

Deloitte.



Court File No. S-B-230561
Vancouver Registry
Estate Number 11-3014787

IN THE SUPREME COURT OF BRITISH COLUMBIA

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

FIRST REPORT TO COURT OF THE PROPOSAL TRUSTEE

DELOITTE RESTRUCTURING INC.

DECEMBER 20, 2023

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INTRODUCTION

- 1) This first report ("**First Report**") has been prepared by Deloitte Restructuring Inc. ("**Deloitte**") in its capacity as proposal trustee (the "**Proposal Trustee**") under the Notice of Intention to Make a Proposal ("**NOI**") filed by Anderson Square Holdings Ltd. (the "**Company**" or "**Anderson Square**") on November 27, 2023 (the "**Filing Date**") pursuant to Part III, Division I of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "**BIA**"). The proceedings in which the Proposal Trustee was appointed are referred to herein as the "**NOI Proceedings**".
- 2) As a result of filing the NOI, the Company was granted an automatic 30-day stay of proceedings to December 27, 2023 pursuant to Section 69(1) of the BIA (the "**Initial Stay**"). The Company is required to file a proposal within the Initial Stay or within any further extension of the Initial Stay as granted by the Supreme Court of British Columbia (the "**Court**").

PURPOSE

- 3) The purpose of this First Report is to provide information to this Honourable Court in respect of:
 - a) Certain background information related to the Company;
 - b) The activities of the Company and Proposal Trustee since the Filing Date;
 - c) The rationale for the proposed payment of certain pre-filing obligations of the Companies to critical vendors and outstanding wages to the employee;
 - d) An analysis of the Company's actual cash receipts and disbursements to December 17, 2023, compared to the cash flow forecast filed on December 7, 2023 (the "**December 7 Cash Flow Forecast**") that covered the period from November 27, 2023 to February 25, 2024 (the "**Initial Forecast Period**");
 - e) The Company's cash flow projection for the period from December 18, 2023 to February 25, 2024 (the "**December 18 Cash Flow Forecast**");
 - f) A preliminary analysis of the Company's assets and liabilities;
 - g) The Company's application to request an extension under the Initial Stay from December 27, 2023 to February 10, 2024 (the "**Stay Extension Request**"); and
 - h) The Proposal Trustee's recommendation regarding the application.

TERMS OF REFERENCE

- 4) In preparing this First Report, the Proposal Trustee has relied upon unaudited financial and other information supplied, and representations made to it, by certain senior management of the Company and its directors (collectively, "**Management**") and Clark Wilson LLP ("**Clark Wilson**"), the Company's legal counsel. Although this information has been reviewed, Deloitte has not conducted an audit nor otherwise attempted to verify the accuracy or completeness of any of the information prepared by Management or otherwise provided by the Company in a manner that would wholly or partially comply with Generally Accepted Assurance Standards pursuant to the *Chartered Professional Accountants Canada Handbook*. Accordingly, Deloitte expresses no opinion and does not provide any other form of assurance on the accuracy and/or

completeness of any information contained in, or otherwise used to prepare this First Report.

- 5) Certain of the information referred to in this First Report consists of financial forecasts and/or projections prepared by Management. An examination or review of financial forecasts and projections and procedures as outlined by the *Chartered Professional Accountants of Canada* has not been performed. Readers are cautioned that since financial forecasts and/or projections are based upon assumptions about future events and conditions that are not ascertainable, actual results will vary from those forecasts and/or projected and the variations could be significant.
- 6) All monetary amounts contained in this First Report are expressed in Canadian dollars and rounded up to the nearest thousand, unless otherwise indicated.
- 7) The First Report and other information in respect of the NOI Proceedings are posted on the Proposal Trustee's website at www.insolvencies.deloitte.ca/en-ca/pages/AndersonSquare.aspx (the "**Proposal Trustee's Website**").

BACKGROUND

- 8) Anderson Square was incorporated under the *Business Corporations Act of British Columbia* on December 31, 2003 and currently has two directors, Mr. Keung Sun Ho, and Mr. Jia An Liang (the "**Directors**").
- 9) The Company is a wholly owned subsidiary of Anderson Plaza Holdings Inc. ("**Anderson Plaza**"). The Proposal Trustee understands that Anderson Plaza is owned 70% by Mr. Liang and 30% by Mr. Ho who also act as directors of Anderson Plaza.
- 10) The Company is the developer of a real estate project in Richmond, British Columbia, originally known as "ALFA" and now "Prima", which is located at 6833 Buswell Street, Richmond, British Columbia and consists of 109 residential strata lots and ten (10) commercial strata lots (the "**Prima Project**"). The unsold units in the Prima Project include fifty (50) vacant residential lots, eight (8) rented residential lots, and two (2) vacant commercial lots (the "**Unsold Units**").
- 11) The Proposal Trustee understands that the Prima Project experienced delays and cost overruns as a result of various issues including a delayed building permit, replacement of the general contractor, infrastructure issues, change orders, delay claims, disputes, and lien claims. As a result, the Prima Project was not completed on schedule, the residential occupancy permit was not issued until September 2022, and the first purchasers did not move in until October 2022. The Prima Project was turned over to Strata Plan EPS7484 (the "**Strata Corporation**") on January 1, 2023.
- 12) The challenges with the Prima Project resulted in several lien claims being filed by the Potential Lien Claimants (as defined later in this First Report) and the Proposal Trustee understands that a sum of approximately \$5.4 million was paid into Court by the Company on December 15, 2020 (the "**Lien Funds**") pursuant to a Court order dated September 23, 2020 (the "**Lien Order**") in order to clear title for unit sales. The Proposal Trustee also understands that issues arose with certain pre-sale buyers which resulted in the Pre-Sale Litigation (as defined later in this First Report) which is currently being litigated. The Proposal Trustee understands that the sale of the units in the Prima Project have also been slower than anticipated due to rising interest rates and the larger size of some of the units, along with the higher end finishings, which make the units more expensive compared to the Company's competitors.

- 13) The Proposal Trustee understands that a number of lenders loaned money to Anderson Plaza for the development of the Prima Project and that those monies were subsequently sent to the Company. It is further understood that mortgages have been recently registered against the Unsold Units of the Prima Project in favour of Anderson Plaza as security for the funds advanced and that, on or about November 20, 2023, Anderson Plaza issued a demand against the Company for repayment of the loans totalling \$64.1 million (with interest and legal fees) as at November 15, 2023 (the "**Anderson Plaza Demand**"), along with a notice of intention to enforce security (the "**Anderson Plaza NOI**") if the loans were not repaid by November 30, 2023. A copy of the Anderson Plaza Demand and Anderson Plaza NOI are attached hereto as Appendix "**A**".
- 14) The Company did not have sufficient funds on hand to satisfy the Anderson Plaza Demand and the Proposal Trustee is advised that the Company initiated the NOI Proceedings to avoid a liquidation of the Unsold Units and to deal with the various claims against it in a more orderly manner through the NOI Proceedings.

ACTIVITIES OF THE COMPANY AND PROPOSAL TRUSTEE

- 15) Subsequent to filing the NOI, Management worked with the Proposal Trustee to prepare the initial notice to creditors (the "**Creditor Notice**") which is attached hereto as Appendix "**B**". The Creditor Notice was mailed to the known creditors on November 29, 2023, with a subsequent mailout done via e-mail to two creditors with updated mailing addresses on December 4, 2023.
- 16) Management worked with the Proposal Trustee to prepare the December 7 Cash Flow Forecast for the Initial Forecast Period using the probable and hypothetical assumptions set out in the notes to the December 7, 2023 Cash Flow Forecast. The December 7 Cash Flow Forecast was filed with the OSB on December 7, 2023 and a copy is attached hereto as Appendix "**C**".
- 17) The Proposal Trustee understands that the Company has been working closely with Clark Wilson to assist them before and during the NOI Proceedings and an outline of an initial draft proposal to be presented to the creditors (the "**Proposal**") has been provided to the Proposal Trustee.
- 18) The Proposal Trustee has requested and been provided with various financial and other information on the Company, toured the Prima Project, and has held several discussions with Management and Clark Wilson;
- 19) The Proposal Trustee has retained Norton Rose Fulbright Canada LLP ("**Norton Rose**") as its independent legal counsel and has held several discussions in regards to the NOI Proceedings and various information requests;
- 20) The Proposal Trustee has responded to creditor enquiries;
- 21) The Proposal Trustee has been monitoring the Company and tracking actual cash flow as against the December 7 Cash Flow Forecast;
- 22) The Proposal Trustee has set up the Proposal Trustee's Website and posted various documents to it related to the NOI Proceedings; and
- 23) Management worked with the Proposal Trustee to prepare the December 18 Cash Flow Forecast as further detailed later in this First Report.

