



No. S-222758
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

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

AND

**IN THE MATTER OF A PLAN OF COMPROMISE AND ARRANGEMENT OF
0989705 B.C. LTD., ALDERBRIDGE WAY GP LTD. AND
ALDERBRIDGE WAY LIMITED PARTNERSHIP**

PETITIONERS

MONITOR'S EIGHTH REPORT TO COURT

May 26, 2023

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

**AND IN THE MATTER OF 0989705 B.C. LTD., ALDERBRIDGE WAY GP LTD. AND
ALDERBRIDGE WAY LIMITED PARTNERSHIP**

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I. INTRODUCTION AND PURPOSE OF THE REPORT

Introduction

1. Effective December 1, 2022, The Bowra Group Inc. (“**TBGI**”) merged with MNP Ltd. (“**MNP**”), and pursuant to a Substitution Order granted December 21, 2022, MNP was substituted as Monitor in place of TBGI in these CCAA proceedings.
2. On April 1, 2022 (the “**Filing Date**”), this Honourable Court made an order (the “**Initial Order**”) under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985 c. C-36, as amended (the “**CCAA**”) granting Alderbridge Way GP Ltd., Alderbridge Way Limited Partnership (“**Alderbridge LP**”) and 0989705 B.C. Ltd. (collectively the “**Companies**” or the “**Petitioners**”) protection from their creditors.
3. Among other things, the Initial Order appointed Alvarez & Marsal Canada Inc. (“**A&M**”) as monitor of the Companies and authorized the Companies to borrow up to \$850,000 by way of debtor in possession financing from Gatland Development Corporation (“**Gatland**”), REV Investments Inc. (“**REV**”) and South Street (Alderbridge) Limited Partnership (“**South Street**”), as lender.
4. On April 11, 2022, the Court granted an Order extending the stay of proceedings (the “**Stay Period**”) to April 25, 2022.
5. On April 25, 2022, the Court granted:
 - i. an Amended and Restated Initial Order that:
 - a. extended the Stay Period to August 3, 2022;
 - b. substituted TBGI as monitor (in such capacity, the “**Monitor**”) in place of A&M; and
 - c. authorized the Companies to borrow an additional \$1.65 million of debtor in possession financing from Romspen Investment Corporation (“**Romspen**”); and
 - ii. a Sales and Investment Solicitation Process (the “**SISP**”) Order (the “**SISP Order**”) for the property at 7960 Alderbridge Way, and 5333 and 5411 No. 3 Road, Richmond, British Columbia (the “**Development Property**”) which authorized and directed the Monitor to carry out the SISP.

6. On July 22, 2022, the Court granted an Order extending the Stay Period to August 12, 2022.
7. On August 11, 2022, the Court granted the Second Amended and Restated Initial Order (the "**SARIO**") that, among other things:
 - i. extended the Stay Period to October 7, 2022;
 - ii. expanded and enhanced the Monitor's powers to authorize it to, among other things:
 - a. exercise control over the Development Property; and
 - b. engage consultants and experts to preserve, protect and enhance the Development Property; and
 - iii. approved an additional \$2.5 million of debtor in possession financing (the "**DIP Financing**") to be advanced by Romspen and secured by a corresponding charge in favour of Romspen over the assets, property and undertakings of the Companies (the "**DIP Financing Charge**").
8. On October 7, 2022, the Court granted an Order extending the Stay Period to December 9, 2022.
9. Effective December 7, 2022, with the consent of Romspen, the Monitor terminated the SISF in light of the expectation that any offers received from any prospective purchaser would be significantly lower if there was no building permit in place or would be subject to obtaining a building permit.
10. On December 9, 2022, the Court granted an Order extending the Stay Period to February 24, 2023.
11. On February 24, 2023, the Court granted an Order that, among other things:
 - i. extended the Stay Period to June 2, 2023;
 - ii. approved an additional \$1.2 million in DIP Financing to be advanced by Romspen and a corresponding increase in the DIP Financing Charge from \$2.5 million to \$3.7 million; and
 - iii. approved a charge in favour of GBL Architects Inc. ("**GBL**") in the amount of \$250,000 over the assets, property and undertakings of the Companies as security

for any amounts which the Petitioners are or become indebted to GBL for the supply of services.

12. In summary, as at the date of this Monitor's Eighth Report to Court (the "**Eighth Report**"), the Court has authorized and approved debtor in possession financing in the amount of \$6.2 million, as follows:
- i. \$850,000 from Gatland, REV and South Street, all of which has been fully advanced and is secured by the Interim Financing Charge;
 - ii. \$1.65 million from Romspen, all of which has been fully advanced and is secured by the Romspen Interim Financing Charge #1; and,
 - iii. \$3.7 million from Romspen, of which \$2.1 million has been advanced and is secured by the Romspen Interim Financing Charge #2, leaving an additional \$1.6 million that the Monitor is authorized to borrow.

