaimer of any lease, contract, or other arrangement, agreement or obligation (whether oral or written) by any of the Companies on or after the Filing Date, whether such restructuring, termination, repudiation or disclaimer took place or takes place before or after the date of this Claims Procedure Order.



4. Any Person who does not file a Proof of Claim in accordance with this Claims Procedure Order with the Monitor by the Pre-Filing Claims Bar Date or Restructuring Claims Bar Date, as applicable, shall:
  - a) not be entitled to receive further notice with respect to, and shall not be entitled to participate as a Claimant or creditor in, the Claims Procedure or the CCAA Proceeding in respect of such Claim;
  - b) with respect to a Pre-Filing Claim or a Restructuring Claim, upon approval of a Plan, be forever barred from asserting such Claim against the Companies and the Companies shall not have any liability in respect of such Claim and such Claim shall be extinguished;
  - c) with respect to a D&O Claim, upon approval of a Plan, be forever barred from asserting such Claim against any of the Directors or Officers and the Directors and Officers shall not have any liability in respect of such Claim and such Claim shall be extinguished;
  - d) not be permitted to vote on any Plan at any Meeting on account of such Claim; and
  - e) not be permitted to participate in any distributions under any Plan related to such Claim or under this CCAA Proceeding.

### **5.3 Determination of Claims**

1. The Monitor, in consultation with the Companies (and in the case of a D&O Claim, in consultation with the respective Directors or Officers, if applicable) shall review all Proofs of Claim and Notices of Known Claim Dispute filed in accordance with this Claims Procedure Order, and at any time may, among other things:
  - a) attempt to resolve and settle any issue arising in a Proof of Claim or Notice of Known Claim Dispute or in respect of a Claim;
  - b) accept the claim; and
  - c) revise or disallow the amount of any Claim and so notify the Claimant in writing by way of a Notice of Revision or Disallowance.
2. The Monitor will not accept or revise any portion of a D&O Claim absent: (i) the consent of the applicable Director and Officer in consultation with the applicable insurer; or (ii) further Order of the Court.
3. Any Person who intends to dispute the amount set out in a Notice of Revision or Disallowance must deliver a Notice of Dispute to the Monitor in writing, with a copy to the Monitor, by 4:00 p.m. (PST) on the day that is no later than fourteen (14) calendar days after such Claimant received the Notice of Revision or Disallowance. If they do not submit a Notice of Dispute, the value and status of such Claim shall be deemed to be set out in the Notice of Revision or Disallowance, respectively, for the purposes of voting and distribution under any Plan.



4. In the event that the Monitor and the Claimant are unable to resolve any Disputed Claim in respect of any Pre-Filing Claim or Restructuring Claim, the Monitor shall bring a motion for advice and direction to have the unresolved Disputed Claim determined by the Court.
5. In the event that the Monitor, in consultation with the applicable Director or Officer, is unable to resolve any Disputed Claim in respect of any D&O Claim, the Monitor shall bring a motion for advice and direction to have the unresolved Disputed D&O Claim determined by the Court.

#### **5.4 Excluded Claims**

1. The only Excluded Claims are the secured claims of TD, HSBC and amounts secured by the Court-Ordered Charges.

#### **5.5 Recommendation re: Claims Procedure**

1. The Monitor believes the Claims Procedure is reasonable and appropriate for the following reasons:
  - a) the filing of claims and the completion of the Claims Procedure is a gating issue to the timely completion of these proceedings. The Monitor has stated in its reports and in its discussions with investors, that it is its intention to advance these proceedings expeditiously. Commencing the Claims Procedure at this time is consistent with this objective;
  - b) the proposed notices, dispute resolution provisions and timelines set out in the Claims Procedure Order are consistent with those commonly approved by Canadian courts in CCAA proceedings and are sufficient to allow creditors to file Claims in these proceedings, particularly as the Companies will be providing most of the creditors with the amounts of their claims as of the date of the Initial Order, as set out in the Companies' books and records;
  - c) in the Monitor's view, the Pre-Filing Claims Bar Date, being approximately 44 days from the date scheduled for this application, is sufficient for creditors to file a Proof of Claim and D&O Proof of Claim (as applicable) with the Monitor; and
  - d) in the Monitor's view, the basis on which the Claims Procedure proposes to address Known Claims, being by far the largest pool of creditors, will allow the Monitor to calculate Known Creditor claims on a consistent manner based on the Companies' books and records, and minimize the number of disputed claims, thereby streamlining the Claims Procedure and minimizing the professional costs of the Claims Procedure.

## 6.0 Professional Fees

1. At the Comeback Motion, there was a discussion concerning the Administration Charge and the professional fees incurred to-date. Additionally, one of the purposes of the DIP Facility is to fund the fees and costs of the Administration Professionals. Accordingly, the Monitor is providing an update on the estimated fees and costs of the Administration Professionals as of March 15, 2021, as summarized in the table below.