DECEMBER 7 CASH FLOW FORECAST

- 24) The December 7 Cash Flow Forecast, together with Management's Report and the Proposal Trustee's Report on the Cash Flow Statement as required by subsection 50.4(2) of the BIA, are attached hereto as Appendix "C".
- 25) The December 7 Cash Flow Forecast includes an opening cash balance of approximately \$18.9 million and a closing balance of approximately \$44,000 as at February 25, 2024.
- 26) The more significant cash receipts projected during the Initial Forecast Period include the following:
 - a) \$700,000 of advances from Anderson Plaza to provide the estimated funds required to maintain the Company's operations in the normal course while it developed the Proposal; and
 - b) \$23,000 in receipts from the rental of eight (8) residential units owned by the Company that were required to be designated as affordable housing units (the "**Affordable Rental Units**") and rented pursuant to a Housing Agreement dated August 24, 2015 as between the Company and the City of Richmond (the "**Richmond Housing Agreement**") as part of the conditions of the Prima Project.
- 27) No proceeds from the sales of any units are included in the December 7 Cash Flow Forecast as only one (1) residential unit is currently under contract and it is not scheduled to close until March 2024.
- 28) The more significant cash disbursements and all of the pre-filing disbursements for amounts related to the period prior to the Initial Filing Date (the "**Pre-Filing Disbursements**") projected during the Initial Forecast Period include the following:
 - a) \$18.3 million payment from the Company to Anderson Plaza (the "**Anderson Plaza Transfer**") during the week ended December 3, 2023. The Anderson Plaza Transfer took place on November 28, 2023, a day after the Filing Date, and the Proposal Trustee understands, and the Company and Clark Wilson have confirmed, that it is being returned to the Company by Anderson Plaza, at the request of the Proposal Trustee, during the week ending December 24, 2023. This will allow the Proposal Trustee time to review and assess Anderson Plaza's potential secured claim over the funds. The Anderson Plaza Transfer is discussed in more detail later in this First Report;
 - b) \$115,000 in strata fees to the Strata Corporation for the Unsold Units. The total strata fees include \$39,000 in Pre-Filing Disbursements for strata fees for November 2023 which Management has included in order to maintain the Strata Corporation's operations and to avoid liens on the Unsold Units which may disrupt future sales;
 - c) \$112,000 in post-construction, deficiency claims, and related management fees required to complete all work on the Unsold Units and common areas, cleaning of Unsold Units, and to fix any deficiencies on sold units. These total costs include \$55,000 in Pre-Filing Disbursements which Management has indicated are required to ensure the remaining construction and deficiency work is not disrupted and sales of the Unsold Units can continue in the normal course;
 - d) \$63,000 in sales commissions for a third party sales and marketing firm who works closely with the Company's real estate agent and sales team and is paid a fixed fee on the sale of each unit. The total sales commission includes \$57,000 in Pre-Filing Disbursements relating to sales during 2023 which Management requires to be paid

in order to maintain the sales and marketing programs and support for the sale of the Unsold Units;

- e) \$65,000 in contingency costs for any unknown costs or overruns;
 - f) \$25,000 to two (2) contract sales personnel who run the sales centre in the Prima Project which includes \$8,000 in Pre-Filing Disbursements for November 2023. Management is of the view that the payment of all of the pre-filing contract payments is necessary in order to ensure the retention of the contractors and continued uninterrupted operations of the sales centre; and
 - g) \$12,000 in wages and benefits and approximately \$5,000 in related payroll source deduction payments to the one (1) employee of the Company who is paid on a monthly basis at the end of each month. The total wages, benefits and related payroll source deductions include \$6,000 in Pre-Filing Disbursements for November 2023 and Management is of the view that the payment of the pre-filing wages to the employee is justified and necessary in order to ensure the retention of the employee and the continued operations of the Company.
- 29) The Proposal Trustee is of the view that the inclusion of the Pre-Filing Disbursements in the December 7 Cash Flow are necessary in order to help ensure the continued operations of the Company in the normal course and to preserve and maximize the value of the Unsold Units. The Proposal Trustee is not aware of any potential significant arrears to creditors other than the amounts to be proven by the Potential Lien Claimants and Pre-Sale Litigants (both of which are defined later in this First Report).

COMPARISON OF DECEMBER 7 CASH FLOW FORECAST TO ACTUAL

- 30) The actual receipts and disbursements of the Company from November 27 to December 17, 2023 as compared to the December 7 Cash Flow Forecast are summarized in the following table.

Period	Forecast		Actual	Variance
	Week 1 to 3	Week 1 to 3	Week 1 to 3	Week 1 to 3
Date - beginning of period	11/27/2023	11/27/2023	11/27/2023	
Date - end of period	12/17/2023	12/17/2023	12/17/2023	
Opening available cash balance	\$ 18,871,668	\$ 18,871,668	\$ -	
Receipts				
Proceeds from unit sales	-	-	-	
Advances from shareholder	500,000	500,000	-	
Rental income	7,630	8,248	618	
Interest income	31,156	31,156	-	
Total Receipts	538,786	539,404	618	
Disbursements				
Wages	3,905	3,905	-	
Contract sales personnel	8,243	-	8,243	
Utilities on unsold units	2,400	-	2,400	
Insurance	-	-	-	
Office supplies	370	395	(25)	
CRA payroll source remittances	1,489	1,489	-	
CRA GST	-	-	-	
Sales commissions on unit sales	56,700	56,700	-	
Strata fees on unsold units	38,610	38,610	-	
Management fees (Valley West)	9,711	10,064	(354)	
Deficiency repairs	-	-	-	
Post construction costs	45,010	45,445	(435)	
Accounting fees	368	-	368	
Banking fees	22	24	(2)	
Repayment to shareholder	18,300,000	18,300,000	-	
Contingency	20,137	-	20,137	
Total Operating Disbursements	18,486,964	18,456,632	30,332	
Professional fees				
Trustee's fees and costs (incl. legal counsel)	-	-	-	
Company legal fees	250,722	250,249	473	
Professional fee retainers	350,000	300,000	50,000	
Total Professional Fees	600,722	550,249	50,473	
Total Disbursements	19,087,686	19,006,881	87,883	
Net cash flow	(18,548,900)	(18,467,477)	81,423	
Closing available cash balance	\$ 322,767	\$ 404,190	\$ 81,423	

- 31) The Company had a positive cash variance of approximately \$81,000 for the three (3) week period ended December 17, 2023, which was comprised mainly of the following amounts:
- \$8,000 positive timing difference for contract sales personnel costs as this amount will reverse in the week ending December 24, 2023;
 - \$20,000 positive timing difference for the 10% contingency as this amount will reverse when required in future periods; and
 - \$50,000 positive timing difference for professional fee retainers as this amount relates to Norton Rose and is expected to be paid and reverse in the week ending December 24, 2023.

DECEMBER 18 CASH FLOW FORECAST

- 32) Management worked with the Proposal Trustee to prepare the December 18 Cash Flow Forecast for the period from December 18, 2023 to February 25, 2024 (the "**Updated Forecast Period**") using the probable and hypothetical assumptions set out in the notes to the December 18 Cash Flow Forecast. The December 18 Cash Flow Forecast is summarized below and the detailed Updated Cash Flow Forecast is attached hereto as Appendix "D".

Period	Forecast	
	Total	
Date - beginning of period	12/18/2023	
Date - end of period	2/25/2024	
Opening available cash balance	\$	404,190
Receipts		
Proceeds from unit sales		-
Advances from shareholder		18,300,000
Rental income		15,259
Interest income		-
Total Receipts		18,315,259
Disbursements		
Wages		7,810
Contract sales personnel		24,728
Utilities on unsold units		4,801
Office supplies		1,000
CRA payroll source remittances		2,978
CRA GST		170,208
Strata fees on unsold units		77,220
Management fees (Valley West)		2,000
Deficiency repairs		141,595
Post construction costs		10,353
Accounting fees		736
Banking fees		50
Repayment to shareholder		-
Contingency		44,297
Total Operating Disbursements		487,776
Professional fees		
Trustee's fees and costs (incl. legal counsel)		175,000
Company legal fees		100,000
Professional fee retainers		50,000
Total Professional Fees		325,000
Total Disbursements		812,776
Net cash flow		17,502,483
Closing available cash balance	\$	17,906,674

33) The more significant updates to the receipts and disbursements in the December 18 Cash Flow Forecast, as compared to the December 7 Cash Flow Forecast, include the following:

- a) \$18.3 million in additional cash receipts representing the return of the Anderson Plaza Transfer from Anderson Plaza to the Company during the week ending December 24, 2023, as previously discussed in this First Report. With the expected return of the Anderson Plaza Transfer, the \$200,000 in advances from Anderson Plaza that were included in the December 7 Cash Flow Forecast during the week ending February 4, 2024 should no longer be required and have been reduced to nil;
- b) \$170,000 payment during the week ending December 24, 2023 for goods and services tax ("GST") for November 2023 related to the sales of units in November 2023. This payment was missed in the December 7 Cash Flow Forecast and is a payment in the normal course and would form a trust claim for the Canada Revenue Agency ("CRA") if not paid;
- c) \$67,000 for a payment during the week ending December 24, 2023 for deficiency claim related work completed in October and November 2023 which was missed in the December 7 Cash Flow Forecast; and

- d) \$50,000 retainer payment to Norton Rose during the week ending December 24, 2023 that represents the reversal and carry over of a timing difference from the December 7 Cash Flow Forecast.
- 34) Based on the Proposal Trustee's review of the December 18 Cash Flow Forecast and discussions with Management, there were no material assumptions which seemed unreasonable and the Company appears to have enough funds to cover the period for the Stay Extension Request. The Company's report and the Trustee's report on the December 18 Cash Flow Forecast is attached hereto as Appendix "D".