Purpose of the Report

13. The purpose of this Eighth Report is to provide the Court with:
- i. an update on the status of the Companies' application to the City of Richmond (the "**City**") for a new building permit;
 - ii. a comparison of the actual cash flow to the forecast cash flow for the period April 1, 2022 to June 2, 2023;
 - iii. the cash flow forecast for the period June 3, 2023 to September 29, 2023;
 - iv. information and the Monitor's recommendation in respect of the application for authorization to borrow an additional \$2.2 million from Romspen by way of interim financing (the "**Additional DIP Financing**") (i.e. increasing the authorized borrowings amount from \$3.7 million to \$5.9 million), along with a corresponding increase in the DIP Financing Charge from \$3.7 million to \$5.9 million; and
 - v. information and the Monitor's recommendation in respect of the application to extend the Stay Period from June 2, 2023 to September 29, 2023.
14. This Eighth Report should be read in conjunction with the Monitor's previous reports to court filed in these proceedings (collectively, the "**Previous Reports**").

Terms of Reference

15. In preparing this report and in making the comments herein, the Monitor has been provided with and relied upon information received from the Companies including financial information prepared by the Companies, none of which has been audited. Further, the Monitor has relied upon discussions with the Companies and their legal counsel, legal counsel to the lenders, the general contractor and its counsel and various trades. The Monitor has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of such information and, accordingly, the Monitor expresses no opinion or other form of assurance in respect of such information contained in this report.
16. Certain information referred to in this report consists of forecasts and projections. The Monitor has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards pursuant to the Chartered Professional Accountants Canada Handbook and, accordingly, the Monitor expresses no opinion or other form of assurance in respect of the information.
17. This report has been prepared for the use of this Honourable Court and the Companies' stakeholders as general information relating to the restructuring proceedings. Accordingly, the reader is cautioned that this report may not be appropriate for any other purpose. The Monitor assumes no responsibility or liability for losses incurred by the reader as a result of the circulation, publication, reproduction or use of this report contrary to the provisions of this paragraph.

II. BUILDING PERMIT APPLICATION

18. In the Monitor's Fourth Report to Court dated August 9, 2022 and Fifth Report to Court dated October 3, 2022, the Monitor advised the Court that:

- i. the original building permit had expired;
- ii. a new building permit application would be required that would be acceptable to the City; and
- iii. additional work would be required in order to submit a new building permit application as a new building code had been adopted in 2018 ("**2018 Building Code**"). The original building permit was issued under the 2012 building code.

19. The Monitor remains of the view that it is imperative for the Companies to submit an application for a new building permit. If a new building permit is not submitted prior to the adoption of the proposed 2023 building code (expected to be adopted December 2023), a new development permit will be required. This would result in:

- i. delays of up to four years;
- ii. loss of density;
- iii. increased contributions to the City; and
- iv. forfeiture of the deposits and contributions paid to the City in the amount of approximately \$40 million.

all of which will reduce the realizable value of the Development Property.

20. The Monitor engaged the architect of record, GBL, and various other development consultants to prepare a feasibility report (the "**Feasibility Report**") with respect to the Development Property's compliance with the 2018 Building Code without the need for an amendment to the existing development permit.

21. The Feasibility Report confirmed that the Development Property can comply with the 2018 Building Code without an amendment to the existing development permit.

22. On May 10, 2023, the Monitor and GBL met with the City to present the Feasibility Report. The City confirmed that, based on the results of the Feasibility Report, it supports the Monitor submitting a building permit application, however, the City advised that the

building permit application must be submitted before November 1, 2023, as there will be a new 2023 building code that will likely be adopted in December 2023.

23. GBL and the respective development consultants have advised that it may take up to 5 months to prepare and submit the building permit application and, accordingly, it remains imperative to commence that process immediately. The Monitor has received fee proposals from GBL and other development consultants for the preparation and submission of a building permit application. The Monitor, based on the proposals and discussions with the various consultants, expects to meet the November 1, 2023 deadline.
24. Based on the fee proposals obtained from the consultants, the Monitor estimates it will cost \$1.9 million for the consultants to prepare and submit the building permit application, which payments have been accounted for in the cash flow forecast.
25. The City advised the Monitor that a building permit will likely be issued within a few months of the submission of the building permit application, subject to it being fully compliant.
26. Once the building permit application is submitted, there will be additional fees due to the City before the building permit is issued. The Monitor is working with the City to determine the amount of fees payable. The proposed increase in DIP Financing does not account for any fees payable to the City.

