

**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

**THIRD REPORT OF THE MONITOR**

**ALVAREZ & MARSAL CANADA INC.**

**OCTOBER 9, 2024**

**TABLE OF CONTENTS**

1.0 INTRODUCTION ..... 2  
2.0 PURPOSE OF REPORT..... 3  
3.0 TERMS OF REFERENCE ..... 4  
4.0 SALE OF ACLAND PROPERTY ..... 4  
5.0 SALE OF REMAINING INVENTORY ..... 6  
6.0 CONCLUSION AND RECOMMENDATIONS..... 7

**Appendices**

Appendix A – Acland Property Marketing Report

## 1.0 INTRODUCTION

- 1.1 On August 13, 2024 (the “**Filing Date**”), 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 (the “**CCAA**”). 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, as defined in the ARIO, from \$1.165 million to \$4.05 million;
  - b) an order (the “**SISP 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 (the “**GSC SISP**”, and 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 (the “**Representative Counsel 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. (the “**Vernon Property**”) and certain inventory and equipment to Stonemark Investments Ltd. (“**Stonemark**”) for a purchase price of \$3.2 million;
  - b) a sale approval and vesting order (the “**TerraLink SAVO**”) approving the sale of all commercial chemical and fertilizer inventory to TerraLink Horticulture Inc. (“**TerraLink**”) for a purchase price equal to 60% of the book value of chemical inventory and 30% of the book value of fertilizer inventory; and
  - c) an order postponing BCTFC’s 2024 Annual General Meeting to April 30, 2025.
- 1.5 On October 9, 2024, the Monitor prepared an application to be filed forthwith and heard on October 15, 2024 seeking the following orders:
- a) an order approving the sale of 2605 Acland Road, Kelowna, B.C. (the “**Acland Property**”); and
  - b) an order approving a liquidation agreement between the Monitor and Maynards Liquidation Group Inc. to market and sell the remaining inventory (the “**Remaining Inventory**”) of the BCTF Group not subject to the TerraLink SAVO and the Stonemark SAVO.
- 1.6 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](http://www.alvarezandmarsal.com/bctreefruits) (the “**Monitor’s Website**”).

## **2.0 PURPOSE OF REPORT**

- 2.1 This third report (the “**Third Report**”) has been prepared by the Monitor to provide information to this Honourable Court in respect of the following:
- a) the marketing and proposed sale of the Acland Property;

- b) the proposed liquidation of the Remaining Inventory; and
  - c) the Monitor's recommendations with respect to the orders it seeks.
- 2.2 The Third Report should be read in conjunction with the materials filed in the CCAA Proceedings (collectively, the "**Filed Materials**"), including the Monitor's First Report dated August 22, 2024, the Monitor's Second Report dated September 27, 2024 and 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 Third Report are expressed in Canadian dollars.

### **4.0 SALE OF ACLAND PROPERTY**

- 4.1 On August 26, 2024, the Monitor commenced the GSC SISP to market for sale the operating assets of GSC, including three pieces of real property including the Acland Property, the Vernon Property and 745 35<sup>th</sup> Avenue South, Creston, B.C. (the "**Creston Property**" and together with the Acland Property and Vernon Property, the "**GSC Real Property**"), machinery and equipment, inventory,

accounts receivable, intellectual property and goodwill (the “**GSC Assets**” and together with the GSC Real Property, the “**GSC Property**”).

- 4.2 The final bid deadline for the GSC SISP was September 16, 2024. The GSC SISP resulted in offers for the Vernon Property and certain inventories and equipment, which offers were approved by this Honourable Court pursuant to the Stonemark SAVO and TerraLink SAVO. No offers were received on the Acland Property or the Creston Property through the GSC SISP.