ASSETS OF THE COMPANY

- 35) Based on the information provided by Management, the Proposal Trustee understands that the Company's assets are comprised mainly of the Unsold Units in the Prima Project which include the following:
- a) Fifty (50) 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 ("**Re/Max**") for approximately \$53.0 million (before any decorating or other potential allowances and adjustments);
 - b) Eight (8) Affordable Rental Units that are currently under month-to-month leases pursuant to the Richmond Housing Agreement. The Proposal Trustee understands that, pursuant to the Richmond Housing Agreement, the Company may not, without the prior written consent of the City of Richmond, sell or transfer less than five (5) of the Affordable Rental Units to the same purchaser and the units must remain as Affordable Rental Units. The Proposal Trustee is obtaining information to determine the potential value of the Affordable Rental Units;
 - c) Two (2) unsold commercial units which are currently listed for sale for approximately \$4.6 million; and
 - d) Unsold and unallocated parking stalls, the details of which are in the process of being provided by the Company.
- 36) The Proposal Trustee understands that other assets of the Company include the following:
- a) Cash on hand of approximately \$404,000 as at December 17, 2023 which does not include the return of the Anderson Plaza Transfer of \$18.3 million which is expected during the week ending December 24, 2023 and would remain with the Company potentially subject to a secured claim being advanced by Anderson Plaza;
 - b) An accounts receivable for the pending unconditional sale of one (1) residential unit for net sale proceeds of approximately \$1.5 million which is scheduled to close in March 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 that were paid into Court pursuant to the Lien Order to have the various lien claims filed under the *Builder's Lien Act*, SBC 1997 c.45 (the "**BLA**") and any related certificates of pending litigation removed from the title of the

Prima Project by some or all of the following parties (the "**Potential Lien Claimants**"):

- i. ART Fire Protection Inc.
- ii. Atlas Scaffolding Ltd.
- iii. Emco Corporation
- iv. Fortis BC Energy Inc.
- v. Geotility Geothermal Installations Corp.
- vi. Lions Gate Water Treatment Ltd.
- vii. LMS Limited Partnership
- viii. Lower Mainland Forming Inc.
- ix. Luso Concrete (2007) Ltd.
- x. MJF General Contractors Inc.
- xi. Otezs Project Marketing Group Ltd.
- xii. RB Burns Enterprises Ltd. (dba Protec Installations Group).
- xiii. Scott Construction Inc.
- xiv. Sentrax Mechanical Contracting Ltd.
- xv. Strategic Concrete Solutions Ltd.

- 37) The Proposal Trustee is completing its review and analysis of the assets and is obtaining additional information on the estimated orderly liquidation value and forced sale values of the Unsold Units as part of its assessment of the Proposal and comparison of the returns to the creditors between the Proposal and a bankruptcy of the Company.

LIABILITIES OF THE COMPANY

- 38) Based on the preliminary information provided by Management, the Proposal Trustee understands that the Company's liabilities include the following:
- a) Approximately \$64.1 million owing to Anderson Plaza as of the Filing Date (the "**Anderson Plaza Funding**") which the Proposal Trustee understands relates to funds advanced to the Company from Anderson Plaza to fund the construction of the Prima Project;
 - b) Over \$9.0 million owing to the Potential Lien Claimants who may have rights to the Lien Funds and other amounts after their claims are proven as part of a future claims process to be run as part of the NOI Proceedings;
 - c) An unknown potential claim for the pending litigation against the Company and the Directors (the "**Pre-Sale Litigation**") by thirty-five (35) parties (the "**Pre-Sale Litigants**") relating to thirty-two (32) presale contracts entered into in 2015 and

2016 for units in the Prima Project (the "**Pre-Sale Contracts**"). The Proposal Trustee understands that the Company terminated the Pre-Sale Contracts in 2019 and returned the deposits with interest to the Pre-Sale Litigants and there are various matters being litigated as part of these transactions. The trial in the Pre-Sale Litigation commenced on November 27, 2023 and the Pre-Sale Litigants were successful in lifting the Initial Stay under the NOI Proceedings on November 29, 2023. The Proposal Trustee understands that the trial is scheduled to conclude on December 21, 2023 and judgement after trial is likely to be reserved; and

- d) The Proposal Trustee is not aware of any statutory claims owing to CRA or any other Government agencies.
- 39) The Proposal Trustee is gathering information from the Company and Clark Wilson in regards to the Anderson Plaza Funding and the Anderson Plaza Transfer in order to better understand the nature of the funding, the relationships between the parties involved, the nature of the agreements in place, the timing and amount of the funding and any repayments, the validity and scope of any security granted, and other aspects of the claim.
- 40) The Proposal Trustee is also gathering information from the Company and Clark Wilson regarding the Potential Lien Claimants and their claims, including related supporting documentation and the litigation commenced under the BLA. The Proposal Trustee will be working closely with Norton Rose on this review and analysis in order to assess all of the claims as against the Company and how the claims would be classified and treated in the Proposal. A formal claims process will be required to be undertaken as part of the NOI Proceedings in order to allow creditors to formally prove their claims, the approval of which will be sought from the Court at a future application.

COMPANY'S REQUEST FOR AN EXTENSION OF THE STAY OF PROCEEDINGS

- 41) The Company is seeking an extension of the Initial Stay from December 27, 2023 to February 10, 2024 to provide for additional time to:
 - a) Conclude the trial in the Pre-Sale Litigation and better determine the potential scope of damages, if any, that the Court may award against the Company and/or the Directors;
 - b) Provide further documents and information to the Proposal Trustee regarding the value of the Company's assets;
 - c) Provide further documents and information to the Proposal Trustee and Norton Rose regarding the Anderson Plaza Funding, the Anderson Plaza Transfer, the Potential Lien Claimants and any other creditors so these claims can be assessed and a future claims process put in place as part of the NOI Proceedings; and
 - d) Continue to work with the Proposal Trustee around the terms of the Proposal to be presented to its creditors.
- 42) The Proposal Trustee considered the following factors and has the following comments in regards to the Company's Stay Extension Request:
 - a) If the Company appears to be acting in good faith and with due diligence.

- i) The Company appears to be acting in good faith and with due diligence and is considering its options with respect to submitting a viable proposal to its creditors, while cooperating with the Proposal Trustee on certain issues, including in respect of the return of the Anderson Plaza Transfer and further information regarding the nature and validity of Anderson Plaza's potential secured claim.
 - b) If the Company will be able to make a viable proposal if the Initial Stay were to be extended
 - i) The Proposal Trustee understands that the Company is intending to make a proposal to its creditors that would exceed what they could expect to receive if the Company were to become bankrupt; and
 - c) If any creditors would be materially prejudiced if the Stay Extension Request was granted.
 - i) The Proposal Trustee is not aware of any creditors becoming materially prejudiced if the Stay Extension Request was granted.
- 43) Based on the above assessment and the circumstances currently facing the Company, the Proposal Trustee is supportive of the Stay Extension Request.

RECOMMENDATION

- 44) Based on the foregoing, the Proposal Trustee respectfully recommends that this Honourable Court make an order granting the Company's Stay Extension Request.

All of which is respectfully submitted to this Honourable Court this 20th day of December, 2023.

DELOITTE RESTRUCTURING INC.

In its capacity as Proposal Trustee of
Anderson Square Holdings Ltd.
and not in its personal or corporate capacity



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

Appendix A

Anderson Plaza Holdings Inc. Demand and Notice of Intention to Enforce Security

Jeremy D. West
Direct: 604-642-5684
jwest@watsongoepel.com

Paralegal: Michelle Busto
Direct: 604-609-3076
mbusto@watsongoepel.com

November 20, 2023

File No. 236363-0000

BY COURIER

Anderson Square Holdings Ltd.
Suite 500 – North Tower
5811 Cooney Road
Richmond, BC V6X 3M1

Dear Sirs/Mesdames:

Re: Loan Agreements (the “Loans”) in respect to advances made by Anderson Plaza Holdings Inc. (the “Lender”) and Anderson Square Holdings Ltd. (the “Borrower”)

Please be advised that we are the solicitors for the Lender and have received instructions with respect to the Loans.

