



Form 32 (Rule 8-1(4))

Court No. B-230561
Estate No. 11-3014787
Vancouver Registry

**IN THE SUPREME COURT OF BRITISH COLUMBIA
IN BANKRUPTCY**

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
ANDERSON SQUARE HOLDINGS LTD.**

NOTICE OF APPLICATION

Name of Applicant: Anderson Square Holdings Ltd. (the "Company")

To: Those parties set out in **Schedule "A"** attached hereto.

TAKE NOTICE that an application will be made by the Company to the Honourable Justice Stephens at the Courthouse at 800 Smithe Street, Vancouver, British Columbia on February 7, 2024 at 9:00 a.m. for the order set out in Part 1 below.

The Applicants estimate that the application will take 1 hour.

- This matter is within the jurisdiction of an associate judge.
- This matter is not within the jurisdiction of an associate judge. Justice Stephens has been assigned to hear this application.

PART 1: ORDERS SOUGHT

1. An order substantially in the form attached hereto as **Schedule "B"**, which provides the following relief:
 - (a) abridging the time for service of this application such that this application is properly returnable on the date that it is heard; and
 - (b) extending the stay of proceedings and the time for filing of a proposal by the Company to March 26, 2024.

2. Such other relief as this Honourable Court may deem just.

PART 2: FACTUAL BASIS

Background On November 27, 2023, the Company filed a Notice of Intention to Make a Proposal (the "**NOI**") pursuant to section 50.4 of the *Bankruptcy and Insolvency Act* (the "**BIA**").

2. Deloitte Restructuring Inc. was appointed as proposal trustee of the Company (in such capacity, the "**Proposal Trustee**").
3. The Company is a company incorporated pursuant to the laws of British Columbia having a registered and records office at Suite 500, 5811 Cooney Road, Richmond, British Columbia.
4. On December 22, 2023, Mr. Justice Stephens made an Order extending the stay of proceedings and the time for filing of a proposal by the Company (the "**Stay**") to February 10, 2024.

History of the Company and the Project

5. The Company is in the business of real estate development for a project known as "Prima" located at 6833 Buswell Street, Richmond, BC (the "**Project**").
6. The Project was previously known as "ALFA" and is located in downtown Richmond, British Columbia. The Project consists of 109 residential strata lots and ten (10) commercial strata lots. Eight (8) of the residential strata lots are rented out by the Company as affordable housing units. At this time, the unsold units in the Project include 48 vacant residential strata units and two (2) vacant commercial units. There are also eight (8) rented residential units.
7. The Project experienced delays and cost overruns as a result of various issues including a delayed building permit, replacement of the general contractor part-way through construction and lien claims, amongst other things. As a result, the Prima Project was not completed on schedule and the residential occupancy permit was not issued until September 2022 (not April 2019 as originally anticipated).
8. The challenges faced by the Company with the Prima Project resulted in several lien claims being filed by the general contractor, subcontractors, material suppliers and subtrades (the "**Liens**").
9. By Court Order made on November 2, 2020, the Liens, including the lien claim by the former general contractor, Scott Construction Ltd. ("**Scott Construction**"), and any certificates of pending litigation filed in connection with the Liens were cancelled from title to the Project by the Company depositing funds in the amount

of \$5,396,170.66 into Court, with the funds as security being in substitution for the Project (the "**Lien Funds**").