#### **Marketing of the Acland Property**

- 4.3 On September 4, 2024, in parallel with the GSC SISP, the Monitor engaged Colliers Macaulay Nicolls Inc. (“**Colliers**” or the “**Listing Agent**”), to market for sale the GSC Real Property through a multiple listing services (“**MLS**”) contract (the “**Listing Agreement**”).
- 4.4 The Acland Property, a 2.90 acre industrial site consisting of a large warehouse/storage building, was listed for sale on September 4, 2024 for \$11 million.
- 4.5 Colliers’ marketing efforts for the Acland Property included, among other things, organizing professional photographs, posting the listing on MLS, and distributing via email a property brochure and marketing communications to over 3,000 prospective buyers and brokers in Colliers’ database.
- 4.6 Colliers’ efforts resulted in three private viewing appointments, as well as phone calls and listing inquiries from interested parties requesting additional information. Colliers’ marketing report for the Acland Property is attached hereto as Appendix “**A**”.
- 4.7 On September 26, 2024, Taz Holdings Ltd. (“**Taz Holdings**”), represented by the brokerage RE/MAX Kelowna (“**RE/MAX**” or “**Buyer’s Agent**”), presented a subject-free offer for the Acland Property in the amount of \$9.5 million (the “**Acland Offer**”). Upon review and in consultation with Colliers and CIBC (as subsequently defined), the Monitor accepted the Acland Offer on October 3, 2024 (the “**Acland Accepted Offer**”).
- 4.8 The key terms of the Acland Accepted Offer include, among other things, (i) a closing date of November 29, 2024; (ii) the property is sold on an “as-is – where, is” basis; and (iii) the sale is subject to Court approval.
- 4.9 Pursuant to the Listing Agreement, the Monitor has agreed to pay a total commission of 2% of the final purchase price, which, for the Acland Accepted Offer is \$190,000, of which the Listing Agent would receive \$142,500 and the Buyer’s Agent would receive \$49,500.
- 4.10 The Montor is supportive of the Acland Accepted Offer for the following reasons:

- a) the Acland Accepted Offer totaling \$9.5 million is the best offer received to date;
  - b) the Acland Accepted Offer has a near-term two-month closing date of November 29, 2024 that is reasonable and consistent with typical sale timelines;
  - c) a deposit of \$500,000 was received on October 4, 2024 and is being held in a trust account with RE/MAX;
  - d) the sale transaction will allow the Monitor to avoid incurring additional holding costs in respect of the Acland Property, including preservation costs, statutory obligations (including property taxes) and professional fees;
  - e) the purchase price of \$9.5 million is in line with appraisal values and \$1.5 million higher than the 2024 B.C. Assessment value of \$8.0 million, and appears consistent with market value and is, in the Monitor's view, commercially reasonable; and
  - f) the secured lender, the Canadian Imperial Bank of Commerce ("CIBC"), is supportive of the sale.
- 4.11 It is the Monitor's view that the Acland Property was marketed in a manner that was fair and reasonable and the property has been exposed to the market for a reasonable amount of time. Given the current state of the real estate market for industrial commercial properties and stated interest rates, the Monitor views the transaction to be in the best interest of the creditors.

## **5.0 SALE OF REMAINING INVENTORY**

- 5.1 Given that no *en bloc* offers were received for the GSC Property, the Monitor has considered how to sell the remaining inventory, equipment and chattels, including but not limited to, a liquidator, administering a liquidation sale with current GSC staff, or a combination of both.
- 5.2 As at September 26, 2024, the Remaining Inventory had a book value of approximately \$5.0 million.
- 5.3 The Monitor is finalizing an agreement (the "**Maynards Agreement**") with Maynards Liquidation Group Inc. ("**Maynards**") to manage, market and sell the Remaining Inventory. The Monitor will attach a copy of the final form of the Maynards Agreement to a supplemental report.
- 5.4 Key terms of the Maynards Agreement include the following:
- a) a liquidation time frame in the range of six to eight weeks;
  - b) certain GSC staff would be retained for the duration of the liquidation process and compensated by way of a retention bonus in addition to their regular salaries and wages;

- c) Maynards would be entitled to a commission of 8% on all gross sale proceeds and an out-of-pocket expense budget of \$20,000 for costs related to administering the liquidation of the Remaining Inventory; and
- d) Maynards will prepare and disseminate all marketing materials at a cost estimated at 2-3% of gross sale proceeds.

5.5 The Monitor is of the view that the Maynards Agreement is commercially reasonable and appropriate in the circumstances given no *en bloc* offers were received for the GSC Property nor were there substantial or *bona fide* offers on the Remaining Inventory within the timelines of the GSC SISP or thereafter. Marketing and liquidation of the Remaining Inventory by Maynards is preliminarily estimated to generate net recoveries in the range of 45-55% of book value and provide for the most expedient and effective means by which to monetize the Remaining Inventory.

5.6 The secured lender, CIBC, is supportive of the arrangement with Maynards.

## **6.0 CONCLUSION AND RECOMMENDATIONS**

6.1 The Monitor respectfully recommends that this Honourable Court grant orders:

- a) approving the Acland Accepted Offer; and
- b) approving the liquidation of the Remaining Inventory under the Maynards Agreement.