III. CASH FLOW FORECAST

Comparison of Actual vs. Cash Flow Forecast for the Period April 1, 2022 to June 2, 2023

27. A comparison of the actual cash flow to the cash flow forecast for the period April 1, 2022 to June 2, 2023 is on the following page.

	\$000's		
	Actual	Forecast ¹	Variance
Receipts			
DIP - Romspen	3,777	5,350	(1,573)
DIP - Gatland, REV and South Street	850	850	-
	4,627	6,200	(1,573)
Disbursements			
Dewatering costs	1,453	1,450	(3)
Professional fees	1,436	1,875	439
Site management	291	275	(16)
Fuel costs	238	296	58
Equipment rental	218	244	26
Property fence	193	233	40
Site security	192	200	8
Building permit costs	177	906	729
Interim facility costs and fees	141	141	-
Wall and Geotechnical monitoring	114	136	22
Project management (Quality Homes)	99	122	23
Insurance	55	56	1
Utilities	22	14	(8)
Direct contingency	-	200	200
	4,629	6,148	1,519
Opening Cash Position	4	4	-
Net Cash Flow	(2)	52	(54)
Ending Cash Position	2	56	(54)
Notes:			
1. Actual for the period April 1, 2022 to February 17, 2023 plus forecast for the period February 18 to June 2, 2023 as appended to Monitor's 7th Report to Court.			

28. The actual cash flow is less than forecasted due to the delay in payments related to obtaining a new building permit.
29. Of the estimated \$906,000 in building permit costs, only \$177,000 were paid during the period April 1, 2022 to June 2, 2023.
30. The Petitioners are current in the payment of professional costs payable to the Monitor and the Monitor's legal counsel.

Cash Flow Forecast

31. The Monitor has prepared a cash flow forecast on a weekly basis for the period June 3, 2023 to September 29, 2023 (the “Cash Flow Forecast”) which is summarized below:

	\$000's
Receipts	
Current Approved DIP Financing	1,573
Proposed Increase in DIP Financing	2,220
	<u>3,793</u>
Disbursements	
Building permit costs	1,900
Professional fees	750
Dewatering costs	208
Site management and security	155
Property fence and equipment rental	125
Fuel costs	115
Utilities and Insurance	110
Wall and Geotechnical monitoring	70
Project Management	53
Interim facility costs and fees	5
Contingency	250
	<u>3,741</u>
Net Cash Flow	52
Opening Cash Position	<u>2</u>
Closing Cash Position	<u>54</u>

32. The Monitor has prepared the Cash Flow Forecast based on information and the initial cash flow forecast provided by management (the “Initial Cash Flow Forecast”), and the Monitor’s estimates of receipts and disbursements. The Monitor’s review of the Initial Cash Flow Forecast consisted of inquiries, analytical procedures, and discussions related to information supplied to it by management. Since hypothetical assumptions need not be supported, the procedures with respect to them were limited to evaluating whether they were consistent with the purposes of the Initial Cash Flow Forecast. The Monitor also reviewed the support provided by management for the probable assumptions, and the preparation and presentation of the Initial Cash Flow Forecast.

33. Based on the Monitor's review of the Initial Cash Flow Forecast, nothing has come to its attention that causes the Monitor to believe that, in all material respects:
- i. the hypothetical assumptions are not consistent with the purpose of the Initial Cash Flow Forecast;
 - ii. 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 Initial Cash Flow Forecast; or
 - iii. the Initial Cash Flow Forecast does not reflect the probable and hypothetical assumptions.
34. Since the Cash Flow Forecast 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, the Monitor expresses no assurance as to whether the Cash Flow Forecast will be accurate. The Monitor expresses no opinion or other form of assurance with respect to the accuracy of any financial information presented in this report, or relied upon by us in preparing this report.
35. A copy of the Cash Flow Forecast along with notes and assumptions is attached as **Appendix A**. The Cash Flow Forecast has been prepared solely for the purpose described in Note 1 to the Cash Flow Forecast, and readers are cautioned that it may not be appropriate for other purposes.

IV. INCREASE IN DIP FINANCING

36. As at the date of this Eighth Report, Romspen has advanced \$2.1 million of the \$3.7 million of authorized DIP Financing facility, leaving \$1.6 million available.
37. As set out in the Cash Flow Forecast, the Monitor estimates it will need to borrow an additional \$3.8 million during the period June 3, 2023 to September 29, 2023.
38. Accordingly, the Monitor estimates it will require Additional DIP Financing of \$2.2 million (i.e. \$3.8 million less available financing of \$1.6 million), constituting an increase in borrowings from \$3.7 million, to \$5.9 million.

