



No. S-248100  
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

BETWEEN:

ROYAL BANK OF CANADA

PETITIONER

AND:

SPERLING GP LTD.

SPERLING LIMITED PARTNERSHIP

1112849 B.C. LTD.

RESPONDENTS

**REQUISITION - GENERAL**

**Filed by:** Deloitte Restructuring Inc., court appointed Monitor of the Respondents

**Required:** Please file the attached First Report of the Monitor.

December 4, 2024

Date

Signature of ☒ lawyer for filing party  
DLA Piper (Canada) LLP (Arad Mojtahedi)

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**FIRST REPORT OF THE MONITOR**

**DELOTTE RESTRUCTURING INC.**

**DECEMBER 4, 2024**

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## INTRODUCTION

1. On November 28, 2024 (the "**Filing Date**"), following an application made by Royal Bank of Canada ("**RBC**"), the Supreme Court of British Columbia (the "**Court**") granted an initial order (the "**Initial Order**") under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") in respect of Sperling GP Ltd. ("**Sperling GP**"), Sperling Limited Partnership ("**SLP**"), and 1112849 B.C. Ltd. (the "**Nominee**", and collectively with Sperling GP and SLP, "**Sperling**" or the "**Debtors**"). The Debtors' proceedings pursuant to the CCAA are referred to herein as the "**CCAA Proceedings**".
2. The Initial Order, among other things:
  - a. Appointed Deloitte Restructuring Inc. as monitor (in such capacity, the "**Monitor**");
  - b. Granted a stay of proceedings against the Debtors up to and including December 5, 2024 (the "**Initial Stay of Proceedings**");
  - c. Authorized the Debtors to borrow \$1,500,000 under a debtor-in-possession financing facility (the "**DIP Financing Facility**") made available by Peterson Investment Group Inc. (the "**DIP Lender**"); and
  - d. Granted the Administration Charge and the DIP Lender's Charge (as hereinafter defined).
3. The purpose of the Monitor's first report (the "**First Report**") is to provide the Court with information pertaining to:
  - a. Background on the Debtors' business and certain zoning matters related to Project (as hereinafter defined);
  - b. The activities of the Monitor since the Filing Date;
  - c. The Debtors' cash flow projection (the "**Cash Flow Forecast**") for the six-month period ending May 31, 2025 (the "**Forecast Period**");
  - d. The Monitor's views on the relief sought by RBC in connection with the proposed amended and restated initial order (the "**Proposed ARIO**") which would, among other things:
    - i. Extend the Initial Stay of Proceedings to May 30, 2025 (the "**Requested Stay Extension**");
    - ii. Increase the amount of the Administration Charge from \$200,000 to \$500,000; and
    - iii. Increase the borrowing limit under the DIP Financing Facility from \$1,500,000 to \$10,400,000, with a corresponding increase in the DIP Lender's Charge; and
  - e. The Monitor's conclusions and recommendations in respect of the forgoing.
4. Capitalized terms not otherwise defined herein are as defined in the Initial Order.
5. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars.

## DISCLAIMER AND TERMS OF REFERENCE

6. In preparing this First Report and conducting its analysis, the Monitor has obtained and relied upon certain unaudited, draft and/or internal financial information from the books and records of the Debtors, as applicable. The Monitor has also relied on information gathered from discussions with

various parties, including, management of and legal counsel to Peterson Development One GP Inc. ("**Peterson**"), management of and legal counsel to Create Burnaby Investment Ltd. ("**Create**"), and Paul McIntyre, Director of Sperling GP and Chief Financial Officer of Peterson.

7. Except as otherwise described in this First Report:

- a. 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 Canadian Auditing Standards pursuant to the Chartered Professional Accountant Canada Handbook; and
- b. the Monitor has not conducted an examination or review of any financial forecast and projections in a manner that would comply with the procedures described in the Chartered Professional Accountant Canada Handbook.

8. 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 variations may be material. Accordingly, the Monitor expresses no assurance as to whether the Cash Flow Forecast will be achieved. We express no opinion or other form of assurance with respect to the accuracy of any financial information presented in this First Report or relied upon by us in preparing this First Report.

## BACKGROUND

9. A background on the business and operations of Sperling is described in detail in the first affidavit of Mr. Cameron Bailey of RBC dated November 22, 2024, filed in support of the Initial Order (the "**Bailey Affidavit**") and is therefore not repeated herein.
10. The Debtors are special purpose entities that were formed to acquire, own and develop a mixed-use development (the "**Project**" or "**Burnaby Lake Village**") on the real property with civic address of 6800 Lougheed Highway, Burnaby, British Columbia ("**BC**"), PID: 007-772-751 (the "**Real Property**").
11. The Real Property is a 19-acre industrial property located adjacent to the Sperling-Burnaby Lake Sky Train Station, which was previously occupied by the Saputo dairy plant. The Nominee is the legal owner of the Real Property and the bare trustee and nominee for SLP, which is the beneficial owner of the Real Property.
12. The Monitor understands that the Real Property was acquired by the Debtors for approximately \$209.0 million in January 2019. According to the BC Assessment Authority, the Real Property had an assessed value of \$196.9 million as of July 1, 2023, of which \$829,000 was attributed to buildings.
13. SLP is governed by an Amended and Restated Limited Partnership Agreement dated as of August 15, 2019 (the "**LPA**"). Peterson and Create are the limited partners of SLP, and Sperling GP is the general partner. Peterson holds 51% of issued units in SLP while Create holds 49%.
14. The development of the Project is governed by a Development Management Agreement dated August 15, 2019 (the "**DPA**") between SLP, Peterson Developments Inc. ("**Peterson Manager**") and Create Urban Development Corp. ("**Create Manager**" and together with the Peterson Manager, the "**Development Managers**"). Pursuant to the terms of the DPA, SLP appointed the Development Managers to jointly develop the Project.
15. The Monitor understands that a portion of the Real Property is leased to London Drugs as a storage facility. In addition, the site and warehouse on the Real Property is occasionally rented by movie

productions as a source of revenue for the Debtors. Peterson Commercial Property Management Inc. (the "**Property Manager**") acts as the property manager pursuant to a Property Management Agreement dated October 17, 2018 (the "**PMA**"). Under the terms of the PMA, the Property Manager is required to, *inter alia*, manage, lease, maintain and repair the Real Property and is entitled to a management fee of \$40,000 per annum, among other fees.

