



No. S-245481
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

AND

IN THE MATTER OF THE *COOPERATIVE ASSOCIATION ACT*, S.B.C. 1999, C 28

AND

IN THE MATTER OF BC TREE FRUITS COOPERATIVE, BC TREE FRUITS INDUSTRIES
LIMITED AND GROWERS SUPPLY COMPANY LIMITED

PETITIONERS

NINTH REPORT OF THE MONITOR

ALVAREZ & MARSAL CANADA INC.

JANUARY 29, 2025

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1.0 INTRODUCTION

- 1.1 On August 13, 2024, in Supreme Court of British Columbia Action No. S-245481, Vancouver Registry (the “**CCAA Proceedings**”), the Supreme Court of British Columbia (the “**Court**”) granted BC Tree Fruits Cooperative (“**BCTFC**”), BC Tree Fruits Industries Limited (“**BCTF Industries**”) and Growers Supply Company Limited (“**GSC**”, together with BCTFC and BCTF Industries, the “**BCTF Group**” or the “**Petitioners**”) an initial order (“**Initial Order**”) under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended. Among other things, the Initial Order granted the BCTF Group an initial stay of proceedings up to and including August 23, 2024 (the “**Stay Period**”) and appointed Alvarez & Marsal Canada Inc. (“**A&M**”) as the monitor of the BCTF Group (the “**Monitor**”) with enhanced powers.
- 1.2 On August 23, 2024, the Court granted an order extending the Stay Period to August 26, 2024.
- 1.3 On August 26, 2024, the Court granted the following orders:
- a) an amended and restated initial order (the “**ARIO**”), which amends and restates the Initial Order to, among other things:
 - i. extend the Stay Period through to November 3, 2024;
 - ii. authorize the Monitor to sell the BCTF Group’s bulk bins without requirement for any further orders of the Court, irrespective of the total proceeds of such sales;
 - iii. declare that terminated employees of the BCTF Group meet the criteria established by section 3.2 of the *Wage Earner Protection Program Regulations*, SOR/2008-222;
 - iv. increase the Administration Charge, as defined in the Initial Order, from \$250,000 to \$500,000; and
 - v. increase the amount the Petitioners are authorized to borrow under a credit facility from the Interim Lender, Canadian Imperial Bank of Commerce (“**CIBC**”) and the corresponding Interim Lender’s Charge, as defined in the ARIO, from \$1.165 million to \$4.05 million;
 - b) an order: (i) approving a sales and investment solicitation process in respect of certain assets of BCTFC (the “**BCTF SISP**”); (ii) approving a sales and investment solicitation process in respect of the assets of GSC and certain real property of BCTFC (together with the BCTF SISP, the “**SISPs**”); and (iii) authorizing and directing the Monitor and the Petitioners to perform their obligations and do all things necessary or desirable to perform their obligations under the SISPs; and

- c) an order: (i) appointing Mr. Amarjit Singh Lalli as the representative of all of the voting members of BCTFC; (ii) appointing Osler, Hoskin & Harcourt LLP (the “**Representative Counsel**”) as representative counsel for all of BCTFC’s voting members; and (iii) granting a charge in the amount of \$100,000 over the Petitioners’ assets as security for the payment of the Representative Counsel’s fees.
- 1.4 On October 4, 2024, upon application by the Monitor, this Honourable Court granted the following orders:
- a) a sale approval and vesting order (the “**Stonemark SAVO**”) approving the sale of 1200 Waddington Drive, Vernon, B.C. and certain inventory and equipment to Stonemark Investments Ltd. for a purchase price of \$3.2 million (the “**Stonemark Transaction**”). The Stonemark Transaction closed on October 11, 2024;
 - b) a sale approval and vesting order (the “**TerraLink SAVO**”) approving the sale of all commercial chemical and fertilizer inventory to TerraLink Horticulture Inc. for a purchase price equal to 60% of the book value of chemical inventory and 30% of the book value of fertilizer inventory (the “**Terralink Transaction**”). The Terralink Transaction closed on October 17, 2024; and
 - c) an order postponing BCTFC’s 2024 Annual General Meeting to April 30, 2025.
- 1.5 On October 15, 2024, upon application by the Monitor, this Honourable Court granted orders:
- a) approving the sale of 2605 Acland Road, Kelowna, B.C. (the “**Acland Property**”); and
 - b) approving a liquidation agreement between the Monitor and Maynards Liquidation Group Inc. to market and sell the remaining inventory of the BCTF Group not subject to the TerraLink SAVO and the Stonemark SAVO.
- 1.6 On October 24, 2024, upon application by the Monitor, this Honourable Court granted an order (the “**IAF Order**”) authorizing BCTFC, GSC and the Monitor to enter into a Funding and Assignment Agreement with the B.C. Investment Agriculture Foundation (“**IAF**”), establishing a procedure to prove the claims of growers arising from the delivery of certain fruits to BCTFC (the “**Grower Claims**”) and authorizing the sale and assignment of the Grower Claims to IAF.
- 1.7 On October 31, 2024, upon application by the Monitor, this Honourable Court granted an order extending the Stay Period to December 13, 2024.
- 1.8 On November 27, 2024, upon application by the Monitor, this Honourable Court granted the following orders:

