



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 FOURTH REPORT TO COURT

August 9, 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* (“**CCAA**”) granting Alderbridge Way GP Ltd. (“**GP**”), Alderbridge Way Limited Partnership (“**LP**”) and 0989705 B.C. Ltd. (“**098**”) (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 (“**DIP Financing**”) from Gatland Development Corporation, REV Investments Inc. and South Street (Alderbridge) Limited Partnership, as lender (collectively, in their capacity as lender under the DIP Financing, the “**Interim Lender**”).
3. On April 11, 2022, the Court granted an Order extending the stay of proceedings to April 25, 2022.
4. On April 25, 2022, the Court granted an Amended and Restated Initial Order (“**ARIO**”) that:
 - i. extended the stay of proceedings to August 3, 2022;
 - ii. substituted The Bowra Group Inc. as monitor (in such capacity, the “**Monitor**” or “**TBGI**”) in place of A&M; and,
 - iii. authorized the Companies to borrow an additional \$1.65 million of DIP 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 of proceedings to August 12, 2022.

Purpose of the Report

7. The purpose of this report is to provide information and recommendations to the Court with respect to:
 - i. the status of the SISP;
 - ii. Romspen's application to:
 - a. enhance the Monitor's powers;
 - b. approve additional DIP Financing of \$2.5 million to be provided by Romspen, as well as a new charge in favour of Romspen to secure such borrowings (the "**Second Romspen Interim Financing Charge**"), such charge to rank ahead of the claims of all other creditors, but subordinate to the Administration Charge and the Directors Charge; and,
 - c. extend the stay of proceedings from August 12 to October 7, 2022;
 - iii. the cashflow variation analysis, including the status of payment of the fees of each of counsel for the Petitioners, the Monitor and counsel for the Monitor; and,
 - iv. the updated cash flow forecast.
8. This is the Monitor's Fourth Report to Court. This report should be read in conjunction with the Monitor's previous reports filed in these proceedings.

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. SALES AND INVESTMENT SOLICITATION PROCESS

12. 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 (the "**Sales Agent**") to market the Development Property.
13. 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.
14. By the Final Bid Deadline, the Monitor had received multiple Final Bids with conditions. None of those bids were compliant with the SISP and none were adequately advanced so as to be acceptable to the Monitor and Romspen. The Monitor, in consultation with and with the consent of Romspen, determined that it was advisable to extend the SISP deadline in order to advance the SISP process.
15. As at the date of the Third Report, the Monitor, with the consent of Rompsen, had extended certain of the SISP deadlines on three occasions.
16. On July 27, 2022, the Monitor, with the consent of Romspen, extended certain of the SISP dates for a fourth time as follows:

- i. the Final Bid Deadline from July 27 to August 5, 2022;
 - ii. the Final Agreement Deadline from August 8 to August 17, 2022; and,
 - iii. the Outside Closing Date from August 31 to September 9, 2022.
17. On August 8, 2022, the Monitor, with the consent of Romspen, extended certain of the SISP dates for a fifth time as follows:
 - i. the Final Bid Deadline from August 5 to August 10, 2022;
 - ii. the Final Agreement Deadline from August 17 to August 22, 2022; and,
 - iii. the Outside Closing Date from September 9 to September 14, 2022.
18. To date, the Monitor has not received any bids that are compliant with the SISP. The results of the SISP are discussed in more detail in the Monitor's Supplemental Report to the Fourth Report to Court of even date, which the Monitor seeks to file under seal.

III. MEETING WITH THE CITY OF RICHMOND

19. In conducting the SISP, the Monitor learned that the City of Richmond (the "City") had identified certain issues concerning the existing development permit.
20. On August 3, 2022, the Monitor met with representatives of the City to discuss, among other matters, the expired building permit and the current development permit with respect to the Development Property.
21. During the initial meeting, the City noted the following:
 - i. the building permit had expired;
 - ii. in 2018 a new building code was adopted ("**2018 Building Code**") that was applicable to the Development Property given the building permit had expired;
 - iii. in order to obtain a new building permit under the 2018 Building Code, an amendment to the development permit would be required as a result of structural changes and energy code changes under the 2018 Building Code. An amendment

to the existing development permit will result in a loss of density, increase in the number of social housing units and increase the cost of construction; and,