16. Debt financing for the Project has been provided to SLP, as borrower, through secured loan facilities totaling approximately \$210.0 million (the "**Loan Facilities**") provided by RBC as agent on behalf of a syndicate of bank lenders including Toronto Dominion Bank, Bank of Montreal and the Bank of Nova Scotia (collectively, the "**Lenders**"). The Loan Facilities were advanced to Sperling GP as borrower pursuant to an amended and restated credit agreement dated February 14, 2024 (the "**Credit Agreement**").
17. SLP's obligations under the Loan Facilities are guaranteed by Peterson Property Holdings Inc., Spruceland Mall Limited Partnership, and Peterson Investment (Spruceland) Ltd. (collectively, the "**Peterson Guarantors**"), wholly-owned entities within the Peterson Group.
18. Certain disputes have arisen between Peterson and Create and, as a result, development of the Project has been stalled. The maturity date for the Loan Facilities was September 1, 2024 and the Debtors failed to repay the indebtedness owed to the Lenders on or before the maturity date, which constituted an event of default.
19. As of November 21, 2024, the Debtors were indebted to the Lenders in the amount of approximately \$207.6 million pursuant to the Credit Agreement, plus costs and interest which continue to accrue.

## **ACTIVITIES OF THE MONITOR SINCE THE FILING DATE**

20. Since the Filing Date, the Monitor has, among other things, undertaken the following activities:
  - a. Established the Monitor's website at [www.insolvencies.deloitte.ca/sperling](http://www.insolvencies.deloitte.ca/sperling) (the "**Monitor's Website**") and posted copies of the Initial Order and other materials in connection with the CCAA Proceedings;
  - b. Activated the Monitor's email address at [sperling\\_ccaa@deloitte.ca](mailto:sperling_ccaa@deloitte.ca) to respond to inquiries regarding the CCAA Proceedings of creditors and any other interested parties;
  - c. Completed all initial statutory requirements, including, but not limited to:
    - i. Filing the Form 1 and Form 2 with the Office of the Superintendent of Bankruptcy prior to the hearing scheduled for December 5, 2024 (the "**Comeback Hearing**");
    - ii. Mailing of a notice in respect of the CCAA Proceedings to all known creditors with claims of \$1,000 or more (sent via courier);
    - iii. Arranging for the publication of notice of the CCAA Proceedings in The Province on December 4 and December 10, 2024; and
    - iv. Posting of a notice of the CCAA Proceedings and a list of creditors with claims of \$1,000 or more on the Monitor's Website.
  - d. Held meetings with the Peterson Manager to obtain an understanding of the development activities required to continue advancing the Project over the coming six (6) months;
  - e. Held meetings with the Property Manager to obtain an understanding of the income and expenses associated with the Real Property;

- f. Communicated with RBC, Peterson and Create and their respective counsel regarding the format and timing of a sale and investment solicitation process ("**SISP**");
- g. Held discussions with Peterson and RBC with respect to Peterson's intention to submit a stalking horse bid as part of a SISP and reviewed a draft stalking horse bid term sheet;
- h. Reviewed documents and emails between the Peterson Manager and the City of Burnaby (the "**City**") regarding certain zoning and subdivision matters in relation to the Project;
- i. Reviewed information pertaining to incremental development cost charges ("**DCCs**") and amenity cost charges ("**ACCs**") that may be payable in relation to the Project due to certain bylaws implemented by the City and Metro Vancouver Regional District ("**MetroVan**"), as further described herein;
- j. Held a meeting with Create and its counsel to discuss certain DCC and ACC matters in relation to the Real Property and to understand Create's views with respect to the potential to apply for a master plan subdivision for the Project;
- k. Held discussions with the Monitor's counsel, DLA Piper (Canada) LLP, with respect to various matters pertaining to the Project and the CCAA Proceedings;
- l. Assisted the Debtors with the preparation of the Cash Flow Forecast and reviewed the associated assumptions and notes;
- m. Requested the initial advance of \$1,500,000 under the DIP Financing Facility and monitored and approved disbursements of the Debtors during the period since the Filing Date; and
- n. Prepared this First Report in connection with the Comeback Hearing.

## THE DIP FINANCING FACILITY

- 21. The Initial Order authorized the Debtors to obtain and borrow under the DIP Financing Facility provided by the DIP Lender in accordance with the initial DIP budget attached as Schedule "**B**" to the DIP Financing Term Sheet dated November 27, 2024.
- 22. The DIP Financing Facility provided up to a maximum amount of approximately \$16.8 million to fund the Debtors' day-to-day operations to July 31, 2025, including legal and professional costs, during the CCAA Proceedings and the advancement of a SISP.
- 23. The first draw under the DIP Financing Facility was funded by Peterson on December 2, 2024 in the amount of \$1.5 million (the "**Initial Draw**"). The Initial Draw was used by the Debtors to make a payment of \$1,267,012 to RBC in respect of interest and fees on the Loan Facilities in addition to certain retainers to the Monitor and its legal counsel.
- 24. The DIP Financing Facility contains other terms, conditions, affirmative covenants, negative covenants, representations and warranties, events of default and remedies which are, in the Monitor's view, customary for this type of financing, including the granting of the DIP Lender's Charge.
- 25. Without a DIP facility, the Debtors would be unable to pay their obligations as they become due, continue operations, maintain their assets, undertake the SISP or complete any resulting transaction. The Monitor is of the view that the DIP Financing Facility will enhance the prospects of the business and operations of the Debtors being preserved and a successful going-concern outcome being achieved.