You are currently in default of your obligations due and owing under the terms of the Loans.

Accordingly, we hereby make formal demand for payment as follows:

- | | |
|--|-----------------|
| 1. <u>Advance #1</u> | \$19,000,000.00 |
| a. \$1,400,000 advanced on May 6, 2016 | |
| b. \$3,100,000 advanced on June 3, 2016 | |
| c. \$1,900,000 advanced on June 3, 2016 | |
| d. \$3,800,000 advanced on June 9, 2016 | |
| e. \$2,600,000 advanced on June 10, 2016 | |
| f. \$1,200,000 advanced on July 12, 2016 | |
| g. \$1,000,000 advanced on August 8, 2017 | |
| h. \$3,000,000 advanced on November 22, 2017 | |
| i. \$500,000 advanced on May 7, 2018 | |
| j. \$500,000 advanced on June 29, 2018 | |

k. Interest due on Advance #1 at a rate of 6.50% as per spreadsheet attached and marked as Schedule B.	\$8,344,824.66
2. <u>Advance #2</u>	\$5,012,832.45
a. \$1,200,000 advanced on March 27, 2018	
b. \$1,512,832.45 advanced on March 29, 2018	
c. \$600,000 advanced on August 29, 2018	
d. \$700,000 advanced on September 28, 2018	
e. \$600,000 advanced on November 1, 2018	
f. \$400,000 advanced on November 30, 2018	
g. Interest due on Advance #2 at a rate of 6.50% as per spreadsheet attached and marked as Schedule B.	\$2,084,884.69
3. <u>Advance #3</u>	\$22,749,966.00
a. \$1,600,000 advanced on November 30, 2018	
b. \$1,000,000 advanced on December 24, 2018	
c. \$700,000 advanced on January 25, 2019	
d. \$1,400,000 advanced on February 20, 2019	
e. \$1,700,000 advanced on April 2, 2019	
f. \$1,200,000 advanced on April 25, 2019	
g. \$1,350,000 advanced on May 22, 2019	
h. \$1,200,000 advanced on June 24, 2019	
i. \$1,100,000 advanced on July 26, 2019	
j. \$500,000 advanced on September 13, 2019	
k. \$2,300,000 advanced on March 30, 2020	
l. \$3,293,678 advanced on May 29, 2020	
m. \$2,260,000 advanced on June 23, 2020	
n. \$1,800,000 advanced on July 28, 2020	

o.	\$346,288 advanced on July 30, 2020	
p.	\$1,000,000 advanced on December 9, 2022	
q.	Interest due on Advance #3 from November 30, 2018 – September 13, 2019 at a rate of 6.50% as per enclosed spreadsheet	\$3,529,437.67
r.	Interest due on Advance #3 from March 30, 2020 – December 9, 2022 at a rate of 9.50% as per spreadsheet attached and marked as Schedule B.	\$3,368,462.40
4.	Legal fees	\$2,500.00
	Total outstanding as at November 15, 2023	\$64,092,907.87

Our client requires payment of the above noted sum, together with *per diem* interest, by way of certified cheque, bank draft, or electronic funds transfer, made payable to Watson Goepel LLP, withing ten (10) days of receipt of this correspondence. If we are not in receipt of same within this time limit, we anticipate receiving instructions from the Lender to commence proceedings in the Supreme Court of British Columbia, without further notice.

We also enclose a Notice of Intention to Enforce Security, issued pursuant to s. 244(1) of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3. Upon expiry of this demand, our client shall be entitled to proceed to enforce against the secured assets.

Yours truly,

WATSON GOEPEL LLP

per:



Jeremy D. West*

*Law Corporation

JDW:mb

Enclosure: Spreadsheet
Notice of Intention to Enforce Security

**Notice of Intention to Enforce a Security
(Rule 124)**

To: Anderson Square Holdings Ltd., an insolvent corporation

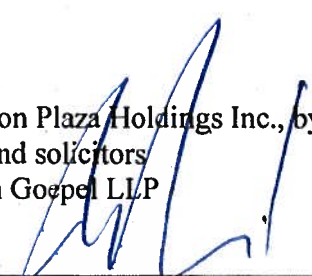
(the "Debtor")

Take notice that:

1. Anderson Plaza Holdings Inc., (the "Secured Creditor") intend to enforce their security on the Debtor's property described in Schedule "A" attached (the "Properties").
2. The security that is to be enforced is in the form of an equitable mortgage of the Properties and associated indemnities.
3. The total amount of indebtedness secured by the security is \$64,092,907.87 as of November 15, 2023.
4. The secured creditors will not have the right to enforce the security until after the expiry of the 10-day period after this notice is sent unless the insolvent persons consent to an earlier enforcement.

Dated at Vancouver, BC this 20th day of November, 2023.

Anderson Plaza Holdings Inc., by their
agent and solicitors
Watson Goepel LLP



Jeremy D. West
Solicitor and agent for the Secured
Creditor

Schedule "A"

1. PID: 031-826-458
2. PID: 031-826-466
3. PID: 031-826-601
4. PID: 031-826-610
5. PID: 031-826-628
6. PID: 031-826-636
7. PID: 031-826-644
8. PID: 031-826-652
9. PID: 031-826-687
10. PID: 031-826-741
11. PID: 031-826-750
12. PID: 031-826-768
13. PID: 031-826-776
14. PID: 031-826-784
15. PID: 031-826-792
16. PID: 031-826-822
17. PID: 031-826-903
18. PID: 031-826-911
19. PID: 031-826-954
20. PID: 031-826-997
21. PID: 031-827-004
22. PID: 031-827-012
23. PID: 031-827-021

Watson Goepel LLP

- 24. PID: 031-827-039
- 25. PID: 031-827-055
- 26. PID: 031-827-098
- 27. PID: 031-827-101
- 28. PID: 031-827-110
- 29. PID: 031-827-161
- 30. PID: 031-827-179
- 31. PID: 031-827-187
- 32. PID: 031-827-195
- 33. PID: 031-827-209
- 34. PID: 031-827-225
- 35. PID: 031-827-233
- 36. PID: 031-827-250
- 37. PID: 031-827-268
- 38. PID: 031-827-276
- 39. PID: 031-827-284
- 40. PID: 031-827-292
- 41. PID: 031-827-306
- 42. PID: 031-827-314
- 43. PID: 031-827-322
- 44. PID: 031-827-331
- 45. PID: 031-827-349
- 46. PID: 031-827-357
- 47. PID: 031-827-365
- 48. PID: 031-827-390

Watson Goepel LLP

- 49. PID: 031-827-403
- 50. PID: 031-827-411
- 51. PID: 031-827-420
- 52. PID: 031-827-438
- 53. PID: 031-827-454
- 54. PID: 031-824-462
- 55. PID: 031-827-471
- 56. PID: 031-827-489
- 57. PID: 031-827-497
- 58. PID: 031-827-501
- 59. PID: 031-827-527
- 60. PID: 031-827-535
- 61. PID: 031-827-543
- 62. PID: 031-827-578
- 63. PID: 031-827-594
- 64. PID: 031-827-608

Schedule "B"

Anderson Plaza Holdings Inc.

Date	No. of days in first year	Advance			Interest Estimation	2017	2018	2019	2020	2021	2022	2023 Jan-today
		#1	#2	#3								
5/6/2016	239	1,400,000.00			59,386.50							
6/3/2016	211	3,100,000.00			116,483.56							
6/3/2016	211	1,900,000.00			71,393.15							
6/9/2016	205	3,800,000.00			138,726.03							
6/10/2016	204	2,600,000.00			94,454.79							
7/12/2016	172	1,200,000.00			36,756.16							
		14,000,000.00			517,400.00	910,000.00	910,000.00	910,000.00	910,000.00	910,000.00	910,000.00	795,315.07
8/18/2017	135	1,000,000.00			24,041.10							
11/22/2017	39	3,000,000.00			20,835.62							
		4,000,000.00			44,876.71	260,000.00	260,000.00	260,000.00	260,000.00	260,000.00	260,000.00	227,232.88
3/27/2018	279		1,200,000.00			28,849.32						
3/29/2018	277		1,512,832.45			10,506.93						
5/7/2018	238	500,000.00			21,191.78							
6/29/2018	185	500,000.00 ASH A/C			16,472.60							
		1,000,000.00			77,020.63	65,000.00	65,000.00	65,000.00	65,000.00	65,000.00	65,000.00	56,808.22
8/29/2018	124		600,000.00			29,810.96						
9/28/2018	94		700,000.00			34,530.14						
11/7/2018	60		600,000.00			25,430.14						
11/30/2018	31		400,000.00			13,178.08						
			5,012,832.45			102,949.32	325,834.11	325,834.11	325,834.11	325,834.11	325,834.11	284,770.08
11/30/2018	31					8,832.88						
12/4/2018	7					1,246.58						
						10,079.45	169,000.00	169,000.00	169,000.00	169,000.00	169,000.00	147,701.37
1/25/2019	3340		700,000.00			42,383.56						
2/20/2019	314		1,400,000.00			78,284.93						
4/2/2019	273		1,700,000.00			82,647.95						
4/25/2019	250		1,200,000.00			53,424.66						
5/22/2019	223		1,350,000.00			53,611.64						
6/24/2019	190		1,200,000.00			40,602.74						
7/26/2019	158		1,100,000.00			30,950.68						
9/13/2019	109		500,000.00			9,702.48						
			9,150,000.00			391,611.64	594,750.00	594,750.00	594,750.00	594,750.00	594,750.00	519,795.21
3/5/2020	276		2,300,000.00			165,221.92						
5/29/2020	216		3,293,678.00			185,167.87						
6/23/2020	191		2,260,000.00			112,349.86						
7/28/2020	156		1,800,000.00			73,084.93						
7/5/2020	154		346,288.00			13,879.98						
			9,999,966.00			549,704.56	949,996.77	949,996.77	949,996.77	949,996.77	949,996.77	830,271.15
12/9/2022	21		1,000,000.00							5,465.75		88,493.15
			19,000,000.00				5,012,832.45	22,749,966.00				17,327,609.42

