

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 THIRD REPORT TO COURT

July 20, 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

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 (“**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 Order**”) that:
 - i. extended the stay of proceedings to August 3, 2022;
 - ii. substituted The Bowra Group Inc. (“**TBGI**”) as Monitor 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**”) authorizing and directing the Monitor to carry out 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**”).

II. PURPOSE

6. The purpose of this report is to provide information and recommendations to the Court with respect to:

- i. the Monitor's activities since TBGI's appointment on April 25, 2022;
 - ii. the status of the SISP;
 - iii. the Petitioners' application to extend the stay of proceedings from August 3, 2022 to a date during the week ending August 12 or August 19, 2022, to be determined; and,
 - iv. the Petitioners' cash flow forecast.
7. This is TBGI's First Report to Court as Monitor. Prior to being substituted, A&M filed two Reports to Court. This report should be read in conjunction with the previous reports filed in these proceedings.

III. TERMS OF REFERENCE

8. 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.
9. 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.
10. 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.

IV. UPDATE ON MONITOR'S ACTIVITIES

11. Since TBGI was appointed as Monitor on April 25, 2022, it has:
 - i. toured the Development Property and show suites;
 - ii. implemented the SISP (see below for more detail);
 - iii. attended meetings and discussions with Metro-Can Construction (AT) Ltd., Keller Foundations Ltd., Rush Contracting Ltd. and Storm Guard Water Treatment Inc. (collectively the "**Lienholders Group**");
 - iv. reviewed geotechnical reports;
 - v. reviewed and approved progress draws of the Companies and monitored the cash flow; and,
 - vi. engaged in discussions and exchanged correspondence with the Companies' management, creditors, pre-sale purchasers and representatives of the City of Richmond.

V. SALES AND INVESTMENT SOLICITATION PROCESS

12. On April 25, 2022, the Court granted the SISP Order, which, among other things, 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. In conducting the SISP, the Monitor and the Sales Agent have taken the following steps:

- i. compiled a list of potential bidders that may have interest in acquiring the Development Property or the Companies or participating in a restructuring transaction;
 - ii. prepared a teaser letter notifying potential bidders of the SISP;
 - iii. finalized and distributed a non-disclosure agreement (“**NDA**”) to prospective bidders;
 - iv. prepared a virtual data room for prospective bidders that executed an NDA;
 - v. prepared a letter of intent (“**LOI**”) template for submission by prospective bidders by the May 18, 2022 LOI Deadline;
 - vi. qualified multiple bidders as Qualified Bidders to advance to the final bid process;
 - vii. in conjunction with Romspen, reviewed final bids submitted by the June 22, 2022 Final Bid Deadline; and,
 - viii. engaged with Qualified Bidders that submitted Final Bids.
15. By the Final Bid Deadline, the Monitor had received multiple Final Bids, however, none of those bids was 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.
16. On June 24, 2022, the Monitor, with the consent of Romspen, extended certain of the SISP dates as follows:
 - i. the Final Bid Deadline from June 22 to July 5, 2022;
 - ii. the Final Agreement Deadline from July 4 to July 15, 2022; and,
 - iii. the Outside Closing Date from July 27 to August 9, 2022.
17. On July 5, 2022, the Monitor, with the consent of Romspen, further extended certain of the SISP dates as follows:
 - i. the Final Bid Deadline from July 5 to July 19, 2022;

- ii. the Final Agreement Deadline from July 15 to July 29, 2022; and,
 - iii. the Outside Closing Date from August 9 to August 23, 2022.
- 18. On July 20, 2022, the Monitor, with the consent of Romspen, extended certain of the SISP dates as follows:
 - i. the Final Bid Deadline from July 19 to July 27, 2022;
 - ii. the Final Agreement Deadline from July 29 to August 8, 2022; and,
 - iii. the Outside Closing Date from August 23 to August 31, 2022.
- 19. The Sales Agent has performed the following marketing activities to date:
 - i. produced a teaser letter and confidential information memorandum (“**CIM**”) and delivered it to over 200 prospective purchasers;
 - ii. sent email blasts on April 26 and May 12, 2022 to over 200 prospective purchasers;
 - iii. obtained 22 NDA’s from prospective purchasers;
 - iv. maintained a data room with information on the Development Property;
 - v. engaged in discussions with over 50 prospective purchasers; and,
 - vi. attended the site and sales and marketing center with prospective purchasers.

VI. CASH FLOW FORECAST

Comparison of Actual Cash Flow to Forecast Cash Flow for the Period April 1 to July 8, 2022

- 20. The Companies’ actual cash receipts and disbursements as compared to the cash flow forecast for the period April 1 to July 8, 2022, which was appended as Appendix “A” to the Monitor’s (A&M) Second Report dated April 23, 2022, is summarized on the following page.

Cash Flow Forecast vs. Actual for the Period April 1 to July 8, 2022

	Forecast as per A&M Report dated April 23, 2022	Actual	Variance
	(\$000's)		
Receipts			
DIP - Gatland, REV and South Street ¹	850	850	-
DIP - Romspen	1,375	1,084	291
GST and other refunds	-	-	-
	<u>2,225</u>	<u>1,934</u>	<u>291</u>
Disbursements			
Site management	93	79	14
Site security	63	60	3
Equipment rental	87	91	(4)
Property fence	172	171	1
Fuel costs	89	77	12
Dewatering costs	400	350	50
Wall and geotech monitoring	50	49	1
Direct contingency	20	-	20
Project management	50	32	18
Professional fees	1,097	897	200
Interim facility fees	25	79	(54)
	<u>2,146</u>	<u>1,885</u>	<u>261</u>
Net Cash Flow	79	49	30
Opening Cash Position	4	4	-
Closing Cash Position	<u>83</u>	<u>53</u>	<u>30</u>

1. Includes Gatland Development Corporation, REV Investments Inc. and South Street (Alderbridge) LP.

21. In summary, the Companies' disbursements for the period were \$261,000 lower than forecast. This is due to timing differences in terms of when payments were forecast to be made.