## ZONING STATUS

26. The Real Property is undergoing rezoning and development as part of the Burnaby Lake Village master plan. The Debtors submitted a master plan rezoning application in October 2022, with the proposal consisting of 14 mixed-use buildings between 12 and 25 storeys, with upwards of 4,800 new homes, plus commercial space.
27. Each construction phase of the Project to be subdivided for future redevelopment requires site-specific rezoning, despite being part of the overall Burnaby Lake Village master plan. Site-specific rezoning addresses detailed elements including building design, layout, building heights, densities and specific uses.
28. Phase 1A of the Project (two buildings) received third reading (conditional approval) by the City on July 8, 2024, and is set for the northeast corner of 6800 Lougheed Highway, directly adjacent to 7000 Lougheed, the site of the planned Burnaby Lake Heights master plan that Create is undertaking on its own. Phase 1B (two buildings) received second reading on August 26, 2024. An initial report was submitted to council on August 26, 2024 in respect of Phase 2A (one building).
29. A map showing the various construction phases for the Project is shown below.



### ***Master plan subdivision dispute***

30. The Monitor understands that Create is of the opinion that the Project should be legally subdivided through a master plan subdivision process/application. In its view, subdividing the Real Property into multiple parcels would make it more marketable as smaller parcels are easier to purchase and develop.
31. The Monitor has reviewed various email correspondence between Peterson Manager and the City, attached hereto as **Appendix "A"**. In summary, this correspondence confirms that:
  - a. A fulsome review of legislation is required, including the review of various requirements from several different City departments and external agencies before the requirements associated with a master plan subdivision application can be finalized by the City;
  - b. The City has not yet fully determined the requirements for a master plan subdivision application and review process;
  - c. A subdivision application, once submitted, would involve a review by multiple internal departments and external agencies; and



- d. Even after the City's requirements for master plan subdivision are determined and in place, the expected timeline for an application review and approval would be approximately six and a half to seven and a half months (a "best guestimate" by a supervisor in the Subdivision Approvals department of the City).
- 32. Based on the above, it is the opinion of Peterson Manager that master plan subdivision is not a viable option to pursue for the Project since it may take several months before the City issues its guidance on the fully determined application process, and only if the City determines that it may approve and issue the requirements for master plan subdivision, then the review process will take up to seven and a half months after a subdivision application is completed and submitted. During this period, the Debtors will continue to incur material monthly holding costs of approximately \$1.3 million, inclusive of interest under the Loan Facilities of \$1,244,000.
- 33. Create has engaged Brook Development Management ("**Brook**") to assess the feasibility of a master plan subdivision for the Project, and the best options for making the Real Property more marketable to purchasers and investors. Brook expects to issue a detailed report in January 2025.
- 34. Create has advised the Monitor that it submitted a master plan subdivision application to the City in respect of an adjacent land parcel at 7000 Lougheed Highway, Burnaby, BC in April 2024, and that this application is well advanced. Based on discussions with Create, the Monitor understands that the City is currently undertaking a legal review to ascertain the bonding requirements with respect to the master plan subdivision for this land parcel.

#### ***Urgency in relation to the site-specific zoning***

- 35. The Monitor understands that new bylaws were adopted by the City and MetroVan on June 24, 2024 and March 22, 2024, respectively which will increase the quantum of DCCs and ACCs payable by developers. Peterson has estimated that there will be an additional \$27.3 million in ACCs and DCCs in respect of Phase 1A of the Project, and an additional \$21.5 million in ACCs and DCCS in respect of Phase 1B of the Project if the site-specific rezoning is not finalized within 12 months of these new bylaw enactment dates.
- 36. Brook has also been engaged by Create to opine on the DCC increases implemented by the City. Their view is that the Debtors are unlikely to be able to avoid paying the increases in respect of Phase 1B as this phase received second reading on August 26, 2024, and Phase 1A took approximately seven (7) months to go from second to third reading.
- 37. The Monitor is in the process of reviewing the relevant bylaws and the *Local Government Act*, and expects to be able to provide more information on this front to this Honourable Court in its next report.

#### **CASH FLOW FORECAST**

- 38. The Debtors, with the assistance of the Monitor, have prepared the Cash Flow Forecast for the Forecast Period for the purpose of projecting the Debtors' estimated liquidity needs during the Forecast Period.
- 39. A copy of the Cash Flow Forecast, the notes to the Cash Flow Forecast and a report containing the prescribed representations of the Debtors regarding the preparation of the Cash Flow Forecast are attached to this First Report as **Appendix "B"**. The Monitor's conclusions from its review of the Cash Flow Forecast are attached hereto as **Appendix "C"**.
- 40. The Monitor understands that the net cash outflow of \$10,752,000 arises primarily as a result of:
  - a. Monthly interest payments to the Lenders in respect of the Loan Facilities;

- b. Property management fees paid to the Property Manager and commissions paid to a vendor that arranges the rental of certain buildings to film production companies;
  - c. Utilities, repairs and security costs associated with maintaining and preserving the Real Property;
  - d. Professional fees relating to the CCAA proceedings and Monitor and its counsel, the Lenders and its counsel, and Peterson as it relates to the DIP Lender; and
  - e. Ongoing costs relating to advancing the development of and zoning for the Project, including costs related to:
    - i. A demolition permit fee in respect of the primary structure on the Real Property;
    - ii. Engaging consultants to design a sales centre for the Project which is important to allow sales activity to begin in due course; and
    - iii. Consulting and professional fees associated with completing the Phase 1A site-specific rezoning enactment which cover legal, architectural, surveying, and related expenses (and includes consulting fees and architectural costs to confirm additional density permitted under the City's height-based zoning framework).
41. To preserve the going concern value of the Project, the Debtors intend to continue to pay consultants for services rendered during the planning process of the Project in the normal course of business during the CCAA Proceedings.