- a) an order approving the sale of 880 Vaughan Avenue, Kelowna, B.C. (the “**Vaughan Property**”). The sale of the Vaughan Property closed on December 11, 2024; and
 - b) an order approving the sale of 9718 Bottom Wood Lake Road, Creston, B.C. (the “**Lake Country Property**”). The sale of the Lake Country Property closed on December 11, 2024.
- 1.9 On December 10, 2024, upon application by the Monitor, this Honourable Court granted an order (i) extending the Stay Period to February 14, 2025, (ii) amending the Interim Financing Term Sheet and (iii) approving the agreement between BCTFC and Maynards Industries II Canada Ltd. (“**Maynards Auction**”) to manage, market and sell equipment on site at the Vaughan Property (the “**Vaughan Equipment Auction**”).
- 1.10 On January 10, 2025, upon application by the Monitor, this Honourable Court granted an order approving the sale of 754 35th Avenue, Erickson, B.C. (the “**Creston Property**”). The sale of the Creston Property closed on January 27, 2025.
- 1.11 Concurrently with filing this ninth report (the “**Ninth Report**”), the Monitor has filed an application seeking the following:
- a) an order approving interim financing to be provided by Pillar Capital Corp. in the principal amount of up to \$5 million (the “**Pillar Financing**”), and a corresponding interim financing charge;
 - b) an order postponing BCTFC’s 2024 Annual General Meeting (“**AGM**”) to November 28, 2025; and
 - c) an order extending the Stay Period to August 29, 2025.
- 1.12 Further information regarding the CCAA Proceedings, including copies of all orders made in these proceedings and all affidavits, reports of the Monitor and other Court-filed documents and notices (other than anything filed under seal) are available on the Monitor’s website at www.alvarezandmarsal.com/bctreefruits.

2.0 PURPOSE OF REPORT

- 2.1 This Ninth Report has been prepared by the Monitor to provide information to this Honourable Court in respect of the following:
- a) an update on the Vaughan Equipment Auction;

- b) a comparison of the actual receipts and disbursements of the Petitioners as compared to the projected cash flow (the “**Third Cash Flow Forecast**”) for the period from December 2, 2024 to January 19, 2025;
- c) the BCTF Group’s cash flow projection (the “**Fourth Cash Flow Forecast**”) for the period January 20 to August 31, 2025 (the “**Fourth Forecast Period**”);
- d) the proposed Pillar Financing;
- e) an update on the claims assignment process involving the IAF;
- f) the Monitor’s application for a further extension of BCTFC’s AGM;
- g) the Monitor’s application for an extension of the Stay Period; and
- h) the recommendations of the Monitor in respect of the foregoing, as applicable.

2.2 This Ninth Report should be read in conjunction with the materials filed in the CCAA Proceedings (collectively, the “**Filed Materials**”), including the first affidavit of Doug Pankiw dated August 12, 2024, as background information contained in the Filed Materials has not been included herein to avoid unnecessary duplication. Capitalized terms not defined herein have the meaning given in the Filed Materials.

3.0 TERMS OF REFERENCE

3.1 In preparing this report, A&M has necessarily relied upon unaudited financial and other information supplied, and representations made to it, by certain senior management of the BCTF Group (“**Management**”). Although this information has been subject to review, A&M 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 Petitioners. Accordingly, A&M expresses no opinion and does not provide any other form of assurance on the accuracy and/or completeness of any information contained in this report, or otherwise used to prepare this report.

3.2 Certain of the information referred to in this 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.

3.3 Unless otherwise stated, all monetary amounts contained in this Ninth Report are expressed in Canadian dollars.

4.0 UPDATE ON VAUGHAN EQUIPMENT AUCTION

4.1 On December 10, 2024, this Honourable Court approved the agreement between BCTFC and Maynards Auction for the Vaughan Equipment Auction, in relation to BCTFC's cidery and other miscellaneous equipment that were on site at the Vaughan Property.