10. On November 15, 2019, a group of plaintiffs who had each entered into a contract with the Company for purchase of Pre-Sale units in the Project commenced an action against the Company in the British Columbia Supreme Court, Vancouver Registry Action No. S-1912984, alleging unlawful termination by the Company of their Pre-Sale contracts (the "**Pre-Sale Litigation**"). The trial of the Pre-Sale Litigation concluded on December 20, 2023. As of the date of this Notice of Application, a judgment has not yet been rendered in the Pre-Sale Litigation.
11. Aside from Scott Construction's lien claim, the Company has one known potential secured creditor, Anderson Plaza Holdings Inc. ("**Anderson Plaza**"). Anderson Plaza is a company incorporated pursuant to the laws of British Columbia. The Company is a wholly owned subsidiary of Anderson Plaza. A number of lenders loaned money to Anderson Plaza for the development of the Project. The monies were paid to Anderson Plaza, which were then sent to the Company. Mortgages have been registered against the unsold units of the Project in favour of Anderson Plaza as security for the loans. Anderson Plaza's secured claim remains subject to determination through the claims process in these NOI proceedings.
12. On or about November 20, 2023, Anderson Plaza issued a demand against the Company for repayment of the loans in the total of \$64,092,907.87 as of November 15, 2023 (the "**Anderson Plaza Demand**"), along with a Notice of Intention to Enforce Security issued pursuant to Section 244 of the BIA ("**Section 244 Notice**"). The Section 244 Notice provided the Company with until November 30, 2023 to pay Anderson Plaza the outstanding debt. After expiry of the 10 day period, Anderson Plaza would have been at liberty to enforce on its security in accordance with the BIA.
13. The sale of the remaining units in the Project have been slower than anticipated for a number of reasons, largely due to the rapidly increasing interest rates from April 2023 onwards that has made it very difficult for buyers to secure mortgages from the banks as they are facing greater difficulties passing the mortgage stress test.
14. In addition, although the strata units in the Project have a lower price per square foot than the Company's competitors, the size of the units in the Project are larger than average with higher end finishings, making the units more expensive compared to the Company's competitors.
15. The remaining strata units have been and continue to be listed for sale.
16. Due to the slowdown in sales, the Company has had insufficient funds to meet the Anderson Plaza Demand.

17. The Company filed the NOI to stabilize operations so that it can continue to sell units in an orderly manner and avoid an immediate liquidation of the unsold units.

Status Since Filing the NOI and Current Restructuring Options being Explored

18. Since filing the NOI, the Company has worked cooperatively with the Proposal Trustee with respect to its financial affairs maintaining its cash flow records and financial reporting, and providing information regarding its assets and liabilities.
19. As of the date of this Notice of Application, the Proposal Trustee has commenced a claims process, which remains on-going, to determine the potential claims of creditors, including the secured claim of Anderson Plaza.
20. The Company continues to consider a basic outline of a proposal to put before its creditors.
21. In summary, the Company's assets are comprised mainly of the unsold units in the Project which include the following:
 - (a) Forty eight (48) unsold residential units which are comprised of one to three bedroom units with and without dens which are currently listed for sale with Re/Max Westcoast Realty for approximately \$51.28 million (before any decorating or other potential allowances and adjustments). Two (2) additional residential units are subject to unconditional sales contracts and are considered sold with pending closings;
 - (b) Eight (8) Affordable Rental Units that are currently under month-to-month leases pursuant to the Richmond Housing Agreement;
 - (c) Two (2) unsold commercial units which are currently listed for sale for approximately \$4.6 million; and
 - (d) Various unsold parking spots with and without electric charging.
22. Other assets of the Company include the following:
 - (a) Cash on hand of approximately \$17.8 million as at January 28, 2024;
 - (b) An accounts receivable for the pending sale of two (2) residential units for net sale proceeds of approximately \$2.1 million which are scheduled to close by May 15, 2024;
 - (c) A five (5) year vendor take back mortgage dated August 25, 2023 for \$300,000 related to the sale of a unit in July 2023 with an annual interest rate of 3.5% and monthly payments of \$1,500; and
 - (d) The Lien Funds.

23. In summary, and subject to determination through the claims process, the Company's liabilities may include the following:
 - (a) The amount of the Anderson Plaza Demand, which Anderson Plaza claims as a secured debt, which was in relation to funds advanced to the Company from Anderson Plaza to fund the construction of the Project;
 - (b) The claim of Scott Construction and other entities that have commenced actions involving direct claims against the Company; and
 - (c) An unknown potential claim for the pending Pre-Sale Litigation.
24. The Company anticipates a proposal will provide unsecured creditors with a greater return than they would receive if the Company were bankrupt and its assets immediately liquidated. The Company is seeking an extension of the stay of proceedings from February 10, 2024 to March 26, 2024 to provide for additional time to:
 - (a) Allow the Proposal Trustee to finalize a claims process to determine, among other things, the validity of the Anderson Plaza secured claim, which determination will likely affect the nature and content of the proposal anticipated to be filed in this proceeding; and
 - (b) Continue to work with the Proposal Trustee around the terms of the proposal to be presented to its creditors.
25. The Company has prepared a revised cash flow projection for the period from January 29, 2024 to March 31, 2024 (the "**Cash Flow Forecast**"), which provides that the Company can meet its post-filing obligations as they become due during this period.

