



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 FIFTH REPORT TO COURT

October 3, 2022

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

**AND IN THE MATTER OF 9889705 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. On April 1, 2022, this Honourable Court made an order (the “**Initial Order**”) under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985 c. C-36, as amended (“**CCAA**”) granting Alderbridge Way GP Ltd., Alderbridge Way Limited Partnership and 0989705 B.C. Ltd. (collectively the “**Companies**” or “**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, REV Investments Inc. and South Street (Alderbridge) Limited Partnership, 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 an Amended and Restated Initial Order that:
 - i. extended the Stay Period to August 3, 2022;
 - ii. substituted The Bowra Group Inc. (“**TBGI**”) as monitor (in such capacity, the “**Monitor**”) in place of A&M; and,
 - iii. authorized the Companies to borrow an additional \$1.65 million of debtor in possession financing from Romspen Investment Corporation (“**Romspen**”).
5. Also on April 25, 2022, the Court granted an order (the “**SISP Order**”) approving a Sales and Investment Solicitation Process (the “**SISP**”) for the property at 7960 Alderbridge Way, 5333 and 5411 No. 3 Road, Richmond, British Columbia (the “**Development Property**”). The SISP Order also 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 items:
 - 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.

Purpose of the Report

8. The purpose of this Monitor's Fifth Report to Court (the "**Fifth Report**") is to provide information and recommendations to the Court with respect to:
 - i. the status of the SISP;
 - ii. the status of the application submitted to the City of Richmond (the "**City**") in respect of the Development Property's building permit;
 - iii. the Monitor's application for an order extending extending the Stay Period from October 7 to December 10, 2022;
 - iv. the receipts and disbursements for the period April 1 to October 7, 2022; and
 - v. the cash flow forecast for the period October 8 to December 10, 2022.
9. This Fifth Report should be read in conjunction with the Monitor's previous reports to court filed in these proceedings.

Terms of Reference

10. 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.
11. 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.
12. 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. SALES AND INVESTMENT SOLICITATION PROCESS

13. On April 25, 2022, the Court granted the SISP Order, which authorized and directed the Monitor to carry out the SISP and, in connection therewith, to engage Cushman & Wakefield ULC to market the Development Property.
14. Terms used in this section have the meanings ascribed to them in the SISP, a copy of which is attached as Schedule "B" to the SISP Order.
15. On August 17, 2022, the Monitor, with the consent of Romspen, extended certain of the SISP dates for a sixth time as follows:
 - i. Final Bid Deadline from August 10 to September 15, 2022;
 - ii. Final Agreement Deadline from August 22 to September 27, 2022; and
 - iii. Outside Closing Date from September 14 to October 20, 2022.
16. On September 15, 2022, the Monitor, with the consent of Romspen, extended certain of the SISP dates for a seventh time as follows:
 - i. Final Bid Deadline from September 15 to September 30, 2022;
 - ii. Final Agreement Deadline from September 27 to October 12, 2022; and
 - iii. Outside Closing Date from October 20 to November 4, 2022.
17. To date, the Monitor has not received any bids that are compliant with the SISP. Further details regarding the results of the SISP are included in the Monitor's Supplemental Report to the Fourth Report to Court, dated August 9, 2022, which has been filed under seal.

III. BUILDING PERMIT APPLICATION

Background

18. In its Fourth Report to Court dated August 9, 2022 (the "**Fourth Report**"), the Monitor advised the Court that:
 - i. the 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 was adopted in 2018 ("**2018 Building Code**") that would impact the Development Property.
19. The Monitor remains of the view that it is imperative that an application for a new building permit be submitted immediately. The alternative scenario includes a loss of density and a resultant decrease in the estimated value of the Development Property, as well as a further delay of up to 18 months.
20. The Monitor has engaged certain code consultants and structural engineers (together, the "**Consultants**") to assess the changes that would be required for a new building permit application.
21. The Consultants are preparing revised development drawings for the seismic, energy and accessibility upgrades necessary for a new building permit application.
22. The building application process is taking longer than anticipated however the Monitor will continue to work with the Consultants and the City to prepare an building permit application acceptable to the City.