Note: Interest is 9.5% for this period

Total Interest as of Nov 15 2023

Total loan amount + interest as of Nov 15, 2023 \$ 64,090,407.87 CAD

Appendix B

Initial Notice to Creditors



November 29, 2023

To the Creditors of
Anderson Square Holdings Ltd.

Dear Sirs/Mesdames:

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

Please be advised that on November 27, 2023, Anderson Square Holdings Ltd. (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 “**Act**”), and Deloitte Restructuring Inc. has consented to act as the Licensed Insolvency Trustee (the “**Trustee**”) under the NOI.

We enclose for your records, the following information:

1. Company’s NOI;
2. List of known creditors, as per the Company’s records;
3. Consent to Act as Trustee; and
4. Certificate of Filing of a NOI.

As provided in section 69(1) of the *Act*, no creditor has any remedy against the Company or the Company’s property, or shall commence or continue any action, execution or other proceedings, for the recovery of a claim provable in bankruptcy (the “**Stay of Proceedings**”). During the Stay of Proceedings, the Company is required to complete the following:

1. Within ten days, file a statement of projected cash-flow with the Trustee; and
2. Within thirty days, file with the Trustee a Proposal under Part III, Division I of the *Act*, unless an extension is granted by the Court.

The Trustee is required to monitor the Company’s business and affairs during this period and report any material adverse changes to the Official Receiver’s office and/or the Court. Once a Proposal has been filed, the Trustee will provide you with a copy of the proposal, the report of the Trustee on the proposal, a proof of claim form, a voting letter, a proxy and a notice to creditors of the first meeting of creditors. If you disagree with the amounts listed in the attached list of creditors, you will have an opportunity to prove the amount owing to you when you file your proof of claim.

If you have any questions regarding the above, please contact Chris Knox at (780) 401-3913 or at cknox@deloitte.ca.

Yours truly,

Deloitte Restructuring Inc.

In its capacity as Trustee under the Notice of Intention
to Make a Proposal by Anderson Square Holdings Ltd.
and not in its personal capacity

A handwritten signature in blue ink, appearing to read "J. Keeble".

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

Enclosures

District of: British Columbia
Division No. 03 - Vancouver
Court No.
Estate No.

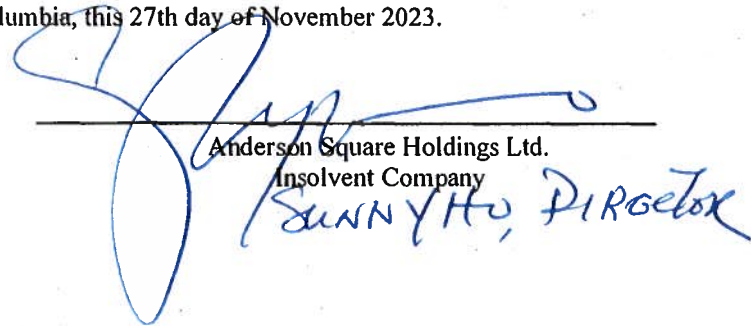
- FORM 33 -
Notice of Intention To Make a Proposal
(Subsection 50.4(1) of the Act)

In the Matter of the Proposal of
Anderson Square Holdings Ltd.
of the City of Richmond, in the Province of British
Columbia

Take notice that:

1. Anderson Square Holdings Ltd., an insolvent company, state, pursuant to subsection 50.4(1) of the Act, that they intend to make a proposal to their creditors.
2. Deloitte Restructuring Inc. of 410 West Georgia Street, Vancouver, BC V6B 0S7, a licensed trustee, has consented to act as trustee under the proposal. A copy of the consent is attached.
3. A list of the names of the known creditors with claims of \$250 or more and the amounts of their claims is also attached.
4. Pursuant to section 69 of the Act, all proceedings against the company are stayed as of the date of filing of this notice with the official receiver in their locality.

Dated at the City of Vancouver in the Province of British Columbia, this 27th day of November 2023.


Anderson Square Holdings Ltd.
Insolvent Company
SUNNY HO, Director

To be completed by Official Receiver:

Filing Date

Official Receiver

District of: British Columbia
 Division No. 03 - Vancouver
 Court No.
 Estate No.

- FORM 33 -
 Notice of Intention To Make a Proposal
 (Subsection 50.4(1) of the Act)

In the Matter of the Proposal of
 Anderson Square Holdings Ltd.
 of the City of Richmond, in the Province of British Columbia

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
A.R.T. Fire Protection Inc.	46424 Bedford Pky Chilliwack BC V2R 5N4		1.00
Allen McMillan Litigation Counsel - Presale Litigation	1625-1185 West Georgia Street Vancouver BC V6E 4E6		1.00
Anderson Plaza Holdings Inc.	Suite 500, North Tower, 5811 Cooney Road Richmond BC V6X 3M1		64,092,908.00
CRA - Tax - Pacific	Surrey National Verification and Collection Centre 9755 King George Blvd Surrey BC V3T 5E1		1.00
Emco Corporation	68 7th Ave. E Vancouver BC V5T 1M2		1.00
Fortis BC Energy Inc. - Natural Gas Collection Department	PO Box 6666, Station Terminal Vancouver BC V6B 6M9		1.00
Geotility Geothermal Installations Corp.	4320 Viking Way Unit 180 Richmond BC V6V 2L5		1.00
Lions Gate Water Treatment Ltd.	Unit 112, 18677-52 Ave Surrey BC V3S 8E5		1.00
LMS Limited Partnership	6320-148 Street Surrey BC V3S 3C4		1.00
Lower Mainland Forming Inc.	Unit 230, 522 Seventh Street New Westminster BC V3M 5T5		1.00
Miexia Zheng	410 West Georgia Street Vancouver BC V6B 0S7		1.00
MJF General Contractors Inc.	5039 Joyce Street Vancouver BC V5R 4G7		1.00
Otezs Project Marketing Group Ltd.	2105 W 38th Ave Vancouver BC V6M 1R8		1.00
R.B. Burns Enterprises Limited	410 West Georgia Street Vancouver BC V6B 0S7		1.00

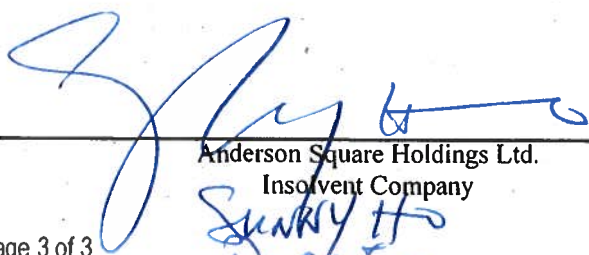
District of: British Columbia
Division No. 03 - Vancouver
Court No.
Estate No.

- FORM 33 -

Notice of Intention To Make a Proposal
(Subsection 50.4(1) of the Act)

In the Matter of the Proposal of
Anderson Square Holdings Ltd.
of the City of Richmond, in the Province of British Columbia

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
Scott Construction Ltd.	#1750, 3777 Kingsway Burnaby BC V5H 3Z7		1.00
Sentrax Mechanical Contracting Ltd.	#103, 19181-34A Ave Surrey BC V3Z 0Z7		1.00
Strategic Concrete Solutions Ltd.	9644-192 Street Surrey BC V4N 4C6		1.00
Total			64,092,924.00


Anderson Square Holdings Ltd.
Insolvent Company
SUNKY HO
DIRECTOR

- Proposal Consent -
In the Matter of the Proposal of
Anderson Square Holdings Ltd.
of the City of Richmond, in the Province of British
Columbia

To whom it may concern,

This is to advise that we hereby consent to act as trustee under the Bankruptcy and Insolvency Act for the proposal of Anderson Square Holdings Ltd..