- iv. a new development permit may take up to 18 months to get approved.
22. After further discussions, the City agreed to consider an application for a new building permit that would minimize the changes to the Development Property required under the 2018 Building Code on the following terms:
- i. the City would accept minor changes with respect to the structural component as long as a code equivalency consultant and structural engineer agree to the same;
 - ii. requisite sign-off from architectural and other necessary consultants on the current drawings;
 - iii. a new building permit application would have to be submitted to the City in the coming weeks; and,
 - iv. if the building permit is approved by the City under this scenario, the development permit would not need to be amended.
23. The Monitor's preliminary estimate is that the cost of obtaining a new building permit will be approximately \$1.75 million, which includes payments to consultants and building permit fees.
24. The Monitor is 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, with a consequent decrease in the estimated value of the Development Property, and further delay of up to 18 months. The issuance of a new building permit will also provide certainty to a prospective purchaser regarding the density, and therefore value, of the project.
25. The Monitor has not yet engaged in discussions with the consultants required to obtain a new building permit, including because it has no authority to do so at this time.

IV. CASH FLOW FORECAST AND PROFESSIONAL FEES

Comparison of Actual Cash Flow to Forecast Cash Flow for the Period April 1 to July 29, 2022

26. The Companies' actual cash receipts and disbursements as compared to the cash flow forecast for the period April 1 to July 29, 2022 is summarized below.

Cash Flow Forecast vs. Actual for the Period April 1, 2022 to July 29, 2022			
	Forecast (Note 1)	Actual	Variance
	(\$000's)		
Receipts			
DIP - Gatland, REV and South Street	850	850	-
DIP - Romspen	1,600	1,377	(223)
	<u>2,450</u>	<u>2,227</u>	<u>(223)</u>
Disbursements			
Site management	111	97	14
Site security	74	71	3
Equipment rental	102	96	6
Property fence	182	181	1
Fuel costs	117	106	11
Dewatering costs	500	450	50
Wall and geotech monitoring	57	60	(3)
Direct contingency	25	-	25
Project management	50	32	18
Professional fees	1,177	1,006	171
Interim facility fees	26	80	(54)
	<u>2,421</u>	<u>2,179</u>	<u>242</u>
Net Cash Flow	29	48	19
Opening Cash Position	4	4	-
Closing Cash Position	<u>33</u>	<u>52</u>	<u>19</u>
<p>1. The forecast includes the cash flow forecast for the period April 1 to July 8, 2022 that was appended to the Monitor's 2nd Report to Court plus the cash flow forecast for the period July 9 to 29, 2022 that was appended to the Monitor's 3rd Report to Court.</p>			

27. Disbursements are \$242,000 less than forecasted due to timing differences.

Professional Fees

28. Payments to professionals are \$171,000 lower than forecast primarily due to the Petitioner's counsel not being paid in accordance with the cash flow forecast. This is summarized below.

	Total Payments (including retainer)	Forecast (Note 1)	Variance
Dentons	427,621	562,000	(134,379)
A&M (Note 2)	265,862	265,862	-
Fasken	194,085	195,000	(915)
TBGI	118,116	154,138	(36,022)
	1,005,684	1,177,000	(171,316)

Notes:

1. Cash Flow Forecast is per A&M's 2nd report to Court for the period April 1 - July 8, 2022, plus the Monitor's 3rd report to Court for the period July 9 - 29, 2022.
2. The Cash Flow Forecast in A&M's 2nd Report to Court did not distinguish A&M and TBGI fees. Therefore it is assumed that the forecast for A&M is equal to cash payments and the remaining forecast applies to TBGI.

29. Total professional fees as of the date of this report total approximately \$1,442,000. Professionals are owed \$437,000. This is summarized below.

Professional	Pre-Filing Invoices (from August 1, 2021 to February 28, 2022)	Pre-Filing Invoices - March 2022	Post-Filing Invoices (April 1 - June 30, 2022)	July 2022 Invoices plus July WIP	Total Invoiced plus July WIP	Paid (including retainers)	Outstanding Balance
Dentons	436,576	185,330	212,416	14,812	849,134	427,621	421,513
A&M	100,000	59,890	105,972	-	265,862	265,862	-
Fasken	-	-	144,085	26,000 ⁽¹⁾	170,085	194,085	(24,000)
TBGI	-	-	118,116	39,000 ⁽¹⁾	157,116	118,116	39,000
	536,576	245,220	580,589	79,812	1,442,197	1,005,684	436,513

Note 1: WIP for July 2022.