4.2 The auction took place on January 9, 2025. Gross proceeds from the Vaughan Equipment Auction totaled approximately \$523,000. As noted in the Seventh Report of the Monitor dated December 6, 2024, there was no sellers' commission payable by BCTFC under the auction agreement.

5.0 CASH FLOW VARIANCE FOR THE PERIOD ENDED JANUARY 19, 2025

5.1 As part of the ongoing oversight and monitoring of the business and financial affairs of the BCTF Group, the Monitor has set up a weekly cash flow review protocol with the Petitioners to compare actual cash flows against the Third Cash Flow Forecast. The Petitioners' actual cash receipts and disbursements compared to the Third Cash Flow Forecast during the period December 2, 2024 to January 19, 2025 (the "**Reporting Period**") is summarized below.

BC Tree Fruits Cooperative & Growers Supply Company Limited
Budget vs Actual Reporting for the period December 2, 2024 to January 19, 2025
(C\$000s)

	Cumulative		
	19-Jan Actual	19-Jan Forecast	Var \$
Receipts			
AR collections and rent receipts	\$ 1,507	\$ 165	\$ 1,342
Total Receipts	1,507	165	1,342
Disbursements			
Payroll, benefits and payroll taxes	504	585	82
Board Payments	-	10	10
Utilities/telephone/internet	64	38	(26)
Other general and administrative costs	340	231	(109)
GST/PST	203	292	88
CIBC interest	1	-	(1)
Contingency	-	64	64
Total Disbursements	1,112	1,220	108
Operating Cash Flows	395	(1,055)	1,450
CCAA disbursements			
Professional fees	541	500	(41)
DIP fees and interest	32	44	12
Total CCAA disbursements	573	544	(29)
Other receipts			
Asset Sales (Terralink)	1,359	1,359	(0)
Asset Sales (Acland)	9,764	9,289	475
Asset Sales (Vaughan)	17,077	17,119	(42)
Asset Sales (Lake Country)	8,914	8,927	(13)
Asset Sales (Juicing Systems)	234	260	(26)
Asset Sales (Cherry Line)	881	880	1
Sexsmith Bins	-	955	(955)
Sexsmith Rent	225	-	225
BCTF/GSC Monitor's Account	(2,329)	(1,250)	(1,079)
Total other receipts	36,125	37,539	(1,414)
Net Cash Flow	35,948	35,940	8
CIBC Overdraft Facility - opening	(7,436)	(7,435)	(1)
Net Collections	7,527	7,435	92
CIBC Overdraft Facility - closing	91	-	91
CIBC loan - opening	(29,267)	(28,616)	(652)
Repayment	29,267	28,616	652
CIBC loans - closing	-	-	-
CIBC - Interim Lending Facility - opening	(3,937)	(3,714)	(223)
Repayment	930	1,653	(723)
CIBC Interim Lending Facility - closing	(3,007)	(2,061)	(946)
Total CIBC debt	(2,916)	(2,061)	(855)
BCTF/GSC Monitor Account - Opening	1,223	1,223	-
BCTF/GSC Monitor Account - Deposit	2,329	1,250	1,079
BCTF/GSC Monitor Account - Draw	(2,114)	(1,986)	(128)
BCTF/GSC Monitor Account - Closing	1,438	487	951

- 5.2 Up to January 19, 2025, the Petitioners experienced a net favorable cash flow variance of \$8,000, primarily as a result of the following:
- a) collections were \$1,342,000 higher than anticipated, largely due to collection of aged AR, proceeds from the liquidation of GSC's remaining inventory totaling \$750,000, and rent receipts totaling \$424,000 for the properties located at 8911 Jubilee Road East, Summerland, B.C. and 3335-3345 Sexsmith Road, Kelowna, B.C. (the "**Sexsmith Property**");
 - b) disbursements for payroll and GST were \$170,000 lower than anticipated due to lower staffing levels at GSC and timing, respectively;
 - c) disbursements for utilities, telephone, and internet services were \$26,000 higher than forecast due to higher than anticipated utilization of utilities during the Reporting Period;
 - d) other general and administrative costs were \$109,000 higher than forecast due to additional logistic expenses from the sale of properties and subsequent liquidations;
 - e) professional fees were \$41,000 higher than forecast due to timing differences; and
 - f) other receipts totaled \$36.1 million during the Reporting Period:
 - a. receipts of \$36.1 million consisted of proceeds from transactions approved by this Honourable Court (Terralink Transaction, Acland Property, Vaughan Property, Lake Country Property), sale of equipment, and the collection of pre-paid rent for the Sexsmith Property for three months ending on April 30, 2025;
 - b. other receipts were \$1.4 million lower than anticipated, largely due to delays in the collection of proceeds from the sale of bins located at the Sexsmith Property; and
 - c. \$2.3 million of other receipts were transferred to the Monitor's trust accounts, including \$1.25 million to fund disbursements and an additional \$1.1 million consisting of \$475,000 in GST related to the sale of the Acland Property and \$604,000 of rent (\$379,000) and pre-paid rent (\$225,000) for the Sexsmith Property.
- 5.3 As of January 19, 2025, the Petitioners had drawn \$3.0 million under the Interim Lending Facility, which was \$946,000 higher than forecast, due to delays in the collection of proceeds from the sale of bins located at the Sexsmith Property.
- 5.4 In accordance with the terms of the Interim Lending Facility, cash receipts collected by the Petitioners have been applied against the balance of the CIBC overdraft facility and term loans. As of January 19, 2025, the outstanding overdraft facilities and term loans were repaid in full.
- 5.5 As at January 19, 2025, the combined indebtedness of the Petitioners to CIBC totaled \$3.0 million.