Dated at the City of Vancouver in the Province of British Columbia, this 27th day of November 2023.

Deloitte Restructuring Inc. - Licensed Insolvency Trustee



410 West Georgia Street
Vancouver, BC V6B 0S7
Phone: (604) 669-4466 Fax: (604) 602-1583



Industry Canada
Office of the Superintendent
of Bankruptcy Canada

Industrie Canada
Bureau du surintendant
des faillites Canada

District of British Columbia
Division No. 03 - Vancouver
Court No. 11-3014787
Estate No. 11-3014787

In the Matter of the Notice of Intention to make a proposal of:

Anderson Square Holdings Ltd.

Insolvent Person

DELOITTE RESTRUCTURING INC/RESTRUCTURATION DELOITTE INC

Licensed Insolvency Trustee

Date of the Notice of Intention:

November 27, 2023

CERTIFICATE OF FILING OF A NOTICE OF INTENTION TO MAKE A PROPOSAL
Subsection 50.4 (1)

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that the aforementioned insolvent person filed a Notice of Intention to Make a Proposal under subsection 50.4 (1) of the Bankruptcy and Insolvency Act;

Pursuant to subsection 69. (1) of the Act, all proceedings against the aforementioned insolvent person are stayed as of the date of filing of the Notice of Intention.

Date: November 27, 2023, 18:28

E-File/Dépôt Electronique

Official Receiver

300 Georgia Street W, Suite 2000, Vancouver, British Columbia, Canada, V6B6E1, (877)376-9902

Canada

Appendix C

December 7, 2023 Cash Flow Forecast and Related Reports

Anderson Square Holdings Ltd.
 Projected Cash Flow Statement
 For the Period from November 27, 2023 to February 25, 2024
 All amounts in CAD
 Page 1 of 2

District of: Vancouver
 Division No.: 03-Vancouver
 Court No.: 11-3014787
 Estate No.: 11-3014787


Period		Forecast Week 1	Forecast Week 2	Forecast Week 3	Forecast Week 4	Forecast Week 5	Forecast Week 6	Forecast Week 7	Forecast Week 8	Forecast Week 9	Forecast Week 10	Forecast Week 11	Forecast Week 12	Forecast Week 13	Forecast Total
Date - beginning of period		11/27/2023	12/4/2023	12/11/2023	12/18/2023	12/25/2023	1/1/2024	1/8/2024	1/15/2024	1/22/2024	1/29/2024	2/5/2024	2/12/2024	2/19/2024	11/27/2023
Date - end of period	Notes	12/3/2023	12/10/2023	12/17/2023	12/24/2023	12/31/2023	1/7/2024	1/14/2024	1/21/2024	1/28/2024	2/4/2024	2/11/2024	2/18/2024	2/25/2024	2/25/2024
Opening available cash balance	1	\$ 18,871,668	\$ 386,643	\$ 372,767	\$ 322,767	\$ 322,767	\$ 81,823	\$ 89,453	\$ 89,453	\$ 89,453	\$ 89,453	\$ 43,787	\$ 43,787	\$ 43,787	\$ 18,871,668
Receipts															
Proceeds from unit sales	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Advances from shareholder	3	-	500,000	-	-	-	-	-	-	-	200,000	-	-	-	700,000
Rental income	4	-	7,630	-	-	-	7,630	-	-	-	7,630	-	-	-	22,889
Interest income		31,156	-	-	-	-	-	-	-	-	-	-	-	-	31,156
Total Receipts		31,156	507,630	-	-	-	7,630	-	-	-	207,630	-	-	-	754,045
Disbursements															
Wages	5	3,905	-	-	-	3,905	-	-	-	-	3,905	-	-	-	11,715
Contract sales personnel	6	-	8,243	-	-	8,243	-	-	-	-	8,243	-	-	-	24,728
Utilities on unsold units		-	2,400	-	-	2,400	-	-	-	-	2,400	-	-	-	7,201
Insurance		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Office supplies		-	370	-	-	500	-	-	-	-	500	-	-	-	1,370
CRA payroll source remittances	5	-	1,489	-	-	1,489	-	-	-	-	1,489	-	-	-	4,467
CRA GST	7	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sales commissions on unit sales	8	-	56,700	-	-	-	-	-	-	-	6,229	-	-	-	62,929
Strata fees on unsold units		-	38,610	-	-	38,610	-	-	-	-	38,610	-	-	-	115,831
Management fees (Valley West)	9	-	9,711	-	-	1,000	-	-	-	-	1,000	-	-	-	11,711
Deficiency repairs	9	-	-	-	-	35,000	-	-	-	-	15,000	-	-	-	50,000
Post construction costs	9	12,255	32,755	-	-	2,500	-	-	-	-	2,500	-	-	-	50,010
Accounting fees		-	368	-	-	368	-	-	-	-	368	-	-	-	1,104
Banking fees		22	-	-	-	25	-	-	-	-	25	-	-	-	72
Repayment to shareholder	3	18,300,000	-	-	-	-	-	-	-	-	-	-	-	-	18,300,000
Contingency	10	-	20,137	-	-	21,904	-	-	-	-	23,027	-	-	-	65,068
Total Operating Disbursements		18,316,181	170,783	-	-	115,944	-	-	-	-	103,296	-	-	-	18,706,204
Professional fees															
Trustee's fees and costs (incl. legal counsel)	11	-	-	-	-	75,000	-	-	-	-	100,000	-	-	-	175,000
Company legal fees	12	200,000	50,722	-	-	50,000	-	-	-	-	50,000	-	-	-	350,722
Professional fee retainers	13	-	300,000	50,000	-	-	-	-	-	-	-	-	-	-	350,000
Total Professional Fees		200,000	350,722	50,000	-	125,000	-	-	-	-	150,000	-	-	-	875,722
Total Disbursements		18,516,181	521,505	50,000	-	240,944	-	-	-	-	253,296	-	-	-	19,581,926
Net cash flow		(18,485,025)	(13,875)	(50,000)	-	(240,944)	7,630	-	-	-	(45,666)	-	-	-	(18,827,881)
Closing available cash balance		\$ 386,643	\$ 372,767	\$ 322,767	\$ 322,767	\$ 81,823	\$ 89,453	\$ 89,453	\$ 89,453	\$ 89,453	\$ 43,787	\$ 43,787	\$ 43,787	\$ 43,787	\$ 43,787

This cash flow forecast is prepared in accordance with Subsection 50.4(2) of the Bankruptcy and Insolvency Act and should be read in conjunction with the Trustee's Report on Cash-Flow

Dated this date 7th day of December, 2023

DELOITTE RESTRUCTURING INC.

In its capacity as Licensed Insolvency Trustee
 In the Matter of the Notice of Intention to Make a Proposal of
 Anderson Square Holdings Ltd.
 and not in its personal capacity

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

Per: 
 Jia An Liang
 Director

Background and Assumptions:

This cash flow forecast (the "Cash Flow") has been prepared by management of Anderson Square Holdings Ltd. ("ASH" or the "Company") pursuant to the Notice of Intention to Make a Proposal (the "NOI") filed by the Company on November 27, 2023 pursuant to section 50.4 of the *Bankruptcy and Insolvency Act* (the "Act"). Deloitte Restructuring Inc. has consented to act as the Licensed Insolvency Trustee (the "Trustee") under the NOI. The Cash Flow includes the probable and hypothetical assumptions of management as set out in the below notes and the Trustee expresses no opinion and does not provide any other form of assurance on the accuracy and/or completeness of the Cash Flow. Readers are cautioned that since financial forecasts and/or projections are based upon assumptions about future events and conditions that are not ascertainable, actual results will vary from those forecasts and/or projected and the variations could be significant.

