

Vancouver

17-Mar-22

REGISTRY

No. H-210441  
Vancouver Registry

**IN THE SUPREME COURT OF BRITISH COLUMBIA**

BETWEEN:

PROSPERA CREDIT UNION

PETITIONER

AND:

PORTLIVING FARMS (3688 PARKVIEW) INVESTMENTS INC.  
LIVING BEACHSIDE DEVELOPMENT LIMITED PARTNERSHIP  
PORT CAPITAL FARMS (BEACH) INC.  
PORT CAPITAL GROUP INC.  
PORT CAPITAL DEVELOPMENT INC.  
MACARIO TEODORO REYES  
ERLENMATTE AG  
ROLAND KRUGER  
ROLAND KRUGER FAMILY TRUST IN TRUST  
HAGEN KRUGER  
HAGEN KRUGER FAMILY TRUST IN TRUST  
JOHN DOE

**RESPONDENTS**

**REQUISITION - GENERAL**

**Filed by:** The Bowra Group Inc., court-appointed receiver of Portliving Farms (3688 Parkview) Investments Inc. and Living Beachside Development Limited Partnership

**Required:** Please file the attached Receiver's Second Report to Court.

March 17, 2022

Dated

*Jeffrey Bradshaw*

Signature of  lawyer for filing party  
DLA Piper (Canada) LLP (Jeffrey D. Bradshaw)

COURT NO. VLC-S-H-210439

VLC-S-H-210440

VLC-S-H-210441

ESTATE NO. 11-254362

11-254364

11-254365

VANCOUVER REGISTRY

**IN THE SUPREME COURT OF BRITISH COLUMBIA**

**IN BANKRUPTCY AND INSOLVENCY**

**IN THE MATTER OF THE *LAW AND EQUITY ACT, R.S.B.C. 1996 C. 253, AS AMENDED***

**AND**

**IN THE MATTER OF THE RECEIVERSHIP OF**

**PORTLIVING FARMS (3624 PARKVIEW) INVESTMENTS INC., LIVING BEACHSIDE  
DEVELOPMENT LIMITED PARTNERSHIP, PORTLIVING FARMS (3648 PARKVIEW)  
INVESTMENTS INC., SUNNY BEACH MOTEL INC. AND PORTLIVING FARMS (3688  
PARKVIEW) INVESTMENTS INC.**

**RECEIVER'S SECOND REPORT TO COURT**

March 16, 2022

**IN THE MATTER OF THE RECEIVERSHIP OF  
PORTLIVING FARMS (3624 PARKVIEW) INVESTMENTS INC., LIVING BEACHSIDE  
DEVELOPMENT LIMITED PARTNERSHIP, PORTLIVING FARMS (3648 PARKVIEW)  
INVESTMENTS INC., SUNNY BEACH MOTEL INC. AND PORTLIVING FARMS (3688  
PARKVIEW) INVESTMENTS INC.**

**RECEIVER'S SECOND REPORT TO COURT**

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## I. BACKGROUND AND PURPOSE OF THE REPORT

1. The Supreme Court of British Columbia granted three separate Court Orders dated November 29, 2021 appointing The Bowra Group Inc. as Receiver (the “**Receiver**”) of the assets, undertakings, and property of:
  - i. Portliving Farms (3624 Parkview) Investments Inc. (“**3624 Farms**”);
  - ii. Living Beachside Development Limited Partnership (“**Beachside LP**”);
  - iii. Portliving Farms (3648 Parkview) Investments Inc. (“**3648 Farms**”);
  - iv. Sunny Beach Motel Inc. (“**Sunny Beach Motel**”); and,
  - v. Portliving Farms (3688 Parkview) Investments Inc. (“**3688 Farms**”).(All of which are collectively referred to as the “**Companies**” or “**Portliving Group**”)
  
2. This is the Receiver’s Second Report to Court. This report should be read in conjunction with the Receiver’s First Report to Court dated February 4, 2022.

