



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 SEVENTH REPORT TO COURT

February 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

1. We wish to advise the Court that, 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 this CCAA proceeding.

Introduction

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 (“**CCAA**”) granting Alderbridge Way GP Ltd., Alderbridge Way Limited Partnership (“**Alderbridge LP**”) and 0989705 B.C. Ltd. (collectively the “**Companies**” or “**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, REV Investments Inc. and South Street (Alderbridge) Limited Partnership, 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 an Amended and Restated Initial Order that:
 - i. extended the Stay Period to August 3, 2022;
 - ii. substituted 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**”).
6. 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, and 5333 and 5411 No. 3 Road, Richmond, British Columbia (the “**Development Property**”). The SISP Order authorized and directed the Monitor to carry out the SISP.
7. On July 22, 2022, the Court granted an Order extending the Stay Period to August 12, 2022.

8. 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 (the “**DIP Financing Charge**”).
9. On October 7, 2022, the Court granted an Order extending the Stay Period to December 9, 2022.
10. Effective December 7, 2022, with the consent of Romspen, the Monitor terminated the SISF, as it was the expectation that prospective purchasers would not submit final offers to the Monitor until the new building permit was issued.
11. On December 9, 2022, the Court granted an Order extending the Stay Period to February 24, 2023.

Purpose of the Report

12. The purpose of this Monitor’s Seventh Report to Court (the “**Seventh Report**”) is to provide the Court with:
 - i. an update on the status of the application to the City of Richmond (the “**City**”) in respect of the Development Property’s building permit;

- ii. information and a recommendation in respect of the application for a charge over the Companies' assets and undertakings in favour of GBL Architects Inc. ("**GBL**") in the amount of \$250,000 to secure the payment of the Companies' obligations to GBL in respect of services to be provided pursuant to an agreement with the Companies dated February 16, 2023;
 - iii. a comparison of the actual vs. forecast cash flow for the period April 1, 2022 to February 17, 2023;
 - iv. the cash flow forecast for the period February 18, 2023 to June 2, 2023;
 - v. information and a recommendation in respect of the application for additional DIP Financing in the amount of \$1.2 million (the "**Additional DIP Financing**") to be provided by Romspen along with a corresponding increase in the DIP Financing Charge from \$2.5 million to \$3.7 million against the Development Property; and,
 - vi. information and a recommendation in respect of the application for an order extending the Stay Period from February 24 to June 2, 2023.
13. This Seventh 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

14. 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.
15. 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.

16. 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

17. As detailed in the Monitor's Fourth Report to Court dated August 9, 2022 and Fifth Report to Court dated October 3, 2022, the Monitor is of the view that it is imperative for the Companies to submit an application for a new building permit.
18. If a new building permit cannot be obtained under the current development permit, the City could require new rezoning and or a new development permit, which will result in:
 - i. delays of up to four years;
 - ii. loss of density; and
 - iii. increased contributions to the City,

all of which is expected to reduce the realizable value of the Development Property.

19. The Monitor is working with the architect of record, GBL, and certain development consultants that have been engaged to obtain the necessary information and prepare the requisite reports to apply for a new building permit. As confirmed in the Previous Reports, in meetings with the Monitor, the City has advised that there is a level of urgency in preparing and submitting the application for the building permit.
20. The Monitor has kept the City apprised of the status of the building permit application throughout the process, including engaging GBL and other consultants to perform the work required to submit a satisfactory building permit application. To the Monitor's

understanding, the City is satisfied with the progress made to date and the ongoing efforts to submit the building permit application.

GBL Architects

21. Pursuant to a Fee Proposal Agreement dated March 24, 2017 (the "**Fee Agreement**"), GBL was engaged to provide architectural services to the Petitioners in respect of the Development Property, including preparing architectural drawings for the Development Property and assisting in the development and building permit process.
22. The Monitor believes it is necessary to engage GBL to provide services to obtain a new building permit. If another architect were to be engaged, the time delays and costs would be greater than proceeding with GBL, resulting from:
 - i. in a worst case scenario, a new architect would be required to prepare a new set of drawings, as there is a risk of potential copyright and liability issues that would arise if the new architect were to use GBL's drawings. Additionally, approval from the City would be required for any new drawings;
 - ii. in a best case scenario, the architect would have to undertake a thorough review and approval of all of GBL's current drawings;
 - iii. inevitable time delays associated with a new architect assembling and mobilizing a staff team with the ability and proficiency to perform the necessary tasks; and
 - iv. the possibility that the City would not approve of a new architect to perform the tasks required for a new building permit.
23. As at the Filing Date, GBL was owed \$539,996.94 (the "**GBL Claim**") under the Fee Agreement. Prior to the commencement of these CCAA Proceedings, GBL filed a builder's lien and Notice of Civil Claim in respect of its claims against the Companies.
24. The Monitor has engaged GBL to retain them to prepare a feasibility study to upgrade the Development Property to 2018 Building Code, and subject to the feasibility study, prepare the necessary documents for the new building permit application, all of which are essential in protecting the value of the Development Property.