Notes to Cash Flow:

- 1 The opening cash is based on the cash balances in the Company's bank accounts as of November 27, 2023.
- 2 The Company's assets consist mainly of 50 unsold residential units, 8 residential rental units and 2 unsold commercial units in a 15 story high-rise building that it developed and built in Richmond, British Columbia. The unsold units are all listed for sale and one residential unit is under contract and is scheduled to close in March 2024. It has been assumed that no units close during the Cash Flow period.
- 3 The Company is wholly owned by Anderson Plaza Holdings Inc. ("APH") who has committed to fund any cash flow shortfalls during the Cash Flow period and is assumed to inject \$500,000 of funds on an unsecured basis during week 2 and \$200,000 during week 10. The Trustee has been advised that APH has loaned the Company approximately \$64 million (including accrued interest) to fund the construction of the development and issued a demand to the Company for the repayment of the loan on November 20, 2023. The Trustee has been advised that the timing of the repayments from the Company to APH were often irregular as the signing of the cheques requires the signatures of the Company's two directors and it often takes some time to coordinate schedules. In this instance, the Trustee has been advised that one director had signed the cheque in early October 2023 and was waiting for the other director to be in Vancouver to sign, which didn't take place until November 29, 2023. The Trustee has been further advised that this amount was for a periodic repayment of outstanding debt and interest owing to APH from the sale of units. The Trustee has requested further details on this payment, the status of the funds, and the nature and history of the loan and any related repayments.
- 4 The Company rents out eight of the residential units on a month-to-month basis to individuals eligible under the low income housing program.
- 5 The Company has one full-time employee who is paid once per month along with the Canada Revenue Agency for the related payroll source deductions.
- 6 The Company has contracts with two sales people who run the sales office on-site and are paid once per month.
- 7 GST on receipts and payments have not been included in the Cash Flow.
- 8 Sales commissions include a fixed fee per unit paid to a third party sales and marketing firm who works with the real estate agent. This payment represents the amounts due from the sale of units during 2023.
- 9 The Company is still incurring costs for post-construction work and deficiency claims and is paying these in the normal course.
- 10 A contingency of 10% has been added for any disbursements and professional fees starting in week 2.
- 11 Trustee's fees and costs include the estimated fees of the Trustee's independent legal counsel.
- 12 The Company has ongoing litigation which is not subject to the NOI stay of proceedings and is being handled by the Company's legal counsel.
- 13 Retainers include \$50,000 for the Trustee, \$50,000 for the Trustee's legal counsel, and \$250,000 for the Company's legal counsel to fund the ongoing litigation that is not subject to the stay of proceedings.

District of: British Columbia
Division No. 03 - Vancouver
Court No. 11-3014787
Estate No. 11-3014787

- FORM 30 -
Report on Cash-Flow Statement by the Person Making the Proposal
(Paragraphs 50(6)(c) and 50.4(2)(c) of the Act)

In the Matter of the Proposal of
Anderson Square Holdings Ltd.
of the City of Richmond, in the Province of British Columbia

I, Anderson Square Holdings Ltd., have developed the assumptions and prepared the attached statement of projected cash flow of the insolvent person, as of the 7th day of December, 2023 which covers the period from November 27, 2023 to February 25, 2024.

The hypothetical assumptions are reasonable and consistent with the purpose of the projection described in the notes attached, and the probable assumptions are suitably supported and consistent with the plans of the insolvent person and provide a reasonable basis for the projection. All such assumptions are disclosed in the notes attached.

Since the projection is based on assumptions regarding future events, actual results will vary from the information presented, and the variations may be material.

The projection has been prepared solely for the purpose described in the notes attached, using a set of hypothetical and probable assumptions set out in the notes attached. Consequently, readers are cautioned that it may not be appropriate for other purposes.

Dated at the City of Vancouver in the Province of British Columbia, this 7th day of December 2023.



Anderson Square Holdings Ltd.
Debtor

Jia An Liang, Director

Name and title of signing officer

Name and title of signing officer

District of: British Columbia
Division No. 03 - Vancouver
Court No. 11-3014787
Estate No. 11-3014787

-- FORM 29 --
Trustee's Report on Cash-Flow Statement
(Paragraphs 50(6)(b) and 50.4(2)(b) of the Act)

In the Matter of the Proposal of
Anderson Square Holdings Ltd.
of the City of Richmond, in the Province of British Columbia

The attached statement of projected cash flow of Anderson Square Holdings Ltd., as of the 7th day of December 2023, consisting of weekly projections for the period of November 27, 2023 to February 25, 2024, has been prepared by the management of the insolvent person (or the insolvent debtor) for the purpose described in the notes attached, using the probable and hypothetical assumptions set out in the notes attached.

Our review consisted of inquiries, analytical procedures and discussion related to information supplied to us by: the management and employees of the insolvent person or the insolvent person. Since hypothetical assumptions need not be supported, our procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the projection. We have also reviewed the support provided by: management or the insolvent person for the probable assumptions and preparation and presentation of the projection.

Based on our review, nothing has come to our attention that causes us to believe that, in all material respects,

- (a) the hypothetical assumptions are not consistent with the purpose of the projection;
- (b) as at the date of this report, the probable assumptions developed are not suitably supported and consistent with the plans of the insolvent person or do not provide a reasonable basis for the projection, given the hypothetical assumptions; or
- (c) the projection does not reflect the probable and hypothetical assumptions.

Since the projection 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, we express no assurance as to whether the projection will be achieved.

The projection has been prepared solely for the purpose described in the notes attached, and readers are cautioned that it may not be appropriate for other purposes.

Dated at the City of Vancouver in the Province of British Columbia, this 7th day of December 2023.

Deloitte Restructuring Inc. - Licensed Insolvency Trustee



Level 19 - 410 West Georgia Street
Vancouver BC V6B 0S7
Phone: (604) 669-4466 Fax: (604) 602-1583

District of: British Columbia
Division No. 03 - Vancouver
Court No. 11-3014787
Estate No. 11-3014787

FORM 29 - Attachment
Trustee's Report on Cash-flow Statement
(Paragraphs 50(6)(b) and 50.4(2)(b) of the Act)

In the Matter of the Proposal of
Anderson Square Holdings Ltd.
of the City of Richmond, in the Province of British Columbia

Purpose:

Cash Flow statement is being prepared solely to comply with subsections 50.4(2) of the Bankruptcy and Insolvency Act

Projection Notes:

See Cash Flow attachment

Assumptions:

See Cash Flow attachment

Dated at the City of Vancouver in the Province of British Columbia, this 7th day of December 2023.

Deloitte Restructuring Inc. - Licensed Insolvency Trustee



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Vancouver BC V6B 0S7
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Appendix D

December 19, 2023 Cash Flow Forecast and Related Reports

Anderson Square Holdings Ltd.
 Projected Cash Flow Statement
 For the Period from December 18, 2023 to February 25, 2024
 All amounts in CAD
 Page 1 of 2

District of: Vancouver
 Division No.: 03-Vancouver
 Court No.: S-B-230561
 Estate No.: 11-3014787

Period	Notes	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	
		Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	Week 9	Week 10	Total
Date - beginning of period		12/18/2023	12/25/2023	1/1/2024	1/8/2024	1/15/2024	1/22/2024	1/29/2024	2/5/2024	2/12/2024	2/19/2024	12/18/2023
Date - end of period		12/24/2023	12/31/2023	1/7/2024	1/14/2024	1/21/2024	1/28/2024	2/4/2024	2/11/2024	2/18/2024	2/25/2024	2/25/2024
Opening available cash balance	1	\$ 404,190	\$ 18,378,684	\$ 18,159,859	\$ 18,167,488	\$ 18,167,488	\$ 18,167,488	\$ 18,167,488	\$ 17,906,674	\$ 17,906,674	\$ 17,906,674	\$ 404,190
Receipts												
Proceeds from unit sales	2	-	-	-	-	-	-	-	-	-	-	-
Advances from shareholder	3	18,300,000	-	-	-	-	-	-	-	-	-	18,300,000
Rental income	4	-	-	7,630	-	-	-	7,630	-	-	-	15,259
Interest income		-	-	-	-	-	-	-	-	-	-	-
Total Receipts		18,300,000	-	7,630	-	-	-	7,630	-	-	-	18,315,259
Disbursements												
Wages	5	-	3,905	-	-	-	-	3,905	-	-	-	7,810
Contract sales personnel	6	8,243	8,243	-	-	-	-	8,243	-	-	-	24,728
Utilities on unsold units		-	2,400	-	-	-	-	2,400	-	-	-	4,801
Office supplies		-	500	-	-	-	-	500	-	-	-	1,000
CRA payroll source remittances	5	-	1,489	-	-	-	-	1,489	-	-	-	2,978
CRA GST	7	170,208	-	-	-	-	-	-	-	-	-	170,208
Strata fees on unsold units		-	38,610	-	-	-	-	38,610	-	-	-	77,220
Management fees (Valley West)	9	-	1,000	-	-	-	-	1,000	-	-	-	2,000
Deficiency repairs	9	66,595	40,000	-	-	-	-	35,000	-	-	-	141,595
Post construction costs	9	5,353	2,500	-	-	-	-	2,500	-	-	-	10,353
Accounting fees		-	368	-	-	-	-	368	-	-	-	736
Banking fees		-	25	-	-	-	-	25	-	-	-	50
Repayment to shareholder	3	-	-	-	-	-	-	-	-	-	-	-
Contingency	10	-	19,893	-	-	-	-	24,404	-	-	-	44,297
Total Operating Disbursements		250,398	118,933	-	-	-	-	118,444	-	-	-	487,776
Professional fees												
Trustee's fees and costs (incl. legal counsel)	11	25,108	49,892	-	-	-	-	100,000	-	-	-	175,000
Company legal fees	12	-	50,000	-	-	-	-	50,000	-	-	-	100,000
Professional fee retainers	13	50,000	-	-	-	-	-	-	-	-	-	50,000
Total Professional Fees		75,108	99,892	-	-	-	-	150,000	-	-	-	325,000
Total Disbursements		325,507	218,825	-	-	-	-	268,444	-	-	-	812,776
Net cash flow		17,974,493	(218,825)	7,630	-	-	-	(260,815)	-	-	-	17,502,483
Closing available cash balance		\$ 18,378,684	\$ 18,159,859	\$ 18,167,488	\$ 18,167,488	\$ 18,167,488	\$ 18,167,488	\$ 17,906,674	\$ 17,906,674	\$ 17,906,674	\$ 17,906,674	\$ 17,906,674

This cash flow forecast is prepared in accordance with Subsection 50.4(2) of the Bankruptcy and Insolvency Act and should be read in conjunction with the Trustee's Report on Cash-Flow Statement.