## **PROPOSED CHARGES**

42. Pursuant to the Proposed ARIO, RBC is seeking an increase in the quantum of the Administration Charge and DIP Lender's Charge granted pursuant to the Initial Order. Under the Proposed ARIO, the ranking and quantum of the charges would be as follows:
- a. First, the Administration Charge increased from \$200,000 to \$500,000 (the "**Administration Charge**");
  - b. Second, the security interests, mortgages, charges and encumbrances held by RBC as security for the Debtors' obligations to RBC and the other Lenders pursuant to the Credit Agreement in an amount unchanged from the Initial Order (the "**Lender's Charge**"); and
  - c. Third, the DIP Lender's Charge increased from the maximum principal amount of \$1,500,000 to \$10,400,000 plus accrued and unpaid interest, fees, and expenses (the "**DIP Lender's Charge**").

### ***Administration Charge***

43. The Initial Order granted a \$200,000 first ranking super-priority charge over all Property of the Debtors in favour of the Monitor, counsel to the Monitor, and the Lender's counsel as security for their respective fees and disbursements rendered in respect of the Debtors for the period of the Initial Order to the Comeback Hearing.
44. The Proposed ARIO provides for an increase in the Administration Charge from \$200,000 to \$500,000. This increase is reflective of the amount necessary to ensure the beneficiaries of the Administration Charge have adequate protection throughout the CCAA Proceedings to administer the CCAA Proceedings.
45. The Monitor is of the view that the increased amount of the Administration Charge is reasonable

and appropriate in the circumstances, having considered, among other things:

- a. The complexity of the CCAA Proceedings;
- b. The work that has been completed to date, the engagement terms and anticipated work levels of the Monitor, the Monitor's counsel, and RBC's counsel;
- c. The timing of payment of the forecast professional costs within these CCAA Proceedings as set out in the Cash Flow Forecast; and
- d. The size of court-approved charges approved in comparable insolvency proceedings.

***DIP Lender's Charge***

46. The Initial Order granted a \$1,500,000 third-ranking charge in favour of the DIP Lender to secure the DIP Financing made available under the DIP Financing Facility in the period from the Initial Order to the Comeback Hearing.
47. The DIP Lender's Charge ranks after the Administration Charge and the Lender's Charge. Therefore any prejudice to the secured creditors that may result from the granting of the DIP Lender's Charge is reduced under the DIP Financing Facility. To date, the Monitor has no reason to believe that, in the circumstances of this case, any creditor would be materially prejudiced as a result of the DIP Lender's Charge, and that any potential detriment caused to the Debtors' creditors by the DIP Lender's Charge should be outweighed by the benefits that it creates.
48. The Proposed ARIQ provides for an increase in the principal amount of the DIP Lender's Charge to \$10,400,000 to account for the principal amount of funding expected to be drawn on the DIP Financing Facility through to the Requested Stay Extension period. The DIP Financing Facility is available to finance the continuation of the business and preservation of the Real Property, and its restructuring efforts, including legal and other professional costs associated with the CCAA Proceedings and a SISP.
49. As previously described in this First Report, the Cash Flow contemplates material expenditures over the next six (6) months related to advancing the Project which appear reasonable based on the limited time that the Monitor has had to review and understand such expenditures. Accordingly, based on this limited review, the Monitor is of the view that the increased DIP Lender's Charge is reasonable and required as the Debtors are in need of substantial liquidity to continue advancing the Project. The DIP Financing Facility is also required to pursue a SISP and provides sufficient liquidity to fund the Debtors' operations and the costs of the CCAA Proceedings through to the end of the Requested Stay Extension.
50. The Monitor notes that approximately \$7,489,000 of the DIP Financing Facility is required to make payment of interest to the Lenders during the Forecast Period in respect of the Loan Facilities. The Monitor understands that an interest rate of prime plus 1.25% is payable to the Lenders (currently 7.2%). The interest rate on the DIP Financing Facility is equal to 8.0%, and there is also a 3.0% commitment fee in relation to the facility amount, which would otherwise be lower if interest on the Lenders' Loan Facilities were to be deferred during the Forecast Period. The Monitor estimates that incremental interest and fees amount to approximately \$288,000 during the Forecast Period as a result of the interest being paid to the Lenders via draws on the DIP Financing Facility.
51. Based on the foregoing, the Monitor respectfully recommends that the Court grants the RBC's request for the proposed increase in the DIP Lender's Charge.

## THE SISP

52. The Monitor understands that RBC intends to return to Court to seek approval of a SISP before the end of December 2024 if the Proposed ARIO is granted. The Monitor further understands that Peterson intends to submit a stalking horse bid which may form an element of the SISP. The Monitor does not yet have sufficient information to provide its views in respect of the SISP or any stalking horse bid.

## REQUESTED STAY EXTENSION

53. The Initial Stay of Proceedings currently expires on December 5, 2024. The Proposed ARIO provides for an extension of the Initial Stay of Proceedings to May 30, 2025 to allow a SISP to be undertaken to maximize value for the benefit of the stakeholders through the CCAA Proceedings.
54. The Monitor supports the Requested Stay Extension for the following reasons:
- a. the Monitor believes that the Debtors have acted and continue to act in good faith and with due diligence;
  - b. the Requested Stay Extension provides the Monitor with the time required to commence and advance a SISP, albeit the key phases and timing of the SISP have yet to be determined;
  - c. The Lenders are supportive of the Requested Stay Extension; and
  - d. the Monitor believes that the creditors of the Debtors will not be prejudiced by the Requested Stay Extension.

## CONCLUSION

55. Based on the foregoing, the Monitor respectfully recommends that this Court grant the proposed ARIO in the form sought.

This Report is respectfully submitted this 4<sup>th</sup> day of December, 2024.

### **Deloitte Restructuring Inc.**

in its Capacity as Court-appointed Monitor of  
Sperling GP Ltd., Sperling Limited Partnership, and 1112849 B.C. Ltd.  
and not in its personal capacity.