Extended CCAA Cash Flow Forecast

22. The Monitor estimates that the existing DIP funding will be sufficient to pay the obligations incurred by the Petitioners, excluding the Petitioners' management and legal fees, through to approximately August 12, 2022. After that, additional funding will be required.
23. Management has prepared an extended cash flow projection for the Companies on a weekly basis for the period July 9 to August 12, 2022 (the "**Extended Cash Flow Forecast**").
24. To date, the Companies have borrowed \$1,084,340 of the approved \$1.65 million from Romspen, leaving \$565,660 available under the DIP facility.
25. The Extended Cash Flow Forecast is summarized below.

	\$000's
Receipts	
DIP Financing	566
Disbursements	
Site management	45
Site security	31
Equipment rental	38
Property fence	25
Fuel costs	62
Dewatering costs	150
Wall and geotech monitoring	22
Direct contingency	10
Project management	-
Professional fees	200
Interim facility fees	2
	<u>585</u>
Net Cash Flow	(19)
Opening Cash Position	<u>53</u>
Closing Cash Position	<u><u>34</u></u>

26. The Extended Cash Flow Forecast assumes the following:

- i. there is no increase in the current authorized DIP Financing of \$1.65 million; and,
 - ii. no further payments to related parties for project management fees or to the Companies' legal counsel.
27. The Monitor has been advised by counsel for the Petitioners that it has concerns regarding the non-payment of project management fees and the fees of the Petitioners' legal counsel during the stay period.
28. 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.
29. 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.
30. 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.

31. 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.
32. A copy of the Extended Cash Flow Forecast along with notes and assumptions is attached as **Appendix A**.

VII. CONDUCT OF PETITIONERS

33. 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.

VIII. EXTENSION OF STAY OF PROCEEDINGS

34. The stay of proceedings currently expires on August 3, 2022. The Companies are seeking an extension of the stay period to a date during the week ending August 12 or August 19, 2022, to be determined.
35. The Monitor supports the extension of the stay period for the following reasons:
 - i. the SISF has been extended such that the Final Agreement Deadline is currently August 8, 2022, which is after the expiry of the current stay of proceedings;
 - ii. Romspen has consented to an extension of the stay of proceedings;
 - iii. no creditor of the Companies will be materially prejudiced by the extension of the stay of proceedings; and,
 - iv. the Companies have acted in good faith and with due diligence in these CCAA proceedings since the date of the Initial Order.

IX. RECOMMENDATIONS

36. The Monitor recommends that the Court approve the extension of the stay of proceedings from August 3, 2022 to a date during the week ending August 12 or August 19, 2022, to be determined.

All of which is respectfully submitted this 20th day of July, 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 9, 2022 TO AUGUST 12, 2022

Alderbridge Way Limited Partnership, et al
Extended Cash Flow Forecast (\$'s)
For the period July 9, 2022 to August 12, 2022

Week Week Ending	Notes	Week 1 15-Jul	Week 2 22-Jul	Week 3 29-Jul	Week 4 5-Aug	Week 5 12-Aug	Total
Receipts							
Interim facility	3	\$ -	\$ 225,000	\$ -	\$ -	\$ 340,660	\$ 565,660
GST and other refunds	4	-	-	-	-	-	-
Total Receipts		-	225,000	-	-	340,660	565,660
Disbursements							
Site management		-	18,000	-	-	27,000	45,000
Site security		-	11,150	-	-	19,500	30,650
Equipment rental		-	15,000	-	-	22,500	37,500
Property fence		-	10,000	-	-	15,000	25,000
Fuel costs		-	27,500	-	-	34,500	62,000
Dewatering costs		50,000	-	50,000	-	50,000	150,000
Wall and Geotechnical monitoring		-	7,350	-	-	15,000	22,350
Direct contingency	6	-	5,000	-	-	5,000	10,000
Direct site services	5	50,000	94,000	50,000	-	188,500	382,500
Other disbursements							
Project Management		-	-	-	-	-	-
Professional fees (Architect/Engineers)		-	-	-	-	-	-
Professional fees		-	80,000	-	-	120,000	200,000
Interim facility interest cost and fees		-	1,000	-	-	1,000	2,000
Total other disbursements	7	-	81,000	-	-	121,000	202,000
Total Disbursements		50,000	175,000	50,000	-	309,500	584,500
Net Cash Flow		(50,000)	50,000	(50,000)	-	31,160	(18,840)
Cash Position							
Opening Cash Position	2	52,646	2,646	52,646	2,646	2,646	52,646
Closing Cash Position		\$ 2,646	\$ 52,646	\$ 2,646	\$ 2,646	\$ 33,806	\$ 33,806

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’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. 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.
3. Advances under the Interim Lending Facility being provided by Romspen Investment Corporation pursuant to the Court Order dated April 25, 2022.
4. The Company does not expect to collect any significant receipts, other than advances under the Interim Lending Facility, during the CCAA Proceedings.
5. Direct site costs 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 direct site costs has been forecast for unexpected site costs that may arise during the CCAA Proceedings.
7. The Cash Flow Forecast excludes any costs related to a sales process.