5.6 In addition to the amounts owed to CIBC, two letters of credit issued by CIBC totaling \$311,000 were outstanding as at January 19, 2025.

5.7 Since the commencement of the CCAA Proceedings, the Monitor has been involved in the weekly review and reporting of the receipts and disbursements of the Petitioners to CIBC and its advisor as required by the terms of the Interim Lending Facility. Nothing has come to the attention of the Monitor that causes the Monitor to believe that there have been material adverse changes in the cash flow of the Petitioners or that would financially prejudice the stakeholders of the Petitioners.

6.0 FOURTH CASH FLOW FORECAST

6.1 For the purposes of section 10(2)(a) of the CCAA, Management has prepared a cash flow projection for the BCTF Group on a weekly basis for the Fourth Forecast Period, using the probable and hypothetical assumptions set out in the notes to the Fourth Cash Flow Forecast. A copy of the Fourth Cash Flow Forecast along with its notes and assumptions are attached hereto as Appendix “A”. The Fourth Cash Flow Forecast is summarized below:

BC Tree Fruits Cooperative & Growers Supply Company Limited
Consolidated Cash Flow Forecast for the period January 20 - August 31, 2025
(C\$000s)

	32-Week Total
Receipts	
AR collections and sales	\$ 506
Rent collections	315
Total Receipts	821
Disbursements	
Payroll, benefits and payroll taxes	827
Board Payments	64
Utilities/telephone/internet	247
Other general and administrative costs	785
Property Taxes	509
Insurance	471
GST/PST	500
Contingency	320
Total Disbursements	3,722
Operating Cash Flows	(2,902)
CCAA disbursements	
Professional fees	1,577
CIBC fees and interest	-
Pillar fees and interest	231
Total CCAA disbursements	1,808
Other receipts	
Asset Sales (Sexsmith Bins)	950
Asset Sales (Creston)	1,800
Sexsmith Rent	-
Total other receipts	2,750
Net Cash Flow	(1,959)
CIBC Overdraft Facility - opening	91
Transfer	-
Net Collections	(91)
CIBC Overdraft Facility - closing	-
CIBC loan - opening	(311)
Surrender of L/Cs	311
CIBC loans - closing	-
CIBC - Interim Lending Facility - opening	(3,007)
Accruals	(14)
Repayment	3,021
CIBC Interim Lending Facility - closing	-
Total CIBC debt	-
Pillar Interim Lending Facility	
Opening	-
DIP Draw	(4,500)
DIP Repayment	-
Closing	(4,500)
BCTF/GSC Monitor Account - Opening	1,438
BCTF/GSC Monitor Account - Deposits	5,380
BCTF/GSC Monitor Account - Draw s	(6,371)
BCTF/GSC Monitor Account - Closing	447
BCTF/GSC Letter of Credit - Opening	-
BCTF/GSC Letter of Credit - Deposit	290
BCTF/GSC Letter of Credit - Draw	-
BCTF/GSC Letter of Credit - Closing	290

