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Feb 22, 2024
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COURT FILE NUMBER	2303-06543
COURT	COURT OF KING'S BENCH OF ALBERTA
JUDICIAL CENTRE	EDMONTON
APPLICANTS	IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, C. C-36, AS AMENDED AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF J.W. CARR HOLDINGS LTD., SPRUCE GROVE INDUSTRIAL PARK INC., 272649 ALBERTA LTD., 279896 ALBERTA LTD., GRANDE PRAIRIE PLACE ENTERPRISES (1996) INC., 1170292 ALBERTA LTD. AND 627612 ALBERTA LTD.
DOCUMENT	**CONFIDENTIAL SUPPLEMENT TO THE MONITOR'S TWELFTH REPORT OF ERNST & YOUNG INC. IN ITS CAPACITY AS MONITOR OF THE APPLICANTS** **November 23, 2023**
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	**<u>MONITOR</u>** ERNST & YOUNG INC. EPCOR Tower 10423 – 101 Street, Suite 1400 Edmonton, Alberta T5H 0E7 Attention: Matt McCulloch / Peter Chisholm Telephone: 780.638.6642 / 403.206.5061 Fax: 780.428.8977 Email: matt.mcculloch@parthenon.ey.com peter.chisholm@partnenon.ey.com **<u>MONITOR'S COUNSEL</u>** McCarthy Tétrault LLP Suite 4000, 421 7th Ave SW Calgary, Alberta, T2P 4K9 Attn: Sean Collins Telephone: 403.260.3531 Email: scollins@mccarthy.ca

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PURPOSE OF THE REPORT

1. The purpose of this brief confidential supplement to the Monitor's 12th Report (the "**Confidential Supplement to the Monitor's 12th Report**") is to provide this Honourable Court and the Applicants' stakeholders (subject to a confidentiality undertaking as deemed acceptable to the Monitor) with additional information in relation to the Applicants' application and request for, *inter alia*, Sale Approval and Vesting Orders in relation to the sale of the GPPE/117 Properties (the "**GPPE/117 SAVO**"), and the Juniper Apartments (the "**Juniper SAVO**").

TERMS OF REFERENCE AND DISCLAIMER

2. In preparing the Confidential Supplement to the Monitor's 12th Report, the Monitor has been provided with, and has relied upon certain information, including unaudited financial information of the Companies, books and records, and discussions with the Applicants' Management.

3. Except as described in this report, the Monitor has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the information in a manner that would comply with Canadian auditing standards pursuant to the Chartered Processional Accountants of Canada Handbook.

4. Future oriented information referred to in the Confidential Supplement to the Monitor's 12th Report was prepared based on Management's estimates and assumptions. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are not ascertainable; the actual results may vary from the projections and the variances may be material.

5. All references to dollars are in Canadian dollars.

6. Capitalized terms not defined herein are as defined in previous reports of the Monitor and other materials filed in connection with these CCAA proceedings to date.

7. Additional background information on the Applicants and these CCAA proceedings is available on the Monitor's website, located at: www.ey.com/ca/iwcarr (the "**Monitor's Website**").

ADDITIONAL INFORMATION PERTAINING TO THE PENDING SALE OF THE GPPE/117 PROPERTIES AND RELATED GPPE/117 SAVO

8. Further to the Monitor's 12th Report, the Monitor provides the following additional information for the Court's consideration pertaining to the pending sale of the GPPE/117 Properties.

9. The Selling Agent provided an analysis of the market range with respect to the most comparable properties on a price per square foot (psf) basis which have sold over the last 4 years in Edmonton and Grande Prairie for the Monitor's consideration. In addition, the Selling Agent also provided an analysis of similar properties that are currently listed for sale as an indication of the real-time value of similar properties. The Selling Agent further advises that there is a downward price trend in relation to such properties on a psf basis. The Selling Agent advises that properties of a similar nature to the GPPE/117 Properties generally sell for prices in the range of \$34.74 - \$104.22 psf. This serves as a reference point for evaluating the GPPE/117 PSA which is expected to achieve a value of \$40 to \$76 psf. The Selling Agent indicates that the market for such properties continues to soften, especially in light of the fact that the GPPE/117 Properties require material capital investments, lease up and further re-investment to stabilize value.

10. As described in the Monitor's 12th Report, the Monitor received two (2) offers with respect to the GPPE/117 Properties, including, for greater clarity, the GPPE/117 PSA, in respect of which the SAVO is being sought.