Dated this date 19th day of December, 2023

DELOITTE RESTRUCTURING INC.

In its capacity as Licensed Insolvency Trustee
 In the Matter of the Notice of Intention to Make a Proposal of
 Anderson Square Holdings Ltd.
 and not in its personal capacity

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

Per: 
 Jia An Liang
 Director

Background and Assumptions:

This cash flow forecast (the "Cash Flow") has been prepared by management of Anderson Square Holdings Ltd. ("ASH" or the "Company") pursuant to the Notice of Intention to Make a Proposal (the "NOI") filed by the Company on November 27, 2023 pursuant to section 50.4 of the Bankruptcy and Insolvency Act (the "Act"). Deloitte Restructuring Inc. has consented to act as the Licensed Insolvency Proposal Trustee (the "Proposal Trustee") under the NOI. The Cash Flow includes the probable and hypothetical assumptions of management as set out in the below notes and the Proposal Trustee expresses no opinion and does not provide any other form of assurance on the accuracy and/or completeness of the Cash Flow. Readers are cautioned that since financial forecasts and/or projections are based upon assumptions about future events and conditions that are not ascertainable, actual results will vary from those forecasts and/or projected and the variations could be significant.

Notes to Cash Flow:

- 1 The opening cash is based on the cash balances in the Company's bank accounts as of December 18, 2023.
- 2 The Company's assets consist mainly of 50 unsold residential units, 8 residential rental units and 2 unsold commercial units in a 15 story high-rise building that it developed and built in Richmond, British Columbia. The unsold units are all listed for sale and one residential unit is under contract and is scheduled to close in March 2024. It has been assumed that no units close during the Cash Flow period.
- 3 The Company is wholly owned by Anderson Plaza Holdings Inc. ("Anderson Plaza") and the Proposal Trustee has been advised that Anderson Plaza loaned the Company approximately \$64.1 million (including accrued interest) to fund the construction of the Prima Project (the "Anderson Plaza Funding") and issued a demand to the Company for the repayment of the funds on November 20, 2023. Anderson Plaza also registered mortgage security against the unsold units in the development on November 28, 2023. The Company made a repayment of \$18.3 million to Anderson Plaza on November 28, 2023 (the "Anderson Plaza Transfer") and Anderson Plaza, at the request of the Proposal Trustee, has committed to return the Anderson Plaza Transfer amount to the Company during the week ending December 24, 2023. This will allow the Proposal Trustee time to review and assess Anderson Plaza's potential secured claim over the funds.
- 4 The Company rents out eight of the residential units on a month-to-month basis as affordable housing units pursuant to a Housing Agreement dated August 25, 2015 as between the Company and the City of Richmond as part of the conditions of the development approval.
- 5 The Company has one full-time employee who is paid once per month along with the Canada Revenue Agency for the related payroll source deductions.
- 6 The Company has contracts with two sales people who run the sales office on-site and are paid once per month.
- 7 The GST payment of approximately \$170,000 relates to the sales of units that closed in November 2023. No GST amounts have been included on any disbursements.
- 8 Sales commissions include a fixed fee per unit paid to a third party sales and marketing firm who works with the real estate agent. The payment represents the amounts due from the sale of units during 2023.
- 9 The Company is still incurring costs for post-construction work and deficiency claims and related management fees and is paying these in the normal course.
- 10 A contingency of 10% has been added for any disbursements and professional fees starting in week 2.
- 11 Proposal Trustee's fees and costs include the estimated fees of the Proposal Trustee's independent legal counsel.
- 12 The Company has ongoing litigation which is not subject to the NOI stay of proceedings and is being handled by the Company's legal counsel.
- 13 The retainer includes \$50,000 for the Proposal Trustee's legal counsel. A retainer of \$50,000 has been previously paid to the Proposal Trustee and a retainer of \$250,000 has been previously paid to the Company's legal counsel to fund the ongoing litigation that is not subject to the stay of proceedings.

District of: British Columbia
Division No. 03 - Vancouver
Court No. S-B-230561
Estate No. 11-3014787

- FORM 30 -

Report on Cash-Flow Statement by the Person Making the Proposal
(Paragraphs 50(6)(c) and 50.4(2)(c) of the Act)

In the Matter of the Proposal of
Anderson Square Holdings Ltd.
of the City of Richmond, in the Province of British Columbia

I, Anderson Square Holdings Ltd., have developed the assumptions and prepared the attached statement of projected cash flow of the insolvent person, as of the 18th day of December, 2023 which covers the period from December 18, 2023 to February 25, 2024.

The hypothetical assumptions are reasonable and consistent with the purpose of the projection described in the notes attached, and the probable assumptions are suitably supported and consistent with the plans of the insolvent person and provide a reasonable basis for the projection. All such assumptions are disclosed in the notes attached.

Since the projection is based on assumptions regarding future events, actual results will vary from the information presented, and the variations may be material.

The projection has been prepared solely for the purpose described in the notes attached, using a set of hypothetical and probable assumptions set out in the notes attached. Consequently, readers are cautioned that it may not be appropriate for other purposes.

Dated at the City of Vancouver in the Province of British Columbia, this 20th day of December 2023.


Anderson Square Holdings Ltd.
Debtor

Jia An Liang, Director

Name and title of signing officer

Name and title of signing officer

District of: British Columbia
Division No. 03 - Vancouver
Court No. S-B-230561
Estate No. 11-3014787

-- FORM 29 --

Trustee's Report on Cash-Flow Statement
(Paragraphs 50(6)(b) and 50.4(2)(b) of the Act)

In the Matter of the Proposal of
Anderson Square Holdings Ltd.
of the City of Richmond, in the Province of British Columbia

The attached statement of projected cash flow of Anderson Square Holdings Ltd., as of the 18th day of December 2023, consisting of weekly projections for the period of December 18, 2023 to February 25, 2024, has been prepared by the management of the insolvent person (or the insolvent debtor) for the purpose described in the notes attached, using the probable and hypothetical assumptions set out in the notes attached.

Our review consisted of inquiries, analytical procedures and discussion related to information supplied to us by: the management and employees of the insolvent person or the insolvent person. Since hypothetical assumptions need not be supported, our procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the projection. We have also reviewed the support provided by: management or the insolvent person for the probable assumptions and preparation and presentation of the projection.

Based on our review, nothing has come to our attention that causes us to believe that, in all material respects,

- (a) the hypothetical assumptions are not consistent with the purpose of the projection;
- (b) as at the date of this report, the probable assumptions developed are not suitably supported and consistent with the plans of the insolvent person or do not provide a reasonable basis for the projection, given the hypothetical assumptions; or
- (c) the projection does not reflect the probable and hypothetical assumptions.

Since the projection 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, we express no assurance as to whether the projection will be achieved.

The projection has been prepared solely for the purpose described in the notes attached, and readers are cautioned that it may not be appropriate for other purposes.

Dated at the City of Vancouver in the Province of British Columbia, this 20th day of December 2023.

Deloitte Restructuring Inc. - Licensed Insolvency Trustee



Level 19 - 410 West Georgia Street
Vancouver BC V6B 0S7
Phone: (604) 669-4466 Fax: (604) 602-1583

District of: British Columbia
Division No. 03 - Vancouver
Court No. S-B-230561
Estate No. 11-3014787

FORM 29 - Attachment
Trustee's Report on Cash-flow Statement
(Paragraphs 50(6)(b) and 50.4(2)(b) of the Act)

In the Matter of the Proposal of
Anderson Square Holdings Ltd.
of the City of Richmond, in the Province of British Columbia

Purpose:

Cash Flow statement is being prepared solely to comply with subsections 50.4(2) of the Bankruptcy and Insolvency Act

Projection Notes:

See Cash Flow attachment

Assumptions:

See Cash Flow attachment

Dated at the City of Vancouver in the Province of British Columbia, this 20th day of December 2023.

Deloitte Restructuring Inc. - Licensed Insolvency Trustee



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