- 6.2 The Fourth Cash Flow Forecast projects that the BCTF Group will experience a net cash outflow of approximately \$2.0 million over the Fourth Forecast Period and is based on the following key assumptions:
- a) during the Fourth Forecast Period, the BCTF Group will continue to collect outstanding accounts receivable and rent as well as generate proceeds from the liquidation of the equipment located at the Vaughan Property resulting in total collections of \$821,000;
 - b) total operating disbursements are forecast to be \$3.7 million, consisting of payroll for the reduced workforce, payments to the board of directors, utilities, rent for leased premises, costs associated with the liquidation of equipment and government remittances;
 - c) professional fees are forecast to be approximately \$1.6 million during the Fourth Forecast Period and include currently outstanding and future professional fees for the Petitioners' counsel, the Monitor and its counsel, and CIBC's counsel and financial advisor (final invoices);
 - d) the Fourth Cash Flow Forecast projects borrowings of \$4.5 million through the Pillar Financing (subsequently discussed) during the Fourth Forecast Period; and
 - e) the BCTF Group is expected to repay CIBC's Interim Lending Facility during the week ending February 9, 2025 with proceeds from the Pillar Financing (forecast outstanding balance due to CIBC of \$580,000). The Pillar Financing is also forecast to be utilized to support the ongoing costs of the CCAA Proceedings and hold funds in trust in lieu of a letter of credit previously provided by CIBC.
- 6.3 The Monitor's review of the Fourth Cash Flow Forecast consisted of inquiries, analytical procedures, and discussions related to information provided to it by Management. Since hypothetical assumptions need not be supported, the procedures with respect to them were limited to evaluating whether they were consistent with the purposes of the Fourth Cash Flow Forecast. The Monitor also reviewed the support provided by Management for the probable assumptions and the preparation and presentation of the Fourth Cash Flow Forecast.
- 6.4 Based on the Monitor's review of the Fourth Cash Flow Forecast, nothing has come to its attention that causes it to believe that, in all material respects:
- a) the hypothetical assumptions are not consistent with the purpose of the Fourth Cash Flow Forecast;

- b) as at the date of this Ninth Report, the probable assumptions developed by Management are not suitably supported and consistent with the plans of the Petitioners or do not provide a reasonable basis for the Fourth Cash Flow Forecast, given the hypothetical assumptions; or
- c) the Fourth Cash Flow Forecast does not reflect the probable and hypothetical assumptions.

6.5 Since the Fourth Cash Flow Forecast is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material. Accordingly, the Monitor expresses no assurance as to whether the Fourth Cash Flow Forecast will be accurate. The Monitor expresses no opinion or other form of assurance with respect to the accuracy of any financial information presented in this report, or relied upon by it in preparing this report.

6.6 The Fourth Cash Flow Forecast has been prepared solely for the purpose described in Note 1 to the Fourth Cash Flow Forecast, and readers are cautioned that it may not be appropriate for other purposes.

7.0 INTERIM FINANCING

7.1 The interim financing agreement with the BCTF Group’s current interim lender, CIBC, is set to expire on February 16, 2025. CIBC has expressed its preference not to extend the current interim financing for the BCTF Group beyond February 16, 2025, and requested to be paid out in full on or before the maturity date. Accordingly, the Monitor, in consultation with the Petitioners, solicited three interim financing term sheets in early January 2025 for the purpose of replacing CIBC as interim lender and to provide further liquidity to support the administration of the ongoing CCAA Proceedings.

7.2 On January 24, 2025, the Petitioners, the Monitor and Pillar, agreed to the terms of the interim financing term sheet (the “**Pillar Term Sheet**”). The Pillar Term Sheet is attached hereto as Appendix “**B**”.

7.3 Summarized below are the material terms of the Pillar Term Sheet:

Interim Financing - Summary of Key Terms	
Interim Lender	Pillar Capital Corp.
Borrowers	BC Tree Fruits Cooperative, BC Tree Fruits Industries Limited and Growers Supply Company Limited
Maximum Principal Amount	\$5 million

Interim Financing - Summary of Key Terms	
Interest Rate	14.25% per annum compounded monthly
Facility Fee	3% to be deducted from each advance and a monthly monitoring fee of \$500.00
Due Diligence Fee	\$5,000 – non-refundable and paid upon accepted of the Pillar Term Sheet
Term	12 months open facility
Interim Lender’s Charge	The Petitioners must seek and obtain a court order in form and content satisfactory to the Pillar and Pillar’s counsel, (i) authorizing the borrowing under the Pillar Term Sheet, and (ii) granting a first ranking charge in favour of the Pillar, over all existing and after acquired property of the Petitioners, as security for repayment of the Pillar Financing, and all interest, fees, expenses and other amounts payable by the Petitioners, subject to the Administration Charge, satisfactory to Pillar.
Reporting requirements	<ul style="list-style-type: none"> - monthly cash flow statements from the Borrowers as reviewed by the Monitor; and - evidence of payment of all government priority payables within 15 days of their respective due dates.

7.4 The Monitor was involved in the discussions and negotiations around the terms of the proposed Pillar Financing and is of the view that the Pillar Financing as available under the Pillar Term Sheet reflects market terms and is necessary to provide the requisite financial support for the BCTF Group during the CCAA Proceedings.