Extension of Time for Filing Proposal

26. Since the date of the filing of the NOI and the appointment of the Proposal Trustee, the Proposal Trustee has been monitoring the business and financial affairs of the Company.
27. The Cash Flow Forecast Cash provides that the Company can meet its post-filing obligations as they become due until at least March 31, 2024.
28. The Proposal Trustee is satisfied that:
 - (a) The Company has acted, and is acting, in good faith and with due diligence;
 - (b) The Company's ability to make a viable proposal will be maximized if the extension being applied for was granted; and

- (c) No creditor would be materially prejudiced if the extension being applied for was granted.

PART 3: LEGAL BASIS

1. Pursuant to Section 50.4(9) of the BIA, a debtor in a proposal proceeding may, before the expiry of the time to file a proposal, apply to the court for an order extending the time to file a proposal, by a maximum of 45 days, and the court may extend the time if it is satisfied that:
 - (a) the insolvent person has acted, and is acting, in good faith and with due diligence;
 - (b) the insolvent person would likely be able to make a viable proposal if the extension being applied for were granted; and,
 - (c) no creditor would be materially prejudiced if the extension being applied for were granted.
2. Extending the stay of proceedings is appropriate and necessary to enable the Company to continue to sell the remaining units, restructure its affairs and formulate a proposal to its creditors.
3. The Company has been working in good faith and with due diligence to continue to sell the remaining units and pursue a proposal that will maximize value for their stakeholders.
4. No creditors will be materially prejudiced if the stay being applied for were granted. Funds continue to be held in Court to secure the Lien claims of the builders lien claimants.
5. Without the stay of proceedings, the Company will be deemed bankrupt and forced into a liquidation scenario which will likely result in a shortfall to the Company's creditors less than what they would receive under a proposal. Completing the proposal and a restructuring would benefit all of the Company's stakeholders, and likely provide a better recovery to the Company's creditors than in a liquidation.
6. The Company submits that, in these circumstances, it is necessary and appropriate that the stay of proceedings be extended to March 26, 2024, or such other date as may be determined by this Honourable Court.
7. The Proposal Trustee supports the relief sought by the Company in this Application.
8. The Court has the power to abridge the time for service pursuant to Rule 6(4).

*Bankruptcy and Insolvency General Rules,
CRC, c 368, r 6(4) (the "BIA Rules")*

9. The Company will also rely on section 183 of the BIA and Rule 3 of the BIA Rules, and the inherent jurisdiction of this Honourable Court.

PART 4: MATERIAL TO BE RELIED ON

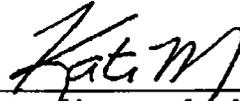
1. Proposal Trustee's First Report to the Court.
2. Proposal Trustee's Second Report to the Court.
3. Such further and other materials as counsel may advise and this Honourable Court may allow.

TO THE PERSONS RECEIVING THIS NOTICE OF APPLICATION: If you wish to respond to this Notice of Application, you must, within 5 business days after service of this Notice of Application or, if this application is brought under Rule 9-7, within 8 business days after service of this Notice of Application:

- (a) file an Application Response in Form 33;
- (b) file the original of every Affidavit, and of every other document, that:
 - (i) you intend to refer to at the hearing of this application, and
 - (ii) has not already been filed in the proceeding; and
- (c) serve on the Applicant 2 copies of the following, and on every other party of record one copy of the following:
 - (i) a copy of filed Application Response;

- (ii) a copy of each of the filed Affidavits and other documents that you intend to refer to at the hearing of this application and that has not already been served on that person;
- (iii) if this application is brought under Rule 9-7, any notice that you are required to give under Rule 9-7(9).

Date: February 5, 2024



Signature of Lawyer for Applicant
Lawyer: Katie G. Mak

This NOTICE OF APPLICATION is prepared by Katie G. Mak of the firm of **Clark Wilson LLP** whose place of business is 900 – 885 West Georgia Street, Vancouver, British Columbia, V6C 3H1 (Direct #: 604.643.3105, Fax #: 604.687.6314, Email: kmak@cwilson.com) (File #: 48285-0003).

To be completed by the court only:

Order made

- in the terms requested in paragraphs _____ of Part 1 of this Notice of Application
- with the following variations and additional terms:

Date: _____

Signature of Judge Associate Judge

APPENDIX

[The following information is provided for data collection purposes only and is of no legal effect.]

