

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 ELEVENTH REPORT TO COURT

November 21, 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. The Companies own the property at 7960 Alderbridge Way, and 5333 and 5411 No. 3 Road in Richmond, British Columbia (the “**Development Property**”).
4. On September 27, 2023, the Court granted an order extending the stay of proceedings to December 1, 2023 (the “**Stay Period**”).
5. A more comprehensive background, including the various orders granted in these proceedings, is attached as **Appendix A**.
6. In summary, as at the date of this Monitor’s Eleventh Report to Court (the “**Eleventh Report**”), the Court has authorized and approved debtor in possession financing in the amount of \$8.4 million, as follows:
 - i. \$850,000 from Gatland Development Corporation, REV Investments Inc. and South Street (Alderbridge) Limited Partnership, all of which has been fully advanced and is secured by the Interim Financing Charge;
 - ii. \$1.65 million from Romspen Investment Corporation (“**Romspen**”), all of which has been fully advanced and is secured by the Romspen Interim Financing Charge #1; and,
 - iii. \$5.9 million from Romspen, of which \$4.1 million has been advanced and is secured by the Romspen Interim Financing Charge #2, leaving an additional \$1.8 million that the Monitor is authorized to borrow.

Purpose of the Report

7. The purpose of this Eleventh 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. information on the timing of the proposed reinstatement of the sales and investment solicitation process ("**SISP**");
 - iii. a comparison of the actual cash flow to the forecast cash flow for the period April 1, 2022 to November 24, 2023;
 - iv. the forecast cash flow for the period November 25, 2023 to March 1, 2024; and
 - v. information and the Monitor's recommendation with respect to its application for an extension of the Stay Period from December 1, 2023 to March 1, 2024.

8. This Eleventh Report should be read in conjunction with the Monitor's previous reports to court filed in these proceedings (collectively, the "**Monitor's Previous Reports to Court**").

Terms of Reference

9. 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.

10. 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.

11. 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

12. In the Monitor's Previous Reports to Court, the Monitor advised:
 - i. the original building permit for the Development Property had expired and a new building permit application, in a form acceptable to the City, was required;
 - ii. 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**") and the original building permit was issued under the 2012 building code;
 - iii. the Monitor had engaged GBL Architects Inc. ("**GBL**") and various other development consultants to prepare a feasibility report (the "**Feasibility Report**"), confirming that the Development Property can comply with the 2018 Building Code without the need for an amendment to the existing development permit, which the City accepted;
 - iv. the City supported the submission of a new building permit application, but advised that the new application needed to be submitted before November 1, 2023, before the adoption of additional amendments to the building code in December 2023;
 - v. the Monitor engaged GBL and the respective development consultants to prepare and submit the new building permit application;
 - vi. the City advised the Monitor that a new building permit will likely be issued within a few months of the submission of the building permit application, subject to it being fully compliant; and
 - vii. additional fees would be due to the City before the new building permit is issued.

13. A new building permit application under the 2018 Building Code was submitted on November 1, 2023 which is currently being reviewed by the City. The Monitor estimates that, subject to the new building permit applicant being fully compliant, the new building permit will be issued in March 2024.

III. TIMING OF SALES AND INVESTMENT SOLICITATION PROCESS

14. On April 25, 2022, the Monitor, with the consent of Romspen, terminated the Court-approved SISP, on the basis that the sale process contemplated therein would be more likely to be successful if there was a valid building permit in place for the Development Property.
15. The Monitor now has the architectural drawings and information in the building permit application package that would allow prospective purchasers to submit bids, subject to the Monitor obtaining the new building permit.
16. The Monitor understands that there are currently claims and counterclaims (collectively the “**Claims**”) asserted in the Supreme Court of British Columbia Action Nos. S-228019, S-231106, and S-232583 (together, the “**Related Actions**”) with respect to the relative priority and amounts of the respective secured claims (collectively, the “**Secured Claims**”). Pursuant to the order granted herein on October 3, 2023 (the “**Carriage and Case Plan Order**”) the Related Actions are to be tried together in these CCAA Proceedings in accordance with the terms thereof.
17. As stated in the Monitor’s Ninth Report to Court, the Monitor believes that it requires clarity with respect to the relative priorities and amounts of the Secured Claims when the SISP is reinstated, or shortly thereafter, due to the following factors:
 - i. when receiving and considering offers for the purchase and sale of the Development Property, the Monitor will need to know, with a level of certainty, which secured creditors will be affected by the potential sale, including which may only receive a partial recovery in respect of its claim, so that the Monitor can properly consult with those creditors;
 - ii. depending on the nature of the consideration being offered (i.e. other than cash) or the structure of the offer (i.e. potential carried interests or a partnership), it may be necessary to negotiate a transaction with one or more of the secured creditors, and it will be important to know which have a financial stake in any such transaction; and

iii. unless the relative amounts and priorities of the Secured Claims are known, it will be difficult for a secured creditor to make an offer by way of full or partial credit bid, which may have a cooling effect on the potential purchase price of bids received.

18. The timing of the reinstatement of the SISP remains dependent on the resolution of the Claims in the Related Actions by this Court, which timing, at this time, remains uncertain. Accordingly, the Monitor anticipates bringing an application for reinstatement of the SISP once there is a level of certainty regarding the foregoing issues.