7.5 The Monitor supports an order authorizing the Petitioners to borrow up to \$5 million by way of the Pillar Financing.

7.6 The Monitor is of the view that granting the corresponding Interim Lender’s Charge to Pillar under the Pillar Term Sheet is reasonable for the following reasons:

- a) as noted previously, CIBC is not renewing the interim lending arrangement with the Petitioners and has requested to be paid out in full on or before February 16, 2025;
- b) pursuant to the Pillar Term Sheet, the Petitioners are permitted to borrow up to the maximum principal amount of \$5 million during these CCAA Proceedings. Based on the Fourth Cash Flow Forecast, the proposed Pillar Financing (supported by the proposed Interim Lenders’

Charge) will provide the Petitioners with the funds required to advance monetization strategies for the BCTF Group's remaining assets; and

- c) the Pillar Term Sheet is an open facility with no penalties if the Pillar Financing is repaid prior to term maturity. The Monitor is of the view that an open facility is beneficial to the BCTF Group as it provides the Petitioners with the flexibility and option to repay the Pillar Financing in full if circumstances allow.

8.0 UPDATE ON IAF ASSIGNMENTS

8.1 On October 24, 2024, this Honourable Court granted the IAF Order authorizing BCTFC, GSC and the Monitor to enter into a Funding and Assignment Agreement with the IAF which established the procedure to prove the Growers Claim and authorized the sale and assignment of such claims to the IAF.

8.2 Pursuant to the IAF Order, on October 29, 2024, the Monitor distributed 192 packages to BCTFC's growers with Growers Claim based on BCTFC's records. Subsequent to the initial mailout, BCTFC identified an additional grower with a Growers Claim against BCTFC.

8.3 As at the dispute resolution date of December 3, 2024, 192 out of 193 claims, totaling \$3.72 million, were confirmed as proven claims pursuant to the IAF Order. The unresolved claim (approximately \$8,700 per BCTFC's records) will be reviewed and adjudicated in the future claims process, when approved by the Honourable Court.

8.4 As of the date of this Ninth Report, 18 out of the 192 growers, with proven claims totaling approximately \$617,000, indicated that they would not assign their claims to the IAF. Out of the remaining 175 growers with proven claims totaling approximately \$3.1 million, \$2.8 million of Growers Claims have been assigned to the IAF, and the Monitor has facilitated the payment of such claims from the funds received from the IAF to these 105 growers.

8.5 According to the Funding and Assignment Agreement, the Monitor will retain the funds received from the IAF (i.e. the Escrow Funds) until April 30, 2025, after which the Monitor will return any unused funds to the IAF pursuant to the agreement.

9.0 POSTPONEMENT OF THE AGM

9.1 As noted in the Second Report of the Monitor dated September 27, 2024, pursuant to section 143.2 of the *BC Cooperative Association Act*, cooperatives are required to hold an AGM at least once in every calendar year within four months of the fiscal year end. Accordingly, in the ordinary course, BCTFC would be required to hold its 2024 AGM by September 30, 2024. The Monitor understands

that BCTFC has received an extension to do so until December 19, 2024, and, prior to commencement of the CCAA Proceedings had scheduled an AGM to be held on November 21, 2024.

- 9.2 On October 4, 2024, upon application by the Monitor, this Honourable Court granted an order postponing the AGM to April 30, 2025. The Monitor noted in its Second Report that it is the Monitor's view that convening an AGM would be an unhelpful distraction to BCTFC's management and the Monitor, who are focused on advancing the various sale processes. As the Monitor and BCTFC's management continue to advance the marketing and sale of the remaining assets, the Monitor's view has not changed.
- 9.3 The Monitor also notes that any significant developments within the CCAA Proceedings are regularly reported to this Honourable Court and are available on the Monitor's Website.
- 9.4 The Monitor and the Petitioners are working with the BCTF Group's external auditor to explore the possibility of completing the 2024 audited statements.
- 9.5 For the foregoing reasons, the Monitor is of the view that holding an AGM before April 30, 2025 is not necessary nor beneficial to the administration of the CCAA Proceedings, and therefore is seeking this Honourable Court to extend the deadline of April 30, 2025, to November 28, 2025, subject to further extension by the Court.