THIS APPLICATION INVOLVES THE FOLLOWING:

- discovery: comply with demand for documents
- discovery: production of additional documents
- other matters concerning document discovery
- extend oral discovery
- other matters concerning oral discovery
- amend pleadings
- add/change parties
- summary judgment
- summary trial
- service
- mediation
- adjournments
- proceedings at trial
- case plan orders: amend
- case plan orders: other
- experts
- none of the above

Schedule "A"

Court No. B-230561
Estate No. 11-3014787
Vancouver Registry

**IN THE SUPREME COURT OF BRITISH COLUMBIA
IN BANKRUPTCY**

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
ANDERSON SQUARE HOLDINGS LTD.**

SERVICE LIST

Updated: February 5, 2024

Name of Counsel:	Name of Parties:
<p>Clark Wilson LLP 900 – 885 West Georgia Street Vancouver, BC V6C 3H1</p> <p>Attention: Christopher J. Ramsay Katie G. Mak Jaime Landa (Assistant)</p> <p>Email: CRamsay@cwilson.com; KMak@cwilson.com; JLanda@cwilson.com;</p> <p>Tel: 604-687-5700</p>	<p><i>Counsel to the Company, Anderson Square Holdings Ltd.</i></p>
<p>Watson Goepel LLP 1200 - 1075 West Georgia Street Vancouver, BC V6E 3C9</p> <p>Attention: Jeremy D. West Chelsey Cochrane (Assistant)</p> <p>Email: jwest@watsongoepel.com; ccochrane@watsongoepel.com;</p> <p>Tel: 604-642-5684</p>	<p><i>Counsel to Anderson Plaza Holdings Inc.</i></p>

Name of Counsel:	Name of Parties:
<p>Deloitte Restructuring Inc. 410 West Georgia Street Vancouver, BC V6B 0S7</p> <p>Attention: Jeff Keeble Chris Knox</p> <p>Email: jkeeble@deloitte.ca; cknox@deloitte.ca;</p> <p>Tel: 604-235-4197</p>	<p><i>Proposal Trustee</i></p>
<p>Norton Rose Fulbright Canada LLP 1800 – 510 West Georgia Street Vancouver, BC V6B 0M3</p> <p>Attention: Scott Boucher Kieran Siddall Jayda Mangat (Assistant) Nadine Abram (Assistant)</p> <p>Email: scott.boucher@nortonrosefulbright.com; kieran.siddall@nortonrosefulbright.com; jayda.mangat@nortonrosefulbright.com; nadine.abram@nortonrosefulbright.com;</p> <p>Tel: 604-641-4920 / 604-641-4868</p>	<p><i>Counsel to the Proposal Trustee</i></p>
<p>Borden Ladner Gervais LLP 1200 – 200 Burrard Street Vancouver, BC V7X 1T2</p> <p>Attention: Ryan Laity Matthew Swanson</p> <p>Email: rlaity@blg.com; mswanson@blg.com;</p> <p>Tel: 604-632-3544 / 604-632-3474</p>	<p><i>Counsel to Scott Construction Ltd.</i></p>

SCHEDULE "B"

Court No. B-230561
Estate No. 11-3014787
Vancouver Registry

**IN THE SUPREME COURT OF BRITISH COLUMBIA
IN BANKRUPTCY**

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
ANDERSON SQUARE HOLDINGS LTD.

ORDER MADE AFTER APPLICATION

(EXTENSION OF STAY)

BEFORE THE HONOURABLE)
MR. JUSTICE STEPHENS) February 7, 2024
)

ON THE APPLICATION of the Applicant, Anderson Square Holdings Ltd. (the "**Company**"), coming on for hearing at Vancouver, British Columbia, on the 7th day of February, 2024; AND ON HEARING those counsel listed on Schedule "A" hereto; AND pursuant to the *Bankruptcy and Insolvency Act*, the *British Columbia Supreme Court Civil Rules* and the inherent jurisdiction of this Honourable Court;

THIS COURT ORDERS that:

1. The time for service of this Notice of Application herein be and is hereby abridged and the Notice of Application is properly returnable today and service hereof upon any interested party is dispensed with.
2. The stay of proceedings and the time for filing of a proposal by the Company is hereby extended to March 26, 2024.

3. The approval of counsel as to form, except for counsel for the Company, is dispensed with.

THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:

Signature of Lawyer for the Company
Lawyer: Katie G. Mak

BY THE COURT

Registrar

Schedule "A"

LIST OF COUNSEL

Scott Boucher	Counsel to the Proposal Trustee, Deloitte Restructuring Inc.