



No.S-088556
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 BUSINESS CORPORATIONS ACT
R.S.B.C. 2002, c. 57

And

IN THE MATTER OF
GEORGIA LAINE (33) DEVELOPMENTS LTD.

Monitor's Fourth Report to the Court

January 8, 2010

IN THE MATTER OF
Georgia Laine (33) Developments Ltd.
(the "Petitioner" or the "Company")

1. INTRODUCTION

On December 9, 2008 the Petitioner made an application to the Supreme Court of British Columbia for an Initial Order (the "Order") under the *Companies' Creditors Arrangement Act* ("CCAA").

The Bowra Group Inc. was appointed Monitor pursuant to the Initial Order pronounced December 9, 2008, as extended. The most recent extension Order was pronounced on September 22, 2009, whereby the terms of the Initial Order were extended to January 19, 2010. A copy of the September 22, 2009 extension order is attached as Appendix A.

This is the Monitor's Fourth Report to Court and has been prepared to provide an update since our third report dated September 21, 2009.

1.1 Notice to Reader

The information contained in this report has been obtained from the records of Georgia Laine (33) Developments Ltd., its employees and officers, and is based on discussions with those parties and other parties who have been involved in the development.

The information in this report has not been audited or otherwise verified by The Bowra Group Inc. or anyone else as to its accuracy or completeness, nor has it necessarily been prepared in accordance with generally accepted accounting principles. This report also contains projections and estimates based on the financial records of Georgia Laine (33) Developments Ltd. which were available to the Monitor.

The Reader is cautioned that this report may not disclose all significant matters relating to the development. Accordingly, we express no opinion or any other form of assurance on the information presented in the report. The Monitor may refine or change its observations as further information is obtained or is brought to its attention after the date of this report.

In addition, the Monitor assumes no responsibility or liability for and disclaims any and all liability for any loss or damage incurred by any party as a result of the use of this report in any manner

or as a result of the circulation, publication or reproduction of it. Any use which any party makes of this report, or any reliance on it and any decisions made based on it are the responsibility of that party.

2. SUMMARY

- The Company developed a 67 strata lot condominium project located at 33 West Pender Street in downtown Vancouver.
- The project known as "33" includes 64 residential units and 3 commercial lots in a 10 storey building.
- The Company incurred cost overruns and delays in the construction from the beginning of the project resulting in additional funding required beyond the original funding commitment. The project, originally estimated to complete in November 2007, completed in April 2009.
- The Company had struggled with timely payment of their trade and suppliers. In addition, the trades became concerned when they discovered there were no funds in the holdback account. As a result, a number of trades had stopped working on the project. All trades and creditors have been paid in full since that time.
- On December 9, 2008 the Company filed for creditor protection under the Companies' Creditors Arrangement Act with the support of its lenders Citizen's Bank and Cooper II. The Company also obtained Debtor in Possession ("DIP") financing of \$5.8 million.
- There are a total of 6 units, including three commercial residential units, which are unsold. One of these units is currently subject to a sales agreement.
- Total construction and development costs are currently estimated to be \$262K under budget. Professional fees and interest on the DIP loan are over budget by \$554K as these were not included in the original budget.
- Our latest estimated recoveries are based on the critical assumption that the 1 unit subject to a sale agreement completes in January and the remaining 5 units sell by the end of February 2010.

- We have projected total net sales revenue of \$26.5M for the entire project. Net sales revenue to date has been \$23.4M. We have assumed that the 5 remaining units will sell for 20% below their current list prices.
- These estimates have been based upon the actual sales to date, conversations with the listing realtor and selling prices of similar products within the sales area.
- Given the current market conditions it is possible the proceeds from the sales of the 6 remaining units could be less. This would result in a lower recovery to the secured creditors.
- Based on sales revenue of \$26.5M we believe Citizen's Bank will be repaid in full and Cooper II Pacific Mortgage Investment Corp. will suffer a shortfall of approximately \$1.8M on their outstanding loans of \$2.8M. Strand Financial Corp. will not recover any of their outstanding loans.

3. COSTS TO COMPLETE

A detailed budget to actual is attached as Appendix B.

The table below provides a summary of the cost variances.

| | Budget | Actual | Variance |
|--------------------------|------------------|------------------|------------------|
| | \$ | \$ | \$ |
| Construction costs | 3,642,903 | 3,533,345 | 109,557 |
| Development costs | 317,693 | 161,799 | 155,894 |
| Professional fees | 47,519 | 442,467 | (394,948) |
| Interest and fees on DIP | - | 150,000 | (150,000) |
| Other | 1,028,000 | 1,010,270 | 17,730 |
| | <u>5,036,115</u> | <u>5,297,881</u> | <u>(261,766)</u> |

Construction has completed and the only remaining costs are associated with the deficiency work on the individual units.