### **Background**

3. The Companies own and operate three motels located on the shore of Skaha Lake in Penticton, B.C.:
  - i. **Beachside Motel** – a 26 room motel spread over two buildings located at 3624 Parkview Street, Penticton (“**Beachside**”);
  - ii. **Sunny Beach Motel** – a 22 room motel spread over two buildings located at 3648 Parkview Street, Penticton (“**Sunny Beach**”);
  - iii. **Waterfront Inn** – a 20 room motel located at 3688 Parkview Street, Penticton (“**Waterfront**”).(collectively referred to as the “**Motels**”)
  
4. On February 8, 2022 the Court granted the Receiver the authority to market and sell the Motels commencing on February 18, 2022.
  
5. On March 4, 2022 the Receiver was advised that the Portliving Group had made arrangements for new financing to payout the first mortgagee, Prospera Credit Union (“**Prospera**”) and the second mortgagee, Erlenmatte AG (“**Erlenmatte**”).

6. On March 16, 2022, we received confirmation that the Prospera and Erlenmatte mortgages were paid out in full.
7. As part of the terms of the financing that is paying out the Prospera and Erlenmatte mortgages, the Receiver is no longer required and is to seek its discharge.

### **Purpose of the Report**

8. The purpose of this report is to:
  - i. Provide the Court with an update on the Receiver's activities since its last report dated February 4, 2022;
  - ii. Request the approval of the Receiver's activities and fees incurred to date, plus additional fees, disbursements and taxes to a maximum of \$55,000 for the three estates to complete the receiverships;
  - iii. Request the approval of the accounts of the Receiver's legal counsel to date plus additional fees, disbursements and taxes to a maximum of \$25,000 for the three estates to complete the receiverships.
  - iv. Request the discharge of the Receiver.

## **II. UPDATE ON RECEIVER'S ACTIVITIES SINCE THE LAST REPORT TO COURT**

9. Since our last report to Court dated February 4, 2022, the Receiver has:
  - i. Continued to operate the Motels and administered the estates;
  - ii. Marketed the Motels for sale;

### **Operations and administration of the estates**

10. The Receiver has continued to operate the Motels.
11. The Receiver has performed the following activities since our last Report to Court:
  - i. Reviewed and reconciled daily sales activity;
  - ii. Liaised with the general manager of the Motels on a weekly basis regarding operations, required repairs and maintenance and a marketing strategy;
  - iii. Set up new Moneris accounts to allow for online payments and to allow for

- deposits to go into the proper motel bank account;
  - iv. Prepared a cash flow projection by motel;
  - v. Held discussions and correspondence with legal counsel;
  - vi. Liaised with numerous creditors;
  - vii. Reviewed various internal reports regarding future bookings and provided recommendations to increase revenue;
12. The Receiver has borrowed a total of \$159,000 from Prospera.
13. The Receiver holds approximately \$123,000 in its three trust accounts and will be paid an additional \$116,000 to pay costs and professional fees to complete the receivership. The \$239,000 will be used to pay:
- i. Costs for ongoing operations of \$58,250;
  - ii. Cushman work fee of \$15,750 including GST;
  - iii. Outstanding Receiver's fees of \$63,000;
  - iv. Outstanding fees of the Receiver's legal counsel of \$22,000;
  - v. Estimated Receiver's fees to completion of the receivership of up to \$55,000 including disbursements and taxes; and,
  - vi. Estimated fees for the Receiver's legal counsel of up to \$25,000 including disbursements and taxes.
14. The Receiver will remain in control of the assets until the Court discharges the Receiver of its obligations.
15. The Receiver has provided working notice to all employees that they will be terminated effective March 23, 2022.

### **Sales and marketing**

16. The Receiver engaged Cushman & Wakefield ULC ("**Cushman**") on February 24, 2022 to market and sell the Motels.
17. Cushman's listing agreement provided for a 2.25% commission of the purchase price if the Motels were sold or a work fee of \$15,000 plus GST in lieu of a commission in the

event the mortgages were redeemed or refinanced by March 25, 2022.

18. Cushman performed the following tasks:
  - i. Set up a virtual data room;
  - ii. Sent a teaser letter to about 2,000 prospective purchasers; and,
  - iii. Received approximately 30 different enquiries from prospective purchasers.
19. Prior to being notified that the mortgages were going to be refinanced, the Receiver had been preparing an application to Court to approve a sales process.
20. Once the Receiver was satisfied that the refinancing was going to occur, Cushman was advised to stop all marketing activities.

