



- (i) for insurance coverage under Policy No. B0702GD313660n issued by Lloyd's Underwriters for the period of April 30, 2019 to April 30, 2020 (the "**San Forest Property Policy**");
  - (ii) against Axis Insurance Managers Inc., Leila Ford, and Jason Fogal for errors or omissions in insurance policy placement, including (without limitation) those claims asserted in Supreme Court of British Columbia Action No. S-231959 (Vancouver Registry);
  - (iii) for insurance coverage under Policy Nos. IP2400110 and 40348641 issued by Lloyd's Underwriters and others for the period of April 1, 2024 to April 1, 2025 and IP2404691, IP2404692, 40348642, and 0314-2434 (collectively, the "**Acorn Property/Excess Policies**"), as a result of a fire at 9355 Alaska Way, Delta, British Columbia, on April 7, 2024 (the "**Acorn Fire**"); and
  - (iv) against the Petitioners' former insurance brokers in respect of errors or omissions in the placement of the Acorn Property/Excess Policies; and
- (b) "**RBC Assigned Claims**", means any and all claims of any nature or kind whatsoever that the Petitioners have or may have:
- (i) for insurance coverage under Lloyd's Marine Stock Throughput Insurance Policy UMR: B1136CA241188 for the period of April 1, 2024 to April 1, 2025 (the "**STP Policy**"), as a result of the Acorn Fire; and
  - (ii) against the Petitioners' former insurance brokers in respect of errors or omissions in the placement of the STP Policy.

### ***BDC Assigned Claims***

2. All of the Petitioners' rights, title, and interest in and all obligations to and arising from the BDC Assigned Claims (including, without limitation, all rights and benefits arising under any agreements to toll the limitation periods in respect of such claims) are hereby granted, assigned, transferred, and set over absolutely to Business Development Bank of Canada ("**BDC**") on an "as is" basis with no warranties or representations whatsoever regarding the validity, merits or enforceability of any one or more of the BDC Assigned Claims.

3. BDC shall have the full power and authority to sue for, recover, receive proceeds of and settle or compromise any claim or action in relation to the BDC Assigned Claims, including (without limitation) against the insurers of the San Forest Property Policy and the Acorn Property/Excess Policies, or any other person or entity in any way directly or indirectly related to or connected with the BDC Assigned Claims (including, without limitation, Axis Insurance Managers Inc., Leila Ford, and Jason Fogal, and other former insurance brokers of the applicable Petitioner(s)), whether such action is brought in the name of BDC, or in the name of any of the Petitioners pursuant to this Order, and whether or not such action has already been commenced.

4. BDC shall be authorized and empowered, but not directed, in the name of the applicable Petitioner insured(s), or in its own name, to seek documents from third parties (including, without limitation, the insurers of the San Forest Property Policy and the Acorn Property/Excess Policies, Axis Insurance Managers Inc., Leila Ford, and Jason Fogal, and the Petitioners' former insurance

brokers) that relate to the BDC Assigned Claims with the same rights and entitlement to those documents as the Petitioners.

5. The Petitioners shall:

- (a) promptly pay to BDC any funds received from the insurers of the San Forest Property Policy and the Acorn Property/Excess Policies, or Axis Insurance Managers Inc., Leila Ford, and Jason Fogal, and/or the Petitioners' former insurance brokers, in respect of the San Forest Property Policy and the Acorn Property/Excess Policies, or the BDC Assigned Claims after the date of this Order; and
- (b) upon request, do and perform all such further acts, and execute and deliver such further documents as may reasonably be required by BDC to allow it to pursue the BDC Assigned Claims, provided that any disbursements incurred by the Petitioners in relation thereto shall be paid directly by BDC.

6. Nothing in this Order shall modify, affect, or limit any right or entitlement of BDC to directly pursue the BDC Assigned Claims based on BDC's own rights or entitlements under the San Forest Property Policy and the Acorn Property/Excess Policies, including as a loss payee or mortgagee, as applicable.

#### ***RBC Assigned Claims***

7. All of the Petitioners' rights, title, and interest in and all obligations to and arising from the RBC Assigned Claims are hereby granted, assigned, transferred, and set over absolutely to Royal Bank of Canada ("**RBC**") on an "as is" basis with no warranties or representations whatsoever regarding the validity, merits or enforceability of any one or more of the RBC Assigned Claims.

8. RBC shall have the full power and authority to sue for, recover, receive proceeds of and settle or compromise any claim or action in relation to the RBC Assigned Claims, including (without limitation) against the insurers of the STP Policy, or any other person or entity in any way directly or indirectly related to or connected with the RBC Assigned Claims (including, without limitation, the Petitioners' former insurance brokers), whether such action is brought in the name of RBC, or in the name of any of the Petitioners pursuant to this Order and whether or not such action has already been commenced.

9. RBC shall be authorized and empowered, but not directed, in the name of the applicable Petitioner insured(s), or in its own name, to seek documents from third parties (including, without limitation, the insurers of the STP Policy, and the Petitioners' former insurance brokers) that relate to the RBC Assigned Claims with the same rights and entitlement to those documents as the Petitioners.