\*\*\*\*\*

All of which is respectfully submitted to this Honourable Court this 9<sup>th</sup> day of October, 2024.

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



Per: Anthony Tillman  
Senior Vice President



October 8, 2024

**Alvarez & Marsal Canada**

925 West Georgia Street, Suite 902  
Vancouver, BC V6C 2L2

ATTN: Anthony Tillman, Pinky Law and Nishant Virmani

**Re: 2605 Acland Road, Kelowna | Summary of Marketing and Recommendation**

Colliers is pleased to provide this final marketing report, offer review and broker recommendation for the property located at 2605 Acland Road, Kelowna, BC (the "Property").

**Overview of Marketing Campaign:**

The Property was listed for sale with Colliers on September 4<sup>th</sup>, 2024. Over the course of the last four-week marketing period the following efforts were undertaken by Colliers to maximize the exposure of the Property and the sale price;

- **Listing Agreement** signed effective September 4<sup>th</sup>, 2024 at a listing price of \$11,000,000.00
- **MLS Listing** - ID#10323862
- **Colliers Canada website** - listing created – ID# 2016135 – 214 views to date
- **Property Brochure** - created for the Property
- **Confidentiality Agreement (CA)** – 3 CA's signed
- **Data Room** - created with documents provided
- **Professional Photography** – drone aerials of the site
- **Colliers Eblast** – September 11<sup>th</sup>, 2024 (+3,000 recipients)
- **MLS Commercial Eblast** – September 12<sup>th</sup>, 2024  
(from Bill Randall account – sent to GVA – 845 Broker recipients)
- **MLS Commercial Eblast** – September 12<sup>th</sup>, 2024  
(from Eric's Account – sent to Okanagan brokers)
- **Signage** – 4x8 installed at the corner of Acland Road and Edwards Road
- **Digital Ads** – Facebook and Instagram – (Campaign - September 26<sup>th</sup>, 2024 – October 10<sup>th</sup>, 2024) – to date the digital ads have received 7 interested hits
- **Print Advertising** – *Upcoming - Western Investor Print ad*
- **Direct phone calls and email correspondence** – with prospective buyers in key target areas in the community
- **Tours of the Property** – The Okanagan team conducted 3 tours for interested parties

## Market Commentary/Introduced Parties

1. **Bruce** | Agent: Jeff Hudson - HM Commercial. *Feedback: Boat storage use, building is too small ceiling too low for boat crane, location is good – Investors/Developers, looking to see if they can make the numbers work.*
2. **Steven** | Agent: Carter Kerzner – CBRE. *Possible offer to Court*
3. **Bart (Taz Holdings Ltd.)** | Agent: Gord Anton – Remax Kelowna. *Offer has been submitted.*
4. **Taiga Forest Product** – may submit an offer to Court
5. **John Lecky, Avison Young** – undisclosed party

## Summary of Recommended Offer

**Buyer:** Taz Holdings Ltd.

**Purchase Price:** \$9,500,000.00

**Purchaser's Conditions:** None

**Deposit:** \$500,000.00 – Paid

**Closing Date:** November 29th, 2024

This offer was accepted on September 27<sup>th</sup>, 2024 and is now firm and binding and subject only to Court approval. We confirm that the Deposit of \$500,000.00 was received on October 4<sup>th</sup> 2024 by Re/Max Kelowna to be held in trust. The Property has been extensively marketed and we believe it is possible competing offers may be submitted to Court, as such we strongly recommend acceptance of this offer.

Sincerely,

Colliers



**Bill Randall PREC**

Executive Vice President  
[bill.randall@colliers.com](mailto:bill.randall@colliers.com)  
 604 671 3077



**Eric Weber PREC**

Vice President  
[eric.weber@colliers.com](mailto:eric.weber@colliers.com)  
 250 212 8550



**Hart Buck PREC**

Senior Vice President  
[hart.buck@colliers.com](mailto:hart.buck@colliers.com)  
 604 727 7001



**Jennifer Darling**

Senior Associate  
[jennifer.darling@colliers.com](mailto:jennifer.darling@colliers.com)  
 778 837 5900



**Mike Muncner**

Associate  
[mike.muncner@colliers.com](mailto:mike.muncner@colliers.com)  
 236 457 4447