IV. FORECAST CASH FLOW

Actual vs. Forecast Cash Flow for the Period April 1, 2022 to November 24, 2023

19. The following is a summary of actual versus forecast cash flow for the period April 1, 2022 to November 24, 2023:

	\$000's		
	Actual	Forecast ¹	Variance
Receipts			
DIP - Romspen	5,707	6,914	(1,207)
DIP - Gatland, REV and South Street	850	850	-
GST and other refunds	179	179	-
	6,736	7,943	(1,207)
Disbursements			
Professional fees	1,639	2,026	387
Dewatering costs	1,605	1,676	71
Building permit costs	1,573	2,155	582
Site management	314	322	8
Equipment rental	276	298	22
Fuel costs	252	252	-
Site security	287	303	16
Property fence	193	193	-
Interim facility costs and fees	195	198	3
Wall and Geotechnical monitoring	167	196	29
Project management (Quality Homes)	99	99	-
Insurance	105	105	-
Utilities	27	41	14
Contingency	-	75	75
	6,732	7,939	1,207
Net Cash Flow	4	4	-
Opening Cash Position	5	5	-
Ending Cash Position	9	9	-
Notes:			
1. Actual for the period April 1, 2022 to September 15, 2023 plus forecast for the period September 16, 2023 to November 24, 2023 as appended to Monitor's 10th Report to Court.			

20. The cash burn over the April 1, 2022 to November 24, 2023 period was less than the forecast due to the timing of payments related to obtaining the new building permit.
21. Of the estimated \$2.2 million in building permit costs, \$1.6 million were paid during the period April 1, 2022 to November 24, 2023.

Forecast Cash Flow

22. The Monitor has prepared a forecast cash flow on a weekly basis for the period November 25, 2023 to March 1, 2024 (the "Forecast Cash Flow") which is summarized below:

	\$000's
Receipts	
DIP Financing	1,516
GST and other refunds	50
	1,566
Disbursements	
Building permit costs	439
Professional fees	409
Dewatering costs	254
Site management and security	180
Utilities and Insurance	72
Wall and Geotechnical monitoring	59
Property fence and equipment rental	44
Interim facility costs and fees	5
Contingency	100
	1,562
Net Cash Flow	4
Opening Cash Position	8
Closing Cash Position	12

23. Since the Forecast 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, the Monitor expresses no assurance as to the accuracy of the Forecast Cash Flow. 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.

24. A copy of the weekly Forecast Cash Flow including notes and assumptions is attached hereto as **Appendix B**. The Forecast Cash Flow has been prepared solely for the purpose described in Note 1 to the Forecast Cash Flow, and readers are cautioned that it may not be appropriate for other purposes.

V. EXTENSION OF STAY OF PROCEEDINGS

Conduct of Petitioners

25. 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

26. The Stay Period currently expires on December 1, 2023. An extension of the Stay Period is being sought to March 1, 2024.
27. The Monitor supports the extension of the Stay Period for the following reasons:
- i. the SISP did not result in an acceptable transaction;
 - ii. the successful application for a new building permit under the current development permit will preserve the value of the Development Property;
 - iii. more time is needed to obtain a new 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

28. The Monitor recommends that the Court approve the extension of the Stay Period from December 1, 2023 to March 1, 2024.

All of which is respectfully submitted this 21st day of November, 2023.

MNP Ltd.

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

Per:

A handwritten signature in black ink, consisting of a series of loops and a horizontal stroke, positioned to the right of the word "Per:".

Mario Mainella, CPA, CA, CIRP

Appendix A

Background of the various Orders granted in these proceedings

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

MONITOR'S ELEVENTH THE REPORT TO COURT – APPENDIX A

1. 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.
2. 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.
3. On April 11, 2022, the Court granted an Order extending the stay of proceedings (the "**Stay Period**") to April 25, 2022.
4. 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.

5. On July 22, 2022, the Court granted an Order extending the Stay Period to August 12, 2022.
6. 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**").
7. On October 7, 2022, the Court granted an Order extending the Stay Period to December 9, 2022.
8. Effective December 7, 2022, with the consent of Romspen, the Monitor terminated the SISP 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.
9. On December 9, 2022, the Court granted an Order extending the Stay Period to February 24, 2023.

10. 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.

11. On May 31, 2023, the Court granted an Order that, among other things:
 - i. extended the Stay Period to September 29, 2023; and
 - ii. approved an additional \$2.2 million in DIP Financing to be advanced by Romspen and a corresponding increase in the DIP Financing Charge from \$3.7 million to \$5.9 million.

12. On September 27, 2023, the Court granted an Order extending the Stay Period to December 1, 2023.

Appendix B

Forecast Cash Flow

For the Period November 25, 2023 to March 1, 2024

**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 \$5.9 million pursuant to an Order granted May 31, 2023. As at the date of this report, \$4.1 million of the \$5.9 million available has been advanced. Accordingly, the Monitor is only authorized to borrow an additional \$1.8 million.
3. The Cash Flow Forecast assumes that an increase in the DIP Financing Charge is not required.
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.