Per: Jeff Keeble, CPA, CA, CBV, CIRP, LIT  
Senior Vice President



Paul Chambers, FCA(UK), CIRP, LIT  
Senior Vice President

**APPENDIX "A"**  
**EMAIL CORRESPONDENCE WITH THE CITY OF BURNABY**

**Email dated July 19, 2024**

**From:** [Eric Hughes](#)  
**To:** [Chris Jackson](#)  
**Subject:** FW: Subdivision Options 6800 Lougheed  
**Date:** Friday, November 22, 2024 4:23:59 PM  
**Attachments:** [image001.png](#)  
[image002.jpg](#)  
[image003.jpg](#)

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**From:** Marinelli, Lina <Lina.Marinelli@burnaby.ca>  
**Sent:** Friday, July 19, 2024 4:27 PM  
**To:** Eric Hughes <EricH@PetersonBC.Com>  
**Cc:** Bains, Manpreet <Manpreet.Bains@burnaby.ca>  
**Subject:** RE: Subdivision Options 6800 Lougheed

**External Email**

Hi Eric,

Further to our phone conversation this morning, below provides some information regarding an early subdivision not associated with a site-specific rezoning application.

Preliminary requirements and approximate timing associated with an early subdivision application are as follows:

1. Subdivision application submitted to create one parcel (fee is \$17,875.50) – to include a draft subdivision plan, synopsis of the proposal, timing of each phase, any buildings anticipated to be retained (if yes, anticipated demolition date) and required fee.
2. Approximately two to four weeks after a complete application has been received, it is circulated to all required internal departments and external agencies for their comments and requirements (it takes approximately three to four months from the date the application is circulated to receive all the required comments/requirements).
3. Once all comments and requirements are received, it takes approximately two to four weeks to draft a TA Letter which is to be reviewed by various staff before being finalized for the Approving Officer's Signature. The following will be requirements of subdivision:
  - Road dedications required adjacent the development site and any road required to provide road frontage to new parcels.
  - Civil design drawings, Servicing Agreement, bonding and fees associated to civil works.
4. At a minimum, the following legal agreements will be required (through the circulation process additional legal agreements may be identified as necessary):
  - A No Further Subdivision Covenant unless all future road dedications are satisfied. These would be proposed internal public roads not required to provide road frontage, and the following applies:
    - a. All necessary engineering road works, offsite civil works, and site servicing for

future internal public roads (*these would be the internal public roads we discussed which are not required at this time to provide road frontage but will be required*);

- b. A Servicing Agreement and all bonding and payments associated with the civil works (*these items are for the internal public roads*);
  - c. A statutory right of way to protect public pedestrian and vehicular access, over the parcel created for future internal roads; and,
  - d. Option to Purchase terms.
- A Phasing Covenant which provides details as to the number of Phases within the Master Development, the lots assigned to each Phase, commitments at each Phase and development proposed on each lot.
  - A No Build restricting the issuance of a Building Permit, including Preliminary Plan Approval (PPA) Application until a Site Specific Rezoning Application, in accordance with the Master CD Plans has been submitted and all the necessary prerequisite requirements, including the requirement to further subdivide the property has been submitted and accepted by City staff; all necessary legal agreements have been executed and where required deposited in the Land Title Office; all necessary bonds and fees have been submitted; and, Final Adoption of the rezoning bylaw has been granted by Council. This includes, but is not limited to:
    - a. The completion of the site specific rezoning application and all necessary prerequisite conditions;
    - b. Any works associated with third party utilities, including any undergrounding of overhead facilities and associated bonding/fees (if applicable) which will not be required as a condition of the master subdivision;
    - c. Site profile application to ensure compliance with Ministry of Environment requirements (if applicable) – this can only be deferred if there is a submitted building permit on file in the Building Department;
    - d. ERC (Environmental Review of Stream Side and Protection Area) (if applicable);
    - e. Requirements associated with Green Building Strategies and the BC Building Step Code;
    - f. Stormwater and Ground Water Management System Plan;
    - g. Geotechnical Report;
    - h. Solid Waste Access and Loading Plan;
    - i. Tree Survey plan;
    - j. Acoustic Study if required;
    - k. Payment of all applicable development cost charges, and any required bonding and fees;
    - l. Alternative Transportation requirements, including bicycle facilities, transit pass subsidies, end-of-trip facilities and any other amenities which may be determined through review; and
    - m. Any statutory rights-of-ways, easements and covenants as required are deposited and registered in the Land Title Office.
5. Once we receive the Subdivision Plan, Survey Certification and Application to Deposit



Subdivision Plan, and all requirements identified through the circulation process are satisfied, we will forward legal instructions to our Legal Department (legal agreement can take approximately eight weeks to draft) and the City's legal cost could be approximately \$15,000.00 to \$20,000.00 (this is a guestimate). If outside counsel is retained, there will be a retainer required (amount to be determined) in addition to the City's legal fees.

6. Any fees and bonds identified through the circulation process would be required to be submitted in advance of the Approving Officer signing the Application to Deposit Subdivision Plan and legal agreements for deposit in the Land Title Office.

The above timelines indicate that an early subdivision application would take approximately six and half to seven and a half months.

The timelines and fees noted above are approximate and may change once a detailed review of the subdivision application has been completed by all required internal departments and external agencies.

Inasmuch as we have not yet completed an early subdivision application, associated with a Master Plan, under the new process, and there may be some unknowns which may arise through the circulation and review process, it is very difficult to provide approximate timelines. These timelines are based on my experience and best guestimates.

Lastly, we are in the process of reviewing this process and these requirements with our City's Legal Team and they will probably change.

Have a really good weekend.

Lina

### **Lina Marinelli**

Supervisor, Subdivision Approvals

Direct: 604-294-7409

City of Burnaby | Planning & Development Department | Development and Urban Design Division

City Hall | 3<sup>rd</sup> Floor - 4949 Canada Way | Burnaby, BC V5G 1M2

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---

**From:** Eric Hughes <[EricH@PetersonBC.Com](mailto:EricH@PetersonBC.Com)>  
**Sent:** Tuesday, July 16, 2024 3:26 PM  
**To:** Marinelli, Lina <[Lina.Marinelli@burnaby.ca](mailto:Lina.Marinelli@burnaby.ca)>  
**Subject:** Subdivision Options 6800 Lougheed

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Hi Lina,

Was hoping we could connect via Teams again to discuss our options for subdividing 6800 Lougheed. Since we last spoke on this item, I assume some of the requirements have been flushed out as I understand our partner is exploring subdividing their 7000 Lougheed site.