11. A summary of the offers received is as follows:

Offeror		**Proposed Purchase Price**	**Offer Type**
Sumax Group Ltd.		$1,750,000	Offer on Nordic Court only
Side Asset Management Ltd.		$14,500,000	Subject to a number of due diligence factors (which have been satisfied as at the date of this report – discussed further below)

12. While conducting its due diligence, Side Asset Management Ltd. (the "**Side Group**") discovered additional items that needed to be addressed in relation to repairs and maintenance and other

capital expenditures that were not known to the Side Group at the time it submitted its Offer. Based on materials provided by the Side Group, such additional expenditures exceeded the anticipated and agreed amount by approximately $2 million. As a result, the Side Group indicated that it still wished to proceed with the proposed purchase but requested a $1.5 million reduction to its offer to account for and address such items. GPPE/117 countered the Side Group's amended offer and proposed only a $1.0 million dollar reduction. In the end, GPPE/117 and the Side Group agreed to a reduced purchase price of $13,500,000 for the GPPE/117 Properties.

13. Notwithstanding the reduction noted above, the Monitor is of the opinion that the GPPE/117 PSA is the highest and best offer available with respect to the GPPE/117 Properties, for a variety of reasons, including:

   a.) the purchase price under the GPPE/117 PSA is the highest dollar value offer received with respect to the GPPE/117 Properties;

   b.) the Monitor is satisfied that the Side Group is capable of completing the transaction contemplated thereunder;

   c.) the GPPE/117 PSA is based upon a commercially reasonable price per square foot which is in accordance with the lower value range for similar industrial properties; and,

   d.) the bid leading to the GPPE/117 PSA was received within a fair and open marketing process which was approved by this Honourable Court and, in the Monitor's view, sufficiently exposed the GPPE/117 Properties to the market, as described in further detail in the Monitor's 12th Report.

14. Following the determination that the GPPE/117 PSA was the highest and best offer, the Applicants, in consultation with the Monitor, sought and obtained the consent to the proposed sale of the Interim Lender and the First Charge Mortgagees on the GPPE/117 Properties, being Bank of Nova Scotia and Servus Credit Union.

15. A copy of the GPPE/117 PSA between GPPE/117, as vendors, and the Side Group, as purchaser is attached to the Eighth Confidential Carr Affidavit.

ADDITIONAL INFORMATION PERTAINING TO THE PENDING SALE OF THE JUNIPER APARTMENTS AND RELATED JUNIPER SAVO

16. Again, further to the Monitor's 12th Report, the Monitor provides the following additional information for the Court's consideration pertaining to the pending sale of the Juniper Apartments.

17. As noted in the Monitor's 12th Report, the Monitor understands that several of the individual apartments and the Juniper Apartments property as a whole require significant repairs/renovations and there are a number of vacant units. Further, according to the Selling Agent, the rent roll expense statement for the Juniper Apartments combined with the fact that a number of the individual apartments are not in rentable condition, and the anticipated costs of repairs/renovations make the Juniper Apartments a challenging investment for most potential investors.

18. As noted in the Monitor's 12th Report, only one formal offer was received on the Juniper Apartments, and the offer is in the amount of $1,000,000.00. This offer comprises the Juniper PSA and is the offer in respect of which the Juniper SAVO is being sought.

19. The Monitor is of the opinion that the Juniper PSA is the highest and best offer that will be achieved with respect to the Juniper Apartments, for a variety of reasons, including:

   a.) the Juniper Apartments have been on the market since June of 2023 and have been adequately exposed to the market over that timeframe;

   b.) the purchase price under the Juniper PSA is the only offer received with respect to the Juniper Apartments;

   c.) the Monitor understands that the proposed purchaser is capable of completing the transaction contemplated thereunder; and,

   d.) the sale process leading to the Juniper PSA was received within a fair and open marketing process which was approved by this Honourable Court and, in the Monitor's view, sufficiently exposed the Juniper Apartments to the market, as described in further detail in the Monitor's 12th Report.

20. Following the determination that the Juniper PSA was likely to be the highest and best offer, the Applicants, in consultation with the Monitor, sought and obtained the consent to the proposed sale of the Interim Lender and the First Charge Mortgagee on the Juniper Apartments, being

Servus Credit Union.

21. A copy of the Juniper PSA between 627, as vendor, and the purchaser is attached to the Eighth Confidential Carr Affidavit.

SUMMARY OF RECOMMENDATIONS

22. In summary, the Monitor, is of the opinion that the PSAs discussed in this Confidential Supplement to the Monitor's 12th Report represent the best and highest offers that can be expected in the circumstances. Specifically, the purchase prices within the two PSAs discussed herein are comparable to the expected sale values of these properties in the current market after considering the extensive marketing efforts to date that have been expended. Further, the Interim Lender and the First Charge Mortgagees support the proposed transactions.

23. For the foregoing reasons and for the reasons as set out in the Monitor's 12th Report, the Monitor recommends that this Honourable Court approve the GPPE/117 PSA and the Juniper PSA.

Dated at Edmonton, this 23rd day of November, 2023.

ERNST & YOUNG INC.
Licensed Insolvency Trustee
acting solely in its capacity as the Proposed Monitor of the JW Group
and not in its personal or corporate capacity

per:

Matt McCulloch, CPA, CA, CIRP, LIT
Senior Vice President, Ernst & Young Inc.