10.0 EXTENSION OF STAY

- 10.1 Pursuant to the ARIO and subsequent Orders of this Court, the Stay Period will expire on February 14, 2025. Accordingly, the Petitioners are seeking an extension of the Stay Period to August 29, 2025.
- 10.2 The Monitor supports extending the Stay Period to August 29, 2025, including for the following reasons:
- a) during the proposed extension of the Stay Period, the Petitioners will have an opportunity to continue to advance the sale of the remaining BCTFC assets, the sale of the brokerage-listed property, and other assets with a view to maximizing value for stakeholders in the most expedient manner possible;
 - b) the Petitioners are forecast to have sufficient liquidity to continue operating during the extended Stay Period and operate within the limits of the Pillar Financing of \$5 million;
 - c) no creditor of the Petitioners would be materially prejudiced by the extension of the Stay Period; and

- d) the Petitioners have acted in good faith and with due diligence in these CCAA Proceedings since the date of the Initial Order.

11.0 CONCLUSION AND RECOMMENDATIONS

11.1 The Monitor respectfully recommends that this Honourable Court:

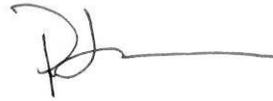
- a) approve the Pillar Financing and the corresponding interim financing charge;
- b) approve the postponement of BCTFC's AGM to November 28, 2025; and
- c) grant the extension of the Stay Period to August 29, 2025.

All of which is respectfully submitted to this Honourable Court this 29th day of January, 2025.

Alvarez & Marsal Canada Inc.,
in its capacity as Monitor of
BC Tree Fruits Cooperative,
BC Tree Fruits Industries Limited and Growers Supply Company Limited



Per: Anthony Tillman
Senior Vice President



Per: Pinky Law
Vice President

Appendix A – The Fourth Cash Flow Forecast

BC Tree Fruits Cooperative, et al
Notes to the Fourth Cash Flow Forecast
For the period January 20 - August 31, 2025

1 The cash flow statement (the "Fourth Cash Flow Forecast") has been prepared by management ("Management") of BC Tree Fruits Cooperative ("BCTFC"), to set out the liquidity requirements of BCTFC and Growers Supply Company Limited ("GSC", together with BCTFC, the "BCTF Group") during the *Companies' Creditors Arrangement Act* proceedings (the "CCAA Proceedings").

The Fourth Cash Flow Forecast is presented on a weekly basis from January 20, 2025 to August 31, 2025 (the "Period") and represents Management's best estimate of the expected results of operations during the Period. Readers are cautioned that since the estimates are based on future events and conditions that are not ascertainable, the actual results achieved will vary, even if the assumptions materialize, and such variations may be material. There are no representations, warranties or other assurances that any of the estimates, forecasts, or projections will be realized. The projections are based upon certain estimates and assumptions discussed below and may be amended from time to time during the CCAA Proceedings. Upon such amendments, Management will update its cash flow forecast accordingly as included herein.

Unless otherwise noted, the Fourth Cash Flow Forecast is presented in Canadian dollars.

- 2 AR collections consist of collections on aged AR, rent receipts for the Summerland Property and proceeds from the auction BCTF equipment at the Vaughan Property which occurred on January 9, 2025.
- 3 Payroll, benefits and payroll taxes includes payments to the BCTF Group's employees, group benefits and payroll taxes. BCTF board payments represents monthly payment totaling \$10,000 payable to BCTFC's 10 board members.
- 4 Utilities and sales, general and administration ("SG&A") expenses, including telephone and internet, employees' expenses, sales taxes, and repairs and maintenance, and are forecast to be paid in the ordinary course of business during the CCAA Proceedings.
- 5 Property taxes have been estimated based on a 5% increase over the previous year.
- 6 Insurance renewal fees for real estate holdings, board of directors and general liability umbrella policies have been estimated based on fees incurred in previous years.
- 7 Restructuring professional fees have been forecast based on current outstanding invoices and projected costs of professional services firms relating to the CCAA Proceedings and include the BCTF Group's legal counsel, the Monitor and its legal counsel, and CIBC's legal counsel and financial advisor.
- 8 Other receipts represent proceeds from various transactions including proceeds from the sale of the Creston Property (closed on January 24, 2025) and the collection of proceeds from the sale of bins located at the Sexsmith Property.
- 9 Pursuant to the Interim Financing Term Sheet, interim financing has been provided by CIBC. Interest is calculated at a fixed rate of 9.95% p.a. as stipulated in the Interim Financing Term Sheet from CIBC. The CIBC facility is forecast to be replaced by the Pillar Financing during the week ending February 9, 2025.
- 10 The Pillar Term Sheet will allow BCTF to borrow up to \$5 million at an interest rate of 14.25% p.a. Further details regarding the Pillar Term Sheet are included in the Ninth Report of the Monitor.
- 11 The BCTF/GSC letter of credit refers to funds to be placed in trust in lieu of letter of credits previously provided by CIBC.