Are there a couple of times that may work for you for a 30 minute teams call later this week or next?

Thanks,

Eric Hughes  
Vice President, Development



1701 - 1166 Alberni Street, Vancouver, BC, Canada V6E 3Z3  
D 604 699 5265 | E [erich@petersonbc.com](mailto:erich@petersonbc.com) | T 604 688 4885 | F 604 688 3245 | [www.petersonbc.com](http://www.petersonbc.com)



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**Emails dated September 3, 2024 and October 30, 2024**

**From:** [Eric Hughes](#)  
**To:** [Chris Jackson](#)  
**Subject:** FW: Master Plan subdivision (12 lots) BLV - Application Requirement - Processing Timelines  
**Date:** Friday, November 22, 2024 4:22:26 PM  
**Attachments:** [image001.png](#)  
[image002.jpg](#)  
[image003.jpg](#)

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**From:** Eric Hughes  
**Sent:** Wednesday, October 30, 2024 11:43 AM  
**To:** Chris Jackson <ChrisJ@PetersonBC.com>  
**Cc:** Raymond Choy <RaymondC@PetersonBC.com>  
**Subject:** FW: Master Plan subdivision (12 lots) BLV - Application Requirement - Processing Timelines

Hi CJ,

See the response below from the City of Burnaby

Eric

---

**From:** Bains, Manpreet <[Manpreet.Bains@burnaby.ca](mailto:Manpreet.Bains@burnaby.ca)>  
**Sent:** Wednesday, October 30, 2024 11:29 AM  
**To:** Eric Hughes <[EricH@PetersonBC.Com](mailto:EricH@PetersonBC.Com)>  
**Cc:** Dill, Jesse <[Jesse.Dill@burnaby.ca](mailto:Jesse.Dill@burnaby.ca)>  
**Subject:** RE: Master Plan subdivision (12 lots) BLV - Application Requirement - Processing Timelines

**External Email**

Hi Eric,

Yes, Lina is out of the office.

With regards to your inquiry for a Master Plan Subdivision and timing to process, our Legal Department has obtained external legal counsel, which have met with Planning staff. It has been concluded that a fulsome review of legislation in relation to early subdivision is required to determine where the Approving Officer's obligations are a must and where there is some flexibility. This involves the review of various requirements from several different departments and external agencies. Until this review is completed, we are unable to finalize the subdivision requirements associated with a Master Subdivision Application.

We understand your urgency, and that of other developments in Burnaby, however until the detailed review of legislation and the requirements to consult with various departments and external agencies has been completed, it will take some time. We will provide further details

regarding the outcome of the review once it has been completed.

Thank you,

### Manpreet Bains

Subdivision Technician

Direct: 604.294.7919

City of Burnaby | Planning & Development | Development Approvals Division

City Hall | 3<sup>rd</sup> Floor - 4949 Canada Way | Burnaby, BC V5G 1M2

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**From:** Eric Hughes <[EricH@PetersonBC.Com](mailto:EricH@PetersonBC.Com)>

**Sent:** October 30, 2024 10:35 AM

**To:** Bains, Manpreet <[Manpreet.Bains@burnaby.ca](mailto:Manpreet.Bains@burnaby.ca)>

**Subject:** FW: Master Plan subdivision (12 lots) BLV - Application Requirement - Processing Timelines

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H Manpreet,

I understand Lina is out of office, hoping you may be able to answer my question?

Thanks

Eric

---

**From:** Eric Hughes

**Sent:** Wednesday, October 30, 2024 10:32 AM

**To:** Marinelli, Lina <[Lina.Marinelli@burnaby.ca](mailto:Lina.Marinelli@burnaby.ca)>

**Subject:** RE: Master Plan subdivision (12 lots) BLV - Application Requirement - Processing Timelines

Hi Lina,

Checking in to see if the City has formalized the process for master subdivision applications, since meeting with the legal department to clarify the requirements? Does

the City have requirements finalized that we could review? Is the 7.5 month timeline from application to approval still a reasonable processing time for a large site like 6800 Loughheed?

Thanks,

Eric

---

**From:** Marinelli, Lina <[Lina.Marinelli@burnaby.ca](mailto:Lina.Marinelli@burnaby.ca)>  
**Sent:** Tuesday, September 3, 2024 8:50 AM  
**To:** Eric Hughes <[EricH@PetersonBC.Com](mailto:EricH@PetersonBC.Com)>  
**Subject:** RE: Master Plan subdivision (12 lots) BLV - Application Requirement - Processing Timelines

**External Email**

Good morning Eric,

We are still reviewing requirements for master subdivision applications.

We are meeting with our Legal Department in two weeks to discuss possible requirements in greater detail.

To date, we do not have final requirements for early Master Subdivision applications but are hoping to make some good progress after our meeting with the Legal Department.

My best guestimate for timelines is still approximately 7 ½ months processing time after final requirements have been finalized.

You can submit an application for the Master Subdivision, it just won't be circulated, and the processing time will not begin until we finalized requirements.

Have a great week!

Lina

**Lina Marinelli**

Supervisor, Subdivision Approvals

Direct: 604-294-7409

City of Burnaby | Planning & Development Department | Development and Urban Design Division

City Hall | 3<sup>rd</sup> Floor - 4949 Canada Way | Burnaby, BC V5G 1M2

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---

**From:** Eric Hughes <[EricH@PetersonBC.Com](mailto:EricH@PetersonBC.Com)>

**Sent:** Tuesday, August 27, 2024 7:40 PM

**To:** Marinelli, Lina <[Lina.Marinelli@burnaby.ca](mailto:Lina.Marinelli@burnaby.ca)>

**Subject:** FW: Master Plan subdivision (12 lots) BLV - Application Requirement - Processing Timelines

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Hi Lina,

Checking in if City legal / Planning / Subdivision have determined the requirements for master plan subdivision applications? Is the City accepting application now?

Is the City still anticipating a 6.5 to 7.5 months processing timeline for applications?