IV. CASH FLOW FORECAST

Comparison of Actual Cash Flow vs. Forecast Cash Flow for the Period April 1 to October 7, 2022

23. The following is a summary of the actual cash receipts and disbursements as compared to the cash flow forecast for the period April 1 to October 7, 2022:

Cash Flow Forecast vs. Actual			
For the Period April 1 to October 7, 2022			
In (\$000's)			
	Forecast (Note 1)	Actual	Variance
Receipts			
DIP - Gatland, REV and South Street	850	850	-
DIP - Romspen	4,150	2,060	(2,090)
	<u>5,000</u>	<u>2,910</u>	<u>(2,090)</u>
Disbursements			
Site management	174	115	59
Site security	120	96	24
Equipment rental	155	129	26
Property fence	217	192	25
Fuel costs	198	137	61
Dewatering costs	775	650	125
Wall and geotech monitoring	92	76	16
Utilities	-	2	(2)
Insurance	-	7	(7)
Direct contingency	53	-	53
Project management	71	41	30
Building permit costs	1,750	26	1,724
Professional fees	1,607	1,188	419
Interim facility fees	31	134	(103)
	<u>5,243</u>	<u>2,793</u>	<u>2,450</u>
Net Cash Flow	(243)	117	360
<p>1. The forecast includes cash flow forecasts:</p> <ul style="list-style-type: none"> - for the period April 1 to July 8, 2022 appended to the Monitor's 2nd Report to Court; - for the period July 9 to 29, 2022 appended to the Monitor's 3rd Report to Court; and, - for the period July 30 to October 7, 2022 appended to Monitor's 4th Report to Court. <p>The forecast DIP amount was amended to reflect the total authorized amount of \$4.15 million.</p>			

24. The disbursements are \$2.4 million less than forecasted due to timing differences, primarily due to the new building permit application process taking longer than anticipated. Accordingly, the building permit costs, which were estimated to cost approximately \$1.75 million, were not incurred during the period.

Cash Flow Forecast

25. The Monitor has prepared a cash flow projection on a weekly basis for the period October 8 to December 10, 2022 (the "Cash Flow Forecast") which is summarized below:

Summary of Extended Cash Flow Forecast	
	\$000's
Receipts	
Interim Financing	<u>2,050</u>
Disbursements	
Site management and security	93
Property fence and equipment rental	75
Fuel costs	69
Dewatering costs	250
Wall and Geotechnical monitoring	30
Contingency	21
Project Management	32
Building permit costs	1,125
Professional fees	400
Interim facility costs and fees	<u>4</u>
	<u>2,099</u>
Net Cash Flow	(49)
Opening Cash Position	<u>120</u>
Closing Cash Position	<u><u>71</u></u>

26. Romspen has advanced \$410,000 of the \$2.5 million in DIP Financing authorized and approved in the SARIO. Accordingly, there is \$2.09 million in DIP Financing available.
27. The Monitor's review of the 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 Cash Flow Forecast. The Monitor also reviewed the support provided by management for the probable assumptions, and the preparation and presentation of the Cash Flow Forecast.

28. Based on the Monitor's review of the Cash Flow Forecast, the Monitor believes that, in all material respects:
 - i. the hypothetical assumptions are not consistent with the purpose of the 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 Cash Flow Forecast; or,
 - iii. the Cash Flow Forecast does not reflect the probable and hypothetical assumptions.
29. 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.
30. 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.
31. A copy of the Cash Flow Forecast along with notes and assumptions is attached as **Appendix A**.

V. EXTENSION OF STAY OF PROCEEDINGS

Conduct of Petitioners

32. 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

33. The Stay Period currently expires on October 7, 2022. An extension of the Stay Period is being sought to December 10, 2022.
34. The Monitor supports the extension of the stay period for the following reasons:
- i. the SISP has not led to an acceptable transaction;
 - ii. more time is needed to negotiate a transaction that is acceptable to the Monitor and Romspen;
 - iii. further engagement with the City is prudent in the circumstances and a successful building permit application will enhance the value of the project and is likely to give certainty to a prospective purchaser;
 - 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

35. The Monitor recommends that the Court approve the extension of the Stay Period from October 7, 2022 to December 10, 2022.