Professional fees and interest are over budget because these items were not included in the original budget as the original budget did not provide for a CCAA filing.

4. CASH FLOW FORECAST

Attached as Appendix C is a cash flow forecast for the period December 29, 2009 to February 28, 2010, the date by which we have assumed for cash flow purposes the project will be completed and all units sold. However, given the current market conditions this could take longer.

We have estimated sales revenue of \$26.5M. This assumes that the 6 unsold units will sell for \$3.2M. This is approximately \$500K less than our previous estimate and is reflective of the reduction in prices required in order to liquidate the remaining inventory over November and December.

Based on sales revenue of \$26.5M we believe Citizen's Bank will be repaid in full and Cooper II Pacific Mortgage Investment Corp. will suffer a shortfall of approximately \$1.8M on their outstanding loans of \$2.8M. Strand Financial Corp. will not recover any of their outstanding loans.

5. SALES, CLOSINGS & SETTLEMENTS

A total of 61 sales have completed as of December 29th, 2009. There are 6 units that are currently for sale; 1 of which is subject to a sale agreement. A list of the 6 remaining units is attached as Appendix D.

We believe in order to facilitate the sale of the commercial spaces a price reduction will be required. However, given the current interest in commercial space in the area it is likely that even with a reduction in price the sale could take several months to complete.

Legal counsel has negotiated a total of 9 deposit settlements with defaulting pre sale purchasers. The total settlement recovered was approximately \$313K and includes the following units:

| Strata Lot Number | Unit Number |
|--------------------------|--------------------|
| 13 | 303 |
| 17 | 307 |

| Strata Lot Number | Unit Number |
|--------------------------|--------------------|
| 23 | 404 |
| 28 | 409 |
| 32 | 504 |
| 41 | 604 |
| 48 | 702 |
| 60 | 805 |
| 9 | 208 |

Legal counsel is also currently negotiating the settlement with a further two defaulting pre sale purchasers on strata lots 42 (deposit of \$41K) and 50 (deposit of \$43K).

6. COMPANY'S PLAN AND MONITOR'S ANALYSIS

We understand all unsecured trade suppliers are current.

Although a plan of arrangement has not been prepared, we understand the Company intends to complete the remaining sale subject to the purchase and sale agreement and sell the 5 remaining units, which includes the 3 commercial units.

Based on the current market, we are hopeful that the 2 remaining residential units will be sold by early March, 2010. The commercial units have been more difficult to sell and, based on the Monitor's conversations with the realtors and Company, will likely require a price reduction to attract interest. The Petitioner would like to canvas the proper reduction further with its agents and the Monitor and, based upon that, fully expose the commercial units to the market for a reasonable period of time. If no sales are achievable at the reduced rate, the Petitioner, in consultation with its secured creditors, may wish to lease the properties.

The Petitioner still believes that the best time to file a Plan will be once as many units are sold as possible with the commercial units being re-exposed to the market at a lower price to determine if sales can be obtained and, if not, a decision with the secured creditor made as to whether they should be leased.

The proceeds, including any deposits recovered from terminated contracts, will be used to repay the secured creditors in the priority of their registered security.

We believe that the CCAA has preserved the pre sale contracts and significantly improved the recovery to the secured creditors thus reducing their potential unsecured claim. As such, we recommend that an extension should be granted allowing the Company to complete the remaining sales and market the unsold units. Should an extension not be granted we believe this would be detrimental to the recovery.

7. REQUEST FOR EXTENSION OF THE STAY OF PROCEEDINGS

Pursuant to paragraph 1 of the Court Order dated September 22, 2009, the stay of proceedings expires on January 19, 2010 ("the stay period"). The Company is now seeking an extension of the Stay Period to May 19, 2010. The additional time is required for the Company to complete the remaining sales and formulate a plan of arrangement.

The Monitor believes that the Company has acted in and is acting in good faith and with due diligence, and that circumstances exist that make the request for an extension of the Stay Period appropriate. The Monitor believes that creditors would not be materially prejudiced by an extension of the Stay Period to May 19, 2010, and therefore, supports the Company's request for an extension of the Stay Period to May 19, 2010.

8. RECOMMENDATIONS

This Fourth Report of the Monitor is submitted to this Honourable Court pursuant to the provisions of the Initial Order and the CCAA.

The Monitor respectfully requests that this Honourable Court authorises and approves the actions to date of the Monitor as outlined in this Report.

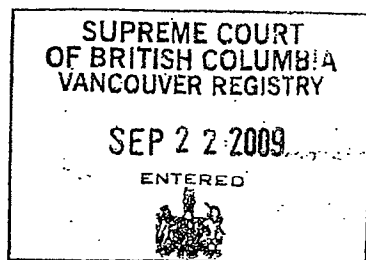
The Monitor supports and respectfully recommends to this Honourable Court that the Company's request for an extension of the Stay Period to May 19, 2010 be granted.