30. The Petitioners Notice of Application filed on August 8, 2022 seeks an increase in the administrative charge by \$400,000, from \$300,000 to \$700,000.
31. The Monitor notes that the Petitioners' counsel has been paid an amount equal to the total of their post-filing invoices, notwithstanding that payments were applied to pre-filing invoices. The Petitioners' counsel has been paid \$427,621 post-filing and the cash flow forecast contemplated payments of \$562,000.
32. The Monitor takes no position on the Petitioners application, except for the allocation of \$100,000 to each the Monitor and its counsel. The Monitor believes that \$200,000 should be shared between the Monitor and its legal counsel.

Extended CCAA Cash Flow Forecast

33. The Monitor estimates that the Petitioners will require an additional \$2.5 million in financing in order to meet their obligations through to October 7, 2022.
34. As at the date of this Report, \$2,226,840 of DIP Financing has been funded. There is \$273,160 of DIP Financing available under the current authorized DIP.
35. The Monitor has prepared an extended cash flow projection with input from management for the Companies on a weekly basis for the period July 30 to October 7, 2022 (the "**Extended Cash Flow Forecast**") which is summarized on the following page.

Summary of Extended Cash Flow Forecast	
	\$000's
Receipts	
Authorized DIP Financing	273
DIP Financing (not approved by Court)	2,500
	<u>2,773</u>
Disbursements	
Site management	63
Site security	46
Equipment rental	53
Property fence	35
Fuel costs	81
Dewatering costs	275
Wall and geotech monitoring	35
Contingency	28
Project management	21
Building permit costs	1,750
Professional fees	430
Interim facility fees	5
	<u>2,821</u>
Net Cash Flow	(48)
Opening Cash Position	<u>52</u>
Closing Cash Position	<u>4</u>

36. The Extended Cash Flow Forecast assumes the following:
- i. an order being granted enhancing the Monitor's powers on the terms sought by Romspen (see below);
 - ii. an increase in the amount of the current authorized DIP Financing, to be provided by Romspen, from \$1.65 million to \$4.15 million;
 - iii. costs associated with obtaining a new building permit of up to \$1.75 million;
 - iv. the engagement by the Monitor, on behalf of the Petitioners, of Quality Homes to manage the site; and,

- v. no further payments are made to related parties for project management fees or to the Companies' legal counsel.
37. The Monitor's review of the Extended 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 Extended Cash Flow Forecast. The Monitor also reviewed the support provided by management for the probable assumptions, and the preparation and presentation of the Extended Cash Flow Forecast.
38. Based on the Monitor's review of the Extended 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 Extended 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 Extended Cash Flow Forecast; or,
 - iii. the Extended Cash Flow Forecast does not reflect the probable and hypothetical assumptions.
39. Since the Extended 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 Extended 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.
40. The Extended Cash Flow Forecast has been prepared solely for the purpose described in Note 1 to the Extended Cash Flow Forecast, and readers are cautioned that it may not be appropriate for other purposes.
41. A copy of the Extended Cash Flow Forecast along with notes and assumptions is attached hereto as **Appendix A**.

V. EXTENSION OF STAY OF PROCEEDINGS

Conduct of Petitioners

42. 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.

Enhanced Monitor's Powers

43. The Monitor understands that the Petitioners have agreed that the Monitor should have enhanced powers.
44. The Monitor has no concerns with the enhancement of its powers as set forth in Romspen's Notice of Application. The Monitor is of the view that such an order, which results in the continuation of these CCAA proceedings, is in the best interests of the Companies and their stakeholders, including due to the breadth of the court's jurisdiction under the CCAA, as opposed to in a receivership, and the corresponding optionality afforded the Companies in the context of their restructuring process.