Thanks,

Eric Hughes

Vice President, Development



1701 - 1166 Alberni Street, Vancouver, BC, Canada V6E 3Z3

D 604 699 5265 | E [erich@petersonbc.com](mailto:erich@petersonbc.com) | T 604 688 4885 | F 604 688 3245 | [www.petersonbc.com](http://www.petersonbc.com)



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**APPENDIX "B"**  
**THE CASH FLOW FORECAST**



Sperling GP Ltd., Sperling Limited Partnership and 1112849 B.C. Ltd.  
 CCAA Cash Flow Forecast for the period to May 31, 2025 (CAD\$'000)

	Note	w/e Dec 8 Forecast	Dec 9-31 Forecast	Jan-25 Forecast	Feb-25 Forecast	Mar-25 Forecast	Apr-25 Forecast	May-25 Forecast	Total
<b>Receipts</b>									
Rental income	2	-	53	45	10	10	-	-	118
Bank interest	3	-	0	0	0	0	0	0	1
<b>Total Receipts</b>		-	54	45	10	10	0	0	119
<b>Disbursements</b>									
<b>Property Management Disbursements</b>									
Property management fees	4	-	4	4	4	4	4	4	21
Leasing commissions	5	-	10	8	0	0	-	-	18
Utilities	6	-	7	7	7	7	7	7	41
Repairs and maintenance	7	-	5	5	5	5	5	5	30
Security	8	-	45	22	22	22	22	22	155
<b>Total Property Management Disbursements</b>		-	71	45	37	37	37	37	265
<b>Development Disbursements</b>									
Property taxes	9	-	-	-	-	-	-	-	-
Building demolition permit	10	-	51	-	-	-	-	-	51
Sales center design	11	-	-	125	125	125	125	125	625
Project consultants	12	-	72	63	63	63	63	63	384
<b>Total Development Disbursements</b>		-	123	188	188	188	188	188	1,060
<b>CCAA Disbursements</b>									
RBC interest and agency fee	13	1,267	-	1,244	1,244	1,244	1,244	1,244	7,489
Professional fees	14	100	316	131	141	131	131	141	1,092
Interim financing fees and interest	15	-	-	-	-	-	-	964	964
<b>Total CCAA Disbursements</b>		1,367	316	1,376	1,386	1,376	1,376	2,350	9,545
<b>Total Disbursements</b>		1,367	509	1,608	1,611	1,601	1,600	2,574	10,871
<b>Net Cash Flow</b>		(1,367)	(456)	(1,563)	(1,601)	(1,591)	(1,600)	(2,574)	(10,752)
<b>Opening Cash Balance</b>									
Net cash flow	16	508	641	235	222	221	230	230	508
Interim financing (DIP loan draws)	15	(1,367)	(456)	(1,563)	(1,601)	(1,591)	(1,600)	(2,574)	(10,752)
<b>Closing Cash Flow</b>		1,500	50	1,550	1,600	1,600	1,600	2,500	10,400

This statement of projected cash-flow of Sperling GP Ltd., Sperling Limited Partnership and 1112849 B.C. Ltd. is prepared in accordance with Section 10(2)(a) of the Companies' Creditors Arrangement Act and should be read in conjunction with the Monitor's Conclusion on the Cash Flow Statement. Dated this 4th day of December, 2024.



Paul McIntyre, Director  
 Sperling GP Ltd. and 1112849 B.C. Ltd.

**Sperling GP Ltd., Sperling Limited Partnership and 1112849 B.C. Ltd. (collectively the “Debtors”)**  
**Cash Flow Forecast**  
**Notes and Summary of Assumptions**

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**Disclaimer**

The Cash Flow Forecast includes assumptions discussed below with respect to the requirements and impact of the Debtors’ proceedings under the *Companies’ Creditors Arrangement Act* (“CCAA”).

Since the Cash Flow Forecast is based on assumptions about future events and conditions that are not ascertainable, the actual results achieved during the Forecast Period (as defined below) will vary from the Cash Flow Forecast, even if the assumptions materialize, and such variations may be material. There is no representation, warranty, or other assurance that any of the estimates, forecasts or projections will be realized.

All amounts in the Cash Flow Forecast are in Canadian dollars (CAD) and expressed in thousands. All defined terms that are not otherwise defined herein are to have the same meaning ascribed to them in the First Report of the Monitor dated December 4, 2024.

**Note 1      Purpose of the Cash Flow Forecast**

The purpose of the Cash Flow Forecast is to present the estimated cash receipts and disbursements of the Debtors for the period from November 28, 2024 to May 31, 2025 (the “**Forecast Period**”). The Cash Flow Forecast has been prepared by the Debtors, in consultation with the Monitor. Readers are cautioned that this information may not be appropriate or relied upon for any other purpose.

**Note 2      Rental income**

Primarily consists of the rental income from London Drugs in respect of a storage facility (\$10,000 per month until March 31, 2025) and rental income from film production companies. Income beyond April 1, 2025 is uncertain at this time.

**Note 3      Bank interest**

Estimated at approximately \$100 per month based on current interest rates.

**Note 4      Property management fees**

\$3,500 per month payable to Peterson Commercial Property Management Inc. for property management services.

**Note 5      Leasing commissions**

Commissions paid to an external film liaison company, Location Fixer, for coordinating filming space rentals with film production companies (commission fee of 20% of income).

**Note 6      Utilities**

The projected monthly utility expenses are \$6,770.

**Note 7      Repairs and maintenance**

Repairs and maintenance costs in respect of the Real Property are estimated at \$5,000 per month.

**Note 8      Security**

Security personnel and camera monitoring services are provided by Fusion Security. The monthly costs are \$22,000.

**Note 9      Property taxes**

Assumes a 9.3% increase in property tax from last year's actual amount of \$1,830,000. Not due until June 2025.

**Note 10     Building demolition permit**

The application fee for the demolition permit in respect of the existing Saputo milk plant is estimated at \$51,000, payable to the City of Burnaby. Demolition of the plant is a requirement of the master plan rezoning and is required to occur within 12 months of receiving final adoption of the site-specific rezoning for Phase 1A (scheduled for Q2-2025).