Appendix B – The Pillar Term Sheet



January 21, 2025

Alvarez & Marsal Canada ULC
925 West Georgia Street, Suite 902
Vancouver, BC
V6C 3L2

Attention: Pinky Law

Re: Term Sheet – Debtor in Possession Facility (the “DIP Facility”) of CDN \$5,000,000 to BC Tree Fruits Cooperative, BC Tree Fruits Industries Limited, and Growers Supply Company Limited

This Term Sheet will provide you with the terms and conditions of a Credit Facility that Pillar Capital Corp. (the “Lender”) will provide, subject to satisfactory completion of our due diligence, credit committee approval and the execution of the appropriate legal documentation.

- BORROWERS:** BC Tree Fruits Cooperative, BC Tree Fruits Industries Limited, Growers Supply Company Limited (the “Borrowers”)
- PURPOSE OF FINANCING:** DIP financing to support working capital requirements.
- PROPOSED FINANCING:** Demand loan in the maximum amount of **CDN \$5,000,000** (the “DIP Facility”).
- AVAILABILITY:** First draw a minimum of \$1,000,000. Thereafter, available in draws no less than \$250,000 and not more frequently than twice per month. A fee of \$250 will be charged for each draw.
- INTEREST:** 14.25% per annum on daily balance outstanding under the Credit Facility, compounded monthly.
- TERM:** 12 month open facility.
- PAYMENT:** Payments for the first 12 months to be drawn from an interest reserve and funded proportionally from each advance under the Credit Facility. Thereafter, monthly interest only payments with a balloon payment end of term.
- DOCUMENTATION AND SECURITY:** The Borrowers shall provide or cause to be provided, the security and agreements listed below, in form and substance satisfactory to the Lender, including, but not limited to:
- a. DIP Credit Facility Agreement;
 - b. Pre-authorized debit agreement;
 - c. Assignment of interest reserve; and
 - d. Such further security and other documentation that the Lender and its solicitor may reasonably require.

- ONGOING REPORTING:** The Borrowers will provide such financial and other information as the Lender may reasonably request, from time to time, including, but not limited to:
- i. Monthly cash flow statements from the Borrowers as reviewed by the Monitor; and
 - ii. Evidence of payment of all government priority payables within 15 days of their respective due dates.
- ONGOING COVENANTS:** The Borrowers shall pay when due all statutory liens, trust and other Crown claims including employee source deductions, GST, PST, EHT, WEPPA, property taxes and WSIB premiums.
- CONDITIONS:** Availability of any borrowings is conditional upon, but not limited to:
- a. Acceptance by the Borrowers of this Term Sheet and receipt of the due diligence fee;
 - b. The Borrowers obtaining a Court Order (the "Order") in form and content satisfactory to the Lender and Lender's Counsel, authorizing the borrowing under the DIP Facility;
 - c. The Order granting a first ranking charge in favour of the Lender, over all existing and after acquired property of the Borrowers, as security for repayment of the DIP Facility, and all interest, fees, expenses and other amounts payable by the Borrowers, subject to the Administration Charge, satisfactory to Lender;
 - d. Approval of the transaction by the Lender's Credit Committee;
 - e. Satisfactory inspection of the assets pledged by the Borrowers;
 - f. Administration charge shall not exceed \$500,000;
 - g. Delivery and registration of the Security in a form acceptable to the Lender; and
 - h. The Borrowers having paid statutory liens, trust and other Crown Claims including employee source deductions, GST, PST, EHT, amounts due under Wage Earner Protection Plan Act ("WEPPA") and Workplace Safety and Insurance Board ("WSIB") premiums.
- FACILITY FEE:** 3% to be deducted from each advance under the Credit Facility. In addition to the Facility Fee, a monthly monitoring fee of \$500 is due and payable on the last business day of each calendar month.
- DUE DILIGENCE FEE:** Borrowers shall pay a non-refundable due diligence upon acceptance of this Term Sheet in the amount of \$5,000.
- LEGAL FEES:** The Borrowers will be responsible for all of the Lender's legal fees incurred in respect of the Credit Facility. A legal quote can be provided upon the Lender's approval of the transaction.
- ACCEPTANCE:** This Term Sheet must be accepted by the Borrower by no later than 5pm MST on Friday, January 24th, 2025 after which the offer will expire.

Yours truly,



Steve Dizap
Pillar Capital Corp.

On behalf of **BC Tree Fruits Cooperative, BC Tree Fruits Industries Limited, and Growers Supply Company Limited**,
I agree with the terms and conditions as stated above:

Per: 

Per: Anthony Tillman

Date: Jul 24, 2025