39. Romspen has agreed to provide the Additional DIP Financing.
40. The Monitor recommends that the Court authorize and approve the Additional DIP Financing and the corresponding increase in the DIP Financing Charge from \$3.7 million to \$5.9 million.

V. EXTENSION OF STAY OF PROCEEDINGS

Conduct of Petitioners

41. Based upon the circumstances discussed herein, the Monitor believes that the Companies have continued to act in good faith and with due diligence during the course of these proceedings.

Extension of Stay of Proceedings

42. The Stay Period currently expires on June 2, 2023. An extension of the Stay Period is being sought to September 29, 2023.
43. The Monitor supports the extension of the Stay Period for the following reasons:
 - i. the SISP has not led to an acceptable transaction;
 - ii. the successful application for a building permit under the current development permit will preserve the value of the Development Property;
 - iii. more time is needed to obtain a building permit and, subsequently, negotiate a transaction that is acceptable to the Monitor and Romspen;
 - iv. Romspen has consented to an extension of the Stay Period; and,
 - v. no creditor of the Companies will be materially prejudiced by the extension of the Stay Period.

VI. RECOMMENDATIONS

44. The Monitor recommends that the Court approve:
 - i. the Additional DIP Financing and the corresponding increase in the DIP Financing Charge from \$3.7 million to \$5.9 million; and
 - ii. the extension of the Stay Period from June 2, 2023 to September 29, 2023.

All of which is respectfully submitted this 26th day of May, 2023.

MNP Ltd.

in its capacity as Monitor of Alderbridge Way GP Ltd.,
Alderbridge Way Limited Partnership and 0989705 B.C. Ltd.

Per: 

Mario Mainella, CPA, CA, CIRP

Appendix A

Cash Flow Forecast

For the Period June 3, 2023 to September 29, 2023

**Alderbridge Way Limited Partnership, Alderbridge Way GP Ltd. and 0989705 B.C. Ltd.
Extended Cash Flow Forecast
Notes and Assumptions**

1. The cash flow statement (the “Cash Flow Forecast”) has been prepared with support from management of Alderbridge Way Limited Partnership, Alderbridge Way GP Ltd. and 0989705 B.C. Ltd. (collectively, the “Company”) to set out the liquidity requirements of the Company during the Companies’ Creditors Arrangement Act proceedings (the “CCAA Proceedings”).
 - i. The Cash Flow Forecast has been prepared with support by Management based on unaudited financial information, and Management and the Monitor’s estimates of its projected receipts and disbursements. Readers are cautioned that since the estimates are based on future events and conditions that are not ascertainable, the actual results achieved will vary, even if the assumptions materialize, and such variations may be material. There are no representations, warranties or other assurances that any of the estimates, forecasts, or projections will be realized. The projections are based upon certain estimates and assumptions discussed below and may be amended from time to time during the CCAA Proceedings. Upon such amendments, the Monitor will update its cash flow forecast accordingly as included herein.
2. Advances under the DIP lending facility are detailed as follows:
 - i. DIP financing from Gatland Development Corporation, REV Investments Inc. and South Street (Alderbridge) Limited Partnership of up to \$850,000 which has been fully advanced;
 - ii. DIP financing from Romspen Investment Corporation (“Romspen”) of up to \$1.65 million under Romspen’s term sheet dated April 25, 2022 which has been fully advanced; and,
 - iii. DIP financing from Romspen of \$2.5 million under Romspen’s term sheet dated August 22, 2022. The DIP financing provided under this facility was increased to \$3.7 million pursuant to an Order granted February 24, 2023. As at the date of this report, \$2.13 million of the \$3.7 million available has been advanced. Accordingly, the Monitor is only authorized to borrow an additional \$1.57 million.
3. The Cash Flow Forecast assumes the increase in the DIP Financing Charge from \$3.7 million to \$5.9 million.
4. The Company does not expect to collect any significant receipts, other than advances from the DIP lending facility during the CCAA Proceedings.
5. Direct site services represent costs to be incurred to maintain the property located at 5333 No. 3 Road, Richmond, BC. These costs represent payments for essential services to be performed on site, including site management, dewatering, security and other safety monitoring procedures.
6. A contingency for site services has been forecast for unexpected site costs that may arise during the CCAA Proceedings.
7. Building permit costs have been forecast based on Company records that indicate amounts owed to key creditors and fee proposals obtained from consultants for the building permit application.
8. The Cash Flow Forecast excludes any costs related to a sales process.