Extension of Stay of Proceedings

45. The stay of proceedings currently expires on August 12, 2022. An extension of the stay period is being sought to October 7, 2022.
46. The Monitor supports the extension of the stay period for the following reasons:
- i. the SISP has not lead 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 of proceedings; and,

- v. no creditor of the Companies will be materially prejudiced by the extension of the stay of proceedings.

VI. RECOMMENDATIONS

47. The Monitor recommends that:

- i. the Court approve the extension of the stay of proceedings from August 12, 2022 to October 7, 2022;
- ii. the Court grant the Monitor enhanced powers as outlined in Romspen's Notice of Application; and,
- iii. the Court authorize additional DIP Financing of \$2.5 million and grant the Second Romspen Interim Financing Charge.

All of which is respectfully submitted this 9th day of August, 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


Chris Bowra, CPA, CA, CIRP

APPENDIX A
EXTENDED CASH FLOW FORECAST
FOR THE PERIOD JULY 30, 2022 TO OCTOBER 7, 2022

Alderbridge Way Limited Partnership, et al
 Extended Cash Flow Forecast (\$'s)
 For the period July 30, 2022 to October 7, 2022

Week Week Ending	Notes	Forecast										Total (July 30 - Oct 7, 2022)	
		Week 1 5-Aug	Week 2 12-Aug	Week 3 19-Aug	Week 4 26-Aug	Week 5 2-Sep	Week 6 9-Sep	Week 7 16-Sep	Week 8 23-Sep	Week 9 30-Sep	Week 10 7-Oct		
Receipts													
2	Interim facility - Existing DIP	-	273,160	-	-	-	-	-	-	-	-	-	273,160
3	Proposed DIP	-	656,840	-	550,000	-	-	705,000	-	150,000	-	-	2,500,000
	Total Receipts	-	930,000	-	550,000	-	-	705,000	-	150,000	-	-	2,773,160
Disbursements													
Direct site services													
	Site management	-	18,000	-	-	-	-	18,000	-	-	-	-	63,000
	Site security	-	13,000	-	-	-	-	13,000	-	-	-	-	45,500
	Equipment rental	-	15,000	-	-	-	-	15,000	-	-	-	-	52,500
	Property fence	-	10,000	-	-	-	-	10,000	-	-	-	-	35,000
	Fuel costs	-	23,000	-	-	-	-	23,000	-	-	-	-	80,500
	Dewatering costs	-	50,000	-	50,000	-	-	50,000	-	50,000	-	-	275,000
	Wall and Geotechnical monitoring	-	10,000	-	-	-	-	10,000	-	-	-	-	35,000
	Contingency	-	7,000	-	-	-	-	7,000	-	-	-	-	28,000
4		-	146,000	-	50,000	-	-	146,000	-	50,000	-	-	614,500
5		-	-	-	-	-	-	-	-	-	-	-	-
Other disbursements													
	Project Management (Quality Homes)	-	-	-	-	-	-	10,500	-	-	-	-	21,000
	Building permit costs	-	250,000	500,000	250,000	250,000	150,000	250,000	100,000	100,000	-	-	1,750,000
	Professional fees	-	80,000	-	-	-	-	150,000	-	-	-	-	430,000
	Interim facility costs and fees	-	1,000	-	1,000	-	-	1,000	-	1,000	-	-	5,000
7		-	331,000	500,000	251,000	250,000	150,000	411,500	101,000	101,000	-	-	2,206,000
	Total Disbursements	-	477,000	500,000	301,000	250,000	557,500	150,000	151,000	151,000	-	-	2,820,500
Net Cash Flow													
		-	453,000	(500,000)	249,000	(250,000)	147,500	(150,000)	(1,000)	(1,000)	-	-	(47,340)
8	Opening Cash Position	51,685	51,685	504,685	4,685	253,685	3,685	151,185	1,185	1,185	185	185	51,685
	Closing Cash Position	51,685	504,685	4,685	253,685	3,685	151,185	1,185	185	185	185	185	4,345

**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 being provided by Romspen Investment Corporation pursuant to the Court Order dated April 25, 2022 and the Monitor’s proposed new funding that it believes is required.
3. The Company does not expect to collect any significant receipts, other than advances under the Interim Lending 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.
8. The opening cash position as presented in the Cash Flow Forecast includes the Company’s actual cash availability as of the first day of the Extended Cash Flow Forecast.