All of which is respectfully submitted this 8th day of January, 2010.

The Bowra Group Inc.
Monitor under CCAA of
Georgia Laine (33) Developments Ltd.

per: 
Doug Chivers, CA CIRP

Appendix A



NO. S088556
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 BUSINESS CORPORATIONS ACT
R.S.B.C. 2002, c. 57

AND

IN THE MATTER OF

GEORGIA LAINE (33) DEVELOPMENTS LTD.

PETITIONER

ORDER

BEFORE THE HONOURABLE) TUESDAY, THE 22ND
THE CHIEF JUSTICE ~~BAUMANN~~) DAY OF SEPTEMBER, 2009

THE APPLICATION of the Petitioner coming on for hearing at Vancouver, British Columbia, on Thursday the 9th day of July, 2009; AND ON HEARING Kimberley A. Robertson, counsel for the Petitioner, and no one else appearing, although duly served, AND UPON READING the proceedings and pleadings filed herein, including the Monitor's Report dated September 22, 2009; AND pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985 c. C-36 (the "CCAA") and the inherent jurisdiction of this Honourable Court; AND UPON SERVICE to all parties of record:

THIS COURT ORDERS THAT:

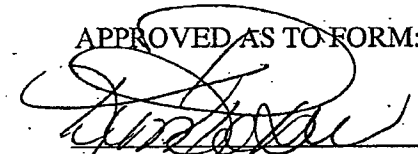
1. The Initial Order pronounced December 9, 2008, as extended to September 19, 2009 shall be further extended to January 19, 2010, *nunc pro tunc* and that all provisions and terms of the Initial Order shall remain in full force and effect.

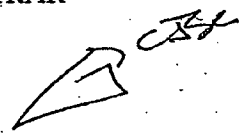
2. The stay of proceedings contained in the Initial Order shall be extended and remain in full force and effect until January 19, 2010 at 11:59 p.m.

BY THE COURT


DISTRICT REGISTRAR

APPROVED AS TO FORM:


COUNSEL FOR THE PETITIONER





Appendix B

Georgia Laine (33) Developments Ltd.
 Actual to Budgeted Costs to Complete
 January 6, 2010

| | Budget \$ | Actual \$ Dec 9, 2008 to October 23, 2009 | December to December 2009 | Total \$ December 2008 to December 2009 | Forecast \$ December 2009 to Completion | Total \$ December 2008 to Completion | Under / (Over) Budget |
|--|------------------|---|------------------------------------|---|--|--|-----------------------|
| General Conditions | 401,148 | 711,975 | | 711,975 | - | 711,975 | (310,827) |
| Site Works | 85,000 | 92,128 | | 92,128 | - | 92,128 | (7,128) |
| Concrete | 86,849 | 128,763 | | 128,763 | - | 128,763 | (41,915) |
| Masonry | 107,607 | 38,850 | | 38,850 | - | 38,850 | 68,757 |
| Metals | 237,269 | 170,563 | | 170,563 | - | 170,563 | 66,706 |
| Wood & Plastics | 162,226 | 143,967 | | 143,967 | - | 143,967 | 18,259 |
| Thermal & Moisture | 134,935 | 97,104 | | 97,104 | - | 97,104 | 37,831 |
| Doors & Windows | 149,799 | 252,488 | | 252,488 | - | 252,488 | (102,689) |
| Finishes | 480,881 | 570,295 | | 570,295 | - | 570,295 | (89,414) |
| Specialties | 156,353 | 75,507 | | 75,507 | - | 75,507 | 80,846 |
| Equipment | 774,895 | 593,298 | | 593,298 | - | 593,298 | 181,597 |
| Furnishings | 38,600 | 31,672 | | 31,672 | - | 31,672 | 6,928 |
| Special Construction | 7,500 | 292 | | 292 | - | 292 | 7,208 |
| Conveying Systems | 30,000 | 48,370 | | 48,370 | - | 48,370 | (18,370) |
| Mechanical | 212,156 | 195,791 | | 195,791 | - | 195,791 | 16,365 |
| Electrical | 193,277 | 197,276 | | 197,276 | - | 197,276 | (3,999) |
| Final clean suites/exterior/deficiency work | 65,000 | 82,743 | 6,518 | 89,261 | 10,000 | 99,261 | (34,261) |
| Contingency | 248,740 | 21,325 | | 21,325 | 10,000 | 31,325 | 217,415 |
| Owner Direct Payments | 70,668 | 54,420 | | 54,420 | - | 54,420 | 16,248 |
| Total Construction Costs | 3,642,903 | 3,506,827 | 6,518 | 3,513,345 | 20,000 | 3,533,345 | 109,557 |
| Development Costs | 317,693 | 159,299 | 500 | 159,799 | 2,000 | 161,799 | 155,894 |
| Total Construction & Development Costs | 3,960,596 | 3,666,126 | 7,018 | 3,673,144 | 22,000 | 3,695,144 | 265,452 |
| Professional Fees | 47,519 | 365,205 | 37,262 | 402,467 | 40,000 | 442,467 | (394,948) |
| Home Warranty | 126,000 | 126,000 | | 126,000 | - | 126,000 | - |
| Security + Strata Fees | 161,000 | 75,381 | | 75,381 | 3,000 | 78,381 | 82,619 |
| Accounts Payable & Holdbacks | 741,000 | 797,661 | | 797,661 | - | 797,661 | (56,661) |
| Interest and Fees on the DIP | - | - | | - | 150,000 | 150,000 | (150,000) |
| GST (to be recovered) | - | 199,996 | 2,136 | 202,132 | (202,132) | - | - |
| Miscellaneous (couriers, interest on bank a/c, etc.) | - | 7,229 | | 7,229 | 1,000 | 8,229 | (8,229) |
| | 1,075,519 | 1,571,471 | 39,398 | 1,610,869 | (8,132) | 1,602,737 | (527,218) |
| Total Budgeted Costs to Complete excluding marketing and interest | 5,036,115 | 5,237,597 | 46,416 | 5,284,013 | 13,868 | 5,297,881 | (261,766) |
| Plus: November draw #27 | 767,055 | | | | | | |
| Total Budgeted Costs as per November 7 Report | 5,803,170 | | | | | | |