	(\$000s)
KSV	280
DLA Piper (Canada) LLP	61
Aird & Berlis LLP	200
MLT Aikins LLP	62
Nathanson Shachter & Thompson LLP (D&O counsel)	5
	<u>608</u>

2. Since the commencement of these proceedings, one of the Administration Professionals has received payment of one invoice in the amount of \$29,341, while none of the other Administration Professionals has received payment of their fees and costs since that time, including in respect of their activities related to preparing for these proceedings. Additionally, one of the Administration Professionals has an outstanding retainer of \$50,000. If the DIP Facility is approved, the Administration Charge will be reduced from \$1 million to \$750,000. The Administration Professional with a retainer intends to apply its retainer against its first invoice rendered in these proceedings.
3. As a result of the discussion at the Comeback Motion, and subject to the approval of the DIP Facility, the Administration Professionals have agreed to reduce the Administration Charge to \$750,000. This is also a condition of the DIP Facility.

## 7.0 Confidential Appendices

1. This Report discusses two sets of information that the Monitor believes should be sealed: information concerning the amounts owed to Investors and the DIP Summary.
2. As discussed in the Monitor's Pre-Filing Report and in the affidavit of Mr. Livingstone sworn March 2, 2021, the Companies' investors have an expectation of privacy as to the amounts owing to them by the Companies. The Initial Order authorizes the Companies to keep this information confidential and accordingly, the Monitor believes it is appropriate that the information provided in Confidential Appendices "1" and "2" be sealed on that basis. The Monitor does not believe any party will be prejudiced if this information is sealed.

3. The DIP Summary provided in Confidential Appendix “3” includes a summary of the DIP proposals. The Monitor believes that the DIP Summary should be filed with the Court on a confidential basis and be sealed (“Sealing Order”). If the DIP Facility transaction does not close for any reason, a subsequent DIP solicitation process would be prejudiced by the release of the information. The Monitor is not aware of any party that will be prejudiced if the information is sealed. Accordingly, the Monitor believes the proposed Sealing Order is appropriate in the circumstances.

## **8.0 Companies’ Activities Since the Date of the Initial Order**

1. The Companies’ activities since the date of the Initial Order have included:
  - a) continuing to operate its business in the ordinary course;
  - b) engaging routinely with the Companies’ investors and interested parties;
  - c) overseeing the operations of the PCs;
  - d) considering Ardenton’s liquidity issues and assisting the Monitor to respond to questions from Prospective Lenders;
  - e) communicating with suppliers to secure goods and services during these proceedings;
  - f) dealing with regulators;
  - g) advancing its restructuring efforts and considering various restructuring options;
  - h) working on a multi-year pro-forma of the PCs;
  - i) providing feedback from investors concerning the Investor Committee and discussing same with the Monitor;
  - j) assisting the Monitor with the drafting of a claims procedure;
  - k) drafting an investor update (in progress);
  - l) dealing with its auditors;
  - m) restructuring its US operations;
  - n) preparing to move its Vancouver office effective April 1, 2021; and
  - o) keeping the Monitor apprised of all of the foregoing.

## 9.0 Monitor's Activities

1. The Monitor's activities since the commencement of these proceedings have included:
  - a) corresponding regularly with Ardenton's management regarding all aspects of these proceedings;
  - b) continuing to engage with investors;
  - c) working with the Companies to put in place the Investor Committee;
  - d) speaking with several individuals who expressed an interest in sitting on the Investor Committee;
  - e) drafting the Claims Procedure Order and discussing same with the Companies;
  - f) corresponding with the Companies' creditors;
  - g) preparing and updating a virtual data room for Prospective Lenders;
  - h) facilitating due diligence by Prospective Lenders;
  - i) negotiating and finalizing the DIP Term Sheet;
  - j) monitoring the Companies' receipts and disbursements;
  - k) working with the Companies to consider restructuring issues;
  - l) dealing with the Companies' auditors;
  - m) dealing with issues affecting the UK operations, including the UK PCs;
  - n) drafting the First Report and this Report; and
  - o) maintaining the service list.

## 10.0 Conclusion and Recommendation

1. Based on the foregoing, KSV respectfully recommends that this Honourable Court make an order granting the relief detailed in Section 1.1(1)(g) of this Report.

\* \* \*

All of which is respectfully submitted,

*KSV Restructuring Inc.*

**KSV RESTRUCTURING INC.,  
IN ITS CAPACITY AS MONITOR OF  
ARDENTON CAPITAL CORPORATION AND ARDENTON CAPITAL BRIDGING INC.  
AND NOT IN ITS PERSONAL OR CORPORATE CAPACITIES**