All of which is respectfully submitted this 3rd day of October, 2022.

The Bowra Group Inc.

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 OCTOBER 8 TO DECEMBER 10, 2022

Alderbridge Way Limited Partnership, et al
Cash Flow Forecast (\$'s)
For the period October 8 to December 10, 2022
Prepared September 29, 2022

Week # Week Ending	Notes	Forecast										Total (Oct 8 - Dec 10, 2022)			
		Week 1 14-Oct	Week 2 21-Oct	Week 3 28-Oct	Week 4 4-Nov	Week 5 11-Nov	Week 6 18-Nov	Week 7 25-Nov	Week 8 2-Dec	Week 9 10-Dec					
Receipts															
2	Interim facility	-	500,000	-	700,000	-	-	-	-	600,000	-	250,000	-	-	2,050,000
3	GST and other refunds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total Receipts	-	500,000	-	700,000	-	-	-	-	600,000	-	250,000	-	-	2,050,000
Disbursements															
Direct site services															
	Site management	-	18,000	-	-	-	-	-	-	18,000	-	-	18,000	-	54,000
	Site security	-	13,000	-	-	-	-	-	-	13,000	-	-	13,000	-	39,000
	Equipment rental	-	15,000	-	-	-	-	-	-	15,000	-	-	15,000	-	45,000
	Property fence	-	10,000	-	-	-	-	-	-	10,000	-	-	10,000	-	30,000
	Fuel costs	-	23,000	-	-	-	-	-	-	23,000	-	-	23,000	-	69,000
	Dewatering costs	-	50,000	50,000	-	-	-	-	-	50,000	-	50,000	-	50,000	250,000
	Wall and Geotechnical monitoring	-	10,000	-	-	-	-	-	-	10,000	-	-	10,000	-	30,000
	Utilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Insurance	-	7,000	-	-	-	-	-	-	7,000	-	-	-	-	21,000
4	Contingency	-	146,000	50,000	-	-	-	-	-	146,000	-	50,000	146,000	-	538,000
5		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other disbursements															
	Project Management (Quality Homes)	10,500	-	-	-	-	-	10,500	-	-	-	-	10,500	-	31,500
	Building permit costs	-	-	225,000	225,000	-	-	225,000	225,000	-	-	-	-	-	1,125,000
	Professional fees	100,000	-	-	-	-	-	150,000	-	-	-	150,000	-	-	400,000
	Interim facility costs and fees	-	1,000	-	1,000	-	-	-	1,000	-	-	1,000	-	-	4,000
7		110,500	1,000	225,000	226,000	226,000	226,000	385,500	226,000	226,000	225,000	151,000	10,500	-	1,560,500
	Total Disbursements	110,500	147,000	275,000	226,000	226,000	226,000	385,500	372,000	225,000	225,000	201,000	156,500	(156,500)	2,098,500
	Net Cash Flow	(110,500)	353,000	(275,000)	474,000	(385,500)	228,000	(385,500)	228,000	(225,000)	49,000	(156,500)	(156,500)	(156,500)	(48,500)
	Opening Cash Position	119,909	9,409	362,409	87,409	561,409	175,909	403,909	178,909	403,909	178,909	178,909	227,909	119,909	119,909
	Closing Cash Position	9,409	362,409	87,409	561,409	175,909	403,909	178,909	178,909	178,909	178,909	178,909	227,909	71,409	71,409

**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").

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, Management will update its cash flow forecast accordingly as included herein.

2. Advances under the Interim Lending Facility are detailed as follows:
 - i. Interim 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. Interim 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. Interim financing from Romspen of \$2.5 million under Romspen's term sheet dated August 22, 2022. As at the date of this report, \$410,000 of the \$2.5 million available has been advanced.
3. The Company does not expect to collect any significant receipts, other than advances from the Interim Facility during the CCAA Proceedings.
4. A contingency for site services has been forecast for unexpected site costs that may arise 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. Building permit costs have been forecast based on Company records that indicate amounts owed to key creditors, preliminary estimates to obtain a building permit. Cost estimates have not been received from the required consultants.
7. The Cash Flow Forecast excludes any costs related to a sales process.