Appendix C

Georgia Laine (33) Developments Ltd.
Cash Flow Forecast
December 29, 2009

| | Actual | | Forecast | | Total | |
|------------------------------------|---|-------------------|-------------------|-------------------|---------------------------------------|----------------|
| | December 9, 2008 to December 8, 2009 | December 8, 2009 | January | February | December 9, 2008 to February, 2010 | February, 2010 |
| Receipts | | | | | | |
| Net Sales Revenue | 23,411,023 | 576,190 | 576,190 | 2,561,920 | 26,549,133 | 5,279,355 |
| Receiver's Borrowings | 5,279,355 | | | | 5,279,355 | 92 |
| Interest | 92 | | | | 92 | |
| | <u>28,690,470</u> | <u>576,190</u> | <u>576,190</u> | <u>2,561,920</u> | <u>31,828,580</u> | |
| Disbursements | | | | | | |
| Budgeted Costs to Complete | 5,237,597 | 12,000 | 12,000 | 12,000 | 5,261,597 | 440,255 |
| Commissions and marketing | 346,111 | 17,286 | 17,286 | 76,858 | 440,255 | |
| Repayment of Receiver's Borrowings | 5,279,355 | - | - | - | 5,279,355 | |
| | <u>10,863,063</u> | <u>29,286</u> | <u>29,286</u> | <u>88,858</u> | <u>10,981,207</u> | |
| Cash Flow | 17,827,407 | 546,904 | 546,904 | 2,473,062 | 20,847,373 | |
| Opening Cash Balance | - | 17,827,407 | 17,827,407 | 18,374,311 | - | |
| Ending Cash Balance | <u>17,827,407</u> | <u>18,374,311</u> | <u>18,374,311</u> | <u>20,847,373</u> | <u>20,847,373</u> | |

Appendix D

| SL | Unit | Suite size Sq. f | Views | Original Price | New List Price | Sale Price - New Contract | Estimated Sale Price (Note) | Difference between Original & Sale Price | Notes |
|----|------|------------------|-----------|----------------|----------------|---------------------------|-----------------------------|--|---|
| 60 | 805 | 1,223 | South | \$ 799,900 | \$ 809,900 | | \$ 647,920 | | Closing Jan 12 2010 / subject to 1st mortgage of 400K |
| 61 | 806 | 1,020 | South | \$ 749,900 | \$ 749,900 | \$ 576,190 | \$ | \$ (173,710) | |
| 64 | 903 | 1,075 | South | \$ 899,900 | \$ 899,900 | | \$ 650,000 | | |
| 65 | CRU1 | 1,158 | Available | \$ 750,000 | \$ 750,000 | | \$ 600,000 | | |
| 66 | CRU2 | 603 | Available | \$ 390,000 | \$ 390,000 | | \$ 312,000 | | |
| 67 | CRU3 | 675 | Available | \$ 440,000 | \$ 440,000 | | \$ 352,000 | | |
| 6 | | 3,318 | | \$ 4,029,700 | \$ 4,039,700 | \$ 576,190 | \$ 2,561,920 | \$ (173,710) | |

Note: The estimated sale price is based on a 25% decrease from the original price. This has been the approximate reduction required for the higher end units.