25. On February 16, 2023, the Monitor, on behalf of the Companies, executed an agreement with GBL (the “**GBL Agreement**”), that is acceptable to both the Monitor and Romspen.
26. Pursuant to the GBL Agreement:
 - i. GBL shall continue to provide the requisite architectural services required for the issuance of a new building permit by the City; and
 - ii. the Companies agreed to seek a charge in favour of GBL in the amount of \$250,000 over the Companies’ Property (as defined in the SARIO) as security for payment of all obligations in relation to its provision of services after the date of the GBL Agreement, being February 16, 2023, which proposed charge shall rank in priority to all encumbrances except for the Administration Charge and the Directors’ Charge.
27. The Monitor believes that the GBL Charge is reasonable, particularly given:
 - i. the GBL Charge is expected to be sufficient to cover off the payment obligations that may be incurred over a 45-day period, which is the credit term that GBL agreed to in the GBL Agreement (provided the GBL Charge is granted); and
 - ii. GBL’s critical role in advancing the application for a new building permit.
28. The Monitor recommends that the Court approve the GBL Charge.

III. CASH FLOW FORECAST

Comparison of Actual vs. Cash Flow Forecast for the Period April 1, 2022 to February 17, 2023

29. A comparison of the actual cash flow to the cash flow forecast for the period April 1, 2022 to February 17, 2023 is on the following page.

Actual vs. Cash Flow Forecast

For the Period April 1, 2022 to February 17, 2023

In (\$000's)

	Actual	Forecast ¹	Variance
Receipts			
DIP - Romspen	2,989	4,114	(1,125)
DIP - Gatland, REV and South Street	850	850	-
	<u>3,839</u>	<u>4,964</u>	<u>(1,125)</u>
Disbursements			
Professional fees	1,275	1,623	348
Dewatering costs	1,100	1,050	(50)
Property fence	204	212	8
Fuel costs	203	219	16
Equipment rental	193	194	1
Site management	184	200	16
Interim facility fees	148	138	(10)
Site security	138	147	9
Wall and geotech monitoring	106	110	4
Project management	96	79	(17)
Building permit costs	69	705	636
Insurance	16	15	(1)
Utilities	14	6	(8)
Direct contingency	-	14	14
	<u>3,746</u>	<u>4,712</u>	<u>966</u>
Net Cash Flow	93	252	(159)

Notes:

1. Actual for the period April 1 to December 2, 2022 plus forecast for the period December 3, 2022 to February 17, 2023 as appended to Monitor's 6th Report to Court.

30. The actual cash flow is less than forecasted due to extended timing of payments related to obtaining a new building permit.
31. Of the estimated \$705,000 in building permit costs, only \$69,000 were incurred during the period April 1, 2022 to February 17, 2023.
32. The Petitioners are current in the payment of professional costs payable to the Monitor and the Monitor's legal counsel.

Cash Flow Forecast

33. The Monitor has prepared a cash flow forecast on a weekly basis for the period February 18, 2023 to June 2, 2023 (the “**Cash Flow Forecast**”) which is summarized below:

Summary of Cash Flow Forecast	
For the Period February 18 to June 2, 2023	
In (\$000's)	
Receipts	
Interim Financing	2,360
Disbursements	
Building permit costs	800
Professional fees	600
Dewatering costs	350
Site management and security	124
Property fence and equipment rental	100
Fuel costs	92
Project Management	53
Wall and Geotechnical monitoring	40
Utilities and Insurance	40
Interim facility costs and fees	3
Contingency	200
	<u>2,402</u>
Net Cash Flow	(42)
Opening Cash Position	<u>99</u>
Closing Cash Position	<u>57</u>

34. The Monitor has prepared the Cash Flow Forecast based on information and 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.

35. 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.
36. 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.
37. 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.
38. A copy of the Cash Flow Forecast along with notes and assumptions is attached as **Appendix A.**

IV. INCREASE IN DIP FINANCING

39. As at the date of this Seventh Report, Romspen has advanced \$1.34 million of the \$2.5 million of authorized DIP Financing facility, leaving \$1.16 million available under the previously authorized DIP Financing.

40. As set out in the Cash Flow Forecast, the Monitor estimates it will require \$2.36 million during the period February 18, 2023 to June 2, 2023.
41. Accordingly, the Monitor estimates it will require Additional DIP Financing, constituting an increase in its borrowings from \$2.5 million to \$3.7 million, which shall be accompanied by a corresponding increase DIP Financing Charge.
42. Romspen has agreed to provide the Additional DIP Financing.
43. The Monitor recommends that the Court approve the Additional DIP Financing and the corresponding increase in the DIP Financing Charge from \$2.5 million to \$3.7 million.

V. EXTENSION OF STAY OF PROCEEDINGS

Conduct of Petitioners

44. 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

45. The Stay Period currently expires on February 24, 2023. An extension of the Stay Period is being sought to June 2, 2023.
46. The Monitor supports the extension of the Stay Period for the following reasons:
 - i. the SISF 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

47. The Monitor recommends that the Court approve:

- i. the GBL Charge;
- ii. the Additional DIP Financing and the corresponding increase in the DIP Financing Charge from \$2.5 million to \$3.7 million; and,
- iii. the extension of the Stay Period from February 24, 2023 to June 2, 2023.

All of which is respectfully submitted this 21st day of February, 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 February 18 to June 2, 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, Management 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. As at the date of this report, \$1.34 million of the \$2.5 million available has been advanced. Accordingly, the Monitor is only authorized to borrow an additional \$1.16 million.
3. The Cash Flow Forecast assumes the increase in the DIP Financing Charge from \$2.5 million to \$3.7 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, preliminary estimates to obtain a building permit. Cost estimates have not been received from the required consultants.
8. The Cash Flow Forecast excludes any costs related to a sales process.