**Note 11     Sales center design**

A sales centre is required to initiate meaningful sales activity for the Project. Costs for the design work are estimated at \$625,000 in the Forecast Period (\$125,000 per month for 5 months) and includes the redesign of structures, furniture, and interior design.

**Note 12     Project consultants**

Consulting fees for completing the Phase 1A site specific rezoning enactment, covering legal, architectural, surveying, and related expenses. Includes consulting fees and architectural costs to confirm additional density permitted under the City's height-based zoning framework.

**Note 13     RBC interest**

Interest expense and agency fee in respect of the RBC Loan Facilities.

**Note 14     Professional fees**

The forecast professional fees incurred prior to or projected during the CCAA proceedings, including the fees and disbursements for the Monitor, the Monitor's counsel, counsel to the Lenders and counsel to the DIP Lender.

**Note 15      Interim financing advance fees**

The DIP Lender has provided the Debtors with a DIP Financing Facility. Draws on the DIP Financing Facility of up to \$9,500,000 are projected to be required during the Forecast Period. Draws on the DIP Financing Facility are estimated based on the forecast net cash flows and liquidity needs of the Debtors. Interest accrues at 8% and is payable on maturity. The commitment fee equates to 3% of the initial advance and 3% of the remaining facility amount and is also payable on maturity.

**Note 16      Opening cash balance**

As of the filing date there was \$310,000 in the Debtors' development account and \$198,000 in the Debtors' property management account.

December 4, 2024

Deloitte Restructuring Inc. ("**Deloitte**")  
Court-appointed Monitor of Sperling GP Ltd., Sperling Limited Partnership and 1112849 B.C. Ltd.  
(Deloitte in such capacity, the "**Monitor**")  
1900-410 W Georgia St.,  
Vancouver, BC V6B 1Z3

Attn: Jeff Keeble, Senior Vice President

**Re: Proceedings under the *Companies' Creditors Arrangement Act* ("CCAA") of Sperling GP Ltd., Sperling Limited Partnership and 1112849 B.C. Ltd. (the "Debtors")**

**Responsibilities, obligations and disclosure with respect to the Cash Flow Forecast**

In connection with the proceedings commenced in respect of the Debtors under the CCAA, the management of the Debtors ("**Management**") has prepared the attached cash flow statement for the period from the November 28, 2024 to the May 31, 2025 (the "**Cash Flow Forecast**") and the assumptions on which the Cash Flow Forecast is based.

The undersigned, as authorized signatory on behalf of the Debtors confirms that:

1. The Cash Flow Forecast and the underlying assumptions are the responsibility of the Debtors.
2. All material information relevant to the Cash Flow Forecast and to the underlying assumptions has been made available to the Monitor.
3. Management has taken all actions that it considers necessary to ensure that:
  - a. The individual assumptions underlying the Cash Flow Forecast are appropriate in the circumstances;
  - b. The assumptions underlying the Cash Flow Forecast, taken as a whole, are appropriate in the circumstances; and
  - c. All relevant assumptions have been properly presented in the Cash Flow Forecast or in the notes accompanying the Cash Flow Forecast.
4. Management understands and agrees that the determination of what constitutes a material adverse change in the projected cash flow or financial circumstances, for the purpose of the Monitor's monitoring of the ongoing activities of the Debtors, is ultimately at the Monitor's sole discretion, notwithstanding that Management may disagree with such determination.
5. Management understands its duties and obligations under the CCAA and that a breach of these duties and obligations could make Management liable to fines and imprisonment in certain circumstances.

DATED at Vancouver, British Columbia on this 4<sup>th</sup> day of December, 2024.



---

**Name: Paul McIntyre**  
**Title: Director, Sperling GP Ltd. and 1112849 B.C. Ltd.**

## **APPENDIX C**

### **MONITOR'S CONCLUSIONS ON ITS REVIEW OF THE CASH FLOW FORECAST**

## PROPOSED MONITOR'S CONCLUSION ON THE CASH FLOW FORECAST

1. The Monitor's conclusions from its review of the Cash Flow Forecast, filed with the First Report, pursuant to section 23(1)(b) of the CCAA are as follows:
  - a) The Cash Flow Forecast, attached as **Appendix "B"**, has been prepared by the Debtors for the purpose described in the notes to the Cash Flow Forecast (the "**Notes**"), using the Probable and Hypothetical Assumptions set out in Notes 1 to 16.
  - b) The Monitor's review of the Cash Flow Forecast consisted of inquiries, analytical procedures and discussion related to information supplied to the Monitor by certain of the management of the Debtors and employees of the Property Manager. Since Hypothetical Assumptions need not be supported, the procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the Cash Flow Forecast. The Monitor has also reviewed the support provided by management of the Debtors and employees of the Property Manager, as applicable, for the Probable Assumptions, and the preparation and presentation of the Cash Flow Forecast.
  - c) Based on the Monitor's review, nothing has come to our attention that causes us to believe that, in all material respects:
    - i. the Hypothetical Assumptions are not consistent with the purpose of the Cash Flow Forecast;
    - ii. as at the date of this First Report, the Probable Assumptions developed by the Debtors are not suitably supported and consistent with the plans of the Debtors or do not provide a reasonable basis for the Cash Flow Forecast, given the Hypothetical Assumptions; or
    - iii. the Cash Flow Forecast does not reflect the Probable and Hypothetical Assumptions.
2. Since the Cash Flow Forecast is based on assumptions about future events, actual results will vary from information presented even if the Hypothetical Assumptions occur, and the variations may be material. Accordingly, the Monitor expresses no assurance as to whether the results shown in the Cash Flow Forecast will be achieved.
3. The Cash Flow Forecast has been prepared solely for the purpose described in the Notes, and readers are cautioned that it may not be appropriate for other purposes.
4. All terms used herein but not defined in this section of the First Report have the meanings ascribed to them in the *Canadian Association of Insolvency and Restructuring Professionals Standard of Professional Practice No. 9, Cash Flow Statement*.