10. The Petitioners shall:

- (a) promptly pay to RBC any funds received from the insurers of the STP Policy, or the Petitioners' former insurance brokers, in respect of the STP Policy or the RBC Assigned Claims after the date of this Order; and

- (b) upon request, do and perform all such further acts, and execute and deliver such further documents as may reasonably be required by RBC to allow it to pursue the RBC Assigned Claims, provided that any disbursements incurred by the Petitioners in relation thereto shall be paid directly by RBC.

11. Nothing in this Order shall modify, affect, or limit any right or entitlement of RBC to directly pursue the RBC Assigned Claims based on RBC's own rights or entitlements under the STP Policy, including as a loss payee or mortgagee, as applicable.

### ***Excess Proceeds***

12. In respect of the BDC Assigned Claims and RBC Assigned Claims, BDC and RBC shall:
- (a) report to Deloitte Restructuring Inc. the amount of any proceeds received by them as a result of any recovery from these claims, net of any and all costs and expenses incurred ("**Proceeds**");
  - (b) upon written request, provide Deloitte Restructuring Inc. with an accounting of any and all costs and expenses incurred with respect to the Proceeds; and
  - (c) in respect of any Proceeds received in excess of their respective secured claims ("**Excess Proceeds**"): (i) be authorized and empowered, but not directed, to pay such Excess Proceeds to Deloitte Restructuring Inc. without the necessity of a further Order of this Court; or (ii) hold such Excess Proceeds in trust pending further Order of this Court.

### ***Acorn Claims***

13. In respect of any and all claims of any nature or kind whatsoever that Acorn Forest Products Ltd. ("**Acorn**") has or may have for insurance coverage under the Acorn Property/Excess Policies and the STP Policy as a result of the Acorn Fire, and against its former insurance brokers in respect of errors or omissions in the placement of the Acorn Property/Excess Policies and the STP Policy (collectively, the "**Acorn Claims**"), BDC and RBC shall:

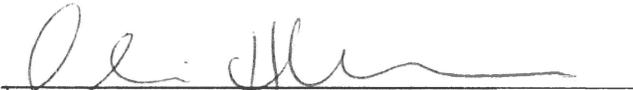
- (a) report to the Canada Revenue Agency ("**CRA**") the amount of any Proceeds received by them as a result of any recovery from these claims (the "**Acorn Proceeds**");
- (b) upon written request, provide the CRA with an accounting of any and all costs and expenses incurred with respect to the Acorn Proceeds; and
- (c) be authorized and directed to hold, or cause to be held in trust, the lesser of: (i) \$247,264.90; (ii) the amount of the CRA's deemed trust claim against Acorn for unremitted source deductions; (iii) such lesser amount as agreed to between BDC, RBC, and CRA, in writing; or (iv) the full amount of the Acorn Proceeds (the "**Acorn Proceeds Holdback**") pending: (1) written agreement as between BDC, RBC, and CRA as to the distribution of the Acorn Proceeds Holdback, upon and pursuant to which such funds may be paid out to any party without the necessity of a further Order of this Court; or (2) further Order of this Court.

**Monitor**

14. In addition to the rights and protections afforded to the Monitor under any orders made in these proceedings, under the CCAA, or as an officer of this Court, the Monitor shall incur no liability or obligation in connection with, or related to, the San Forest Property Policy, the Acorn Property/Excess Policies, the STP Policy, the BDC Assigned Claims, or the RBC Assigned Claims, or as result of carrying out the provisions of this Order.

15. Endorsement of this Order by counsel appearing on this application, other than counsel for the Monitor, is hereby dispensed with.

THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:



Signature of lawyer for the Monitor  
Claire Hildebrand

BY THE COURT.



Registrar



**Schedule "A"**

**Petitioners**

Acorn Forest Products Ltd.
Axon Lumber Ltd.
Coulson Manufacturing 2017 Ltd.
San Cedar Direct Sales Ltd.
San Forest Products Ltd.
San Holdings Inc.
Super-Cut Lumber Industries Ltd.
1224676 B.C. Ltd.
1260729 B.C. Ltd.
Mountainside Logging Ltd.
1170518 B.C. Ltd.
1175465 B.C. Ltd.
San Farming Ltd.
San Forest Specialty Ltd.
San Terminals Inc.

**Schedule "B"**

**Counsel List**

<b>COUNSEL NAME</b>	<b>PARTY REPRESENTED</b>
Kendall E. Andersen	Counsel for Business Development Bank of Canada
Glen Nesbitt	Counsel for Royal Bank of Canada

No. S-248267  
Vancouver Registry

IN THE SUPREME COURT  
OF  
BRITISH COLUMBIA

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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 THE CANADA BUSINESS  
CORPORATIONS ACT, R.S.C. 1985, c. C-44, THE  
BUSINESS CORPORATIONS ACT, S.B.C. 2002, c. 57

AND

IN THE MATTER OF SAN INDUSTRIES LTD.,  
AND THOSE PARTIES LISTED ON SCHEDULE "A"

PETITIONERS

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**ORDER MADE AFTER APPLICATION  
(INTERIM DISTRIBUTION)**

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