### III. RECEIVER'S STATEMENT OF RECEIPTS AND DISBURSEMENTS

21. A copy of the Receiver's Interim Statement of Receipts and Disbursements for the period November 29, 2021 to March 8, 2022 is attached as **Appendix A**.
22. The Receiver's Interim Statement of Receipts and Disbursements is summarized below.

<b>Interim Statement of Receipts and Disbursements for the period November 29, 2021 to March 8, 2022</b>	
	<b>\$'s</b>
<b>Receipts</b>	
Receiver borrowings	159,000
Rental income	158,478
Accounts receivable	99,120
GST and PST collected	10,040
Deposits collected	5,173
	<u>431,811</u>
<b>Disbursements</b>	
Receiver's fees	114,240
Payroll	57,269
Utilities	38,247
Marketing costs	23,548
Contract labour	19,590
GST and PST paid	14,222
Repairs and maintenance	10,885
Licenses, fees and postage	9,786
Legal fees	6,946
Contractor costs	6,384
Merchant and bank fees	4,008
Travel	3,462
	<u>308,587</u>
<b>Excess receipts over disbursements</b>	<u><b>123,224</b></u>

#### IV. PROFESSIONAL FEES

##### Summary of Receiver's Accounts

23. For the period November 29, 2021 to February 28, 2022, the Receiver submitted monthly invoices to Prospera. The total of these accounts by estate is summarized below.

	<b>3624 Farms</b>	<b>3648 Farms</b>	<b>3688 Farms</b>	<b>Total</b>
	<b>\$'s</b>			
Fees	60,625	56,190	54,968	171,783
Disbursements	3,181	2,729	2,682	8,592
GST	3,190	2,946	2,883	9,019
<b>Total</b>	<b>66,996</b>	<b>61,865</b>	<b>60,533</b>	<b>189,394</b>

24. The Receiver is owed \$63,097.13 of the \$189,394 that has been invoiced.
25. A summary of the Receiver's invoices is attached as **Appendix B**.
26. In addition to the above invoices, the Receiver has unbilled WIP of \$6,900 as of March 4, 2022.

##### Receiver's Staffing and Hours

27. During the receivership period, Mario Mainella, President of The Bowra Group Inc. had primary responsibility for the work carried out by the Receiver. Where appropriate this work was delegated to other staff within The Bowra Group Inc. A summary of time spent on this assignment by members of the staff within The Bowra Group Inc. for the period November 29, 2021 to February 28, 2022 by receivership is summarized on the following page.



**3624 Farms**

<b>Name</b>	<b>Title</b>	<b>Hours</b>	<b>Average Hourly Rate (\$)</b>
Mario Mainella	President	16.15	595
Chris Bowra	Vice President	53.35	450
Andrew Pappel	Associate	68.95	295
Sofie Parker	Insolvency Administrator	13.25	185
Office Administration		33.73	125
		<b>185.43</b>	<b>327 *</b>

*\*Average Hourly Rate*

**3648 Farms**

<b>Name</b>	<b>Title</b>	<b>Hours</b>	<b>Average Hourly Rate (\$)</b>
Mario Mainella	President	16.65	595
Chris Bowra	Vice President	50.15	450
Andrew Pappel	Associate	67.95	295
Sofie Parker	Insolvency Administrator	9.75	185
Office Administration		14.93	125
		<b>159.43</b>	<b>352 *</b>

*\*Average Hourly Rate*

**3688 Farms**

<b>Name</b>	<b>Title</b>	<b>Hours</b>	<b>Average Hourly Rate (\$)</b>
Mario Mainella	President	16.15	595
Chris Bowra	Vice President	48.35	450
Andrew Pappel	Associate	68.20	295
Sofie Parker	Insolvency Administrator	9.75	185
Office Administration		13.43	125
		<b>155.88</b>	<b>353 *</b>

*\*Average Hourly Rate*

28. In the Receiver's opinion, the time and disbursements incurred by the Receiver in the course of its duties are fair and reasonable in a receivership of the nature described

herein. In addition, the Receiver believes that the cost of this receivership is comparable to receivership assignments of similar scale and complexity.

- 29. The hourly rates charged by the Receiver are consistent with the average hourly rates billed by the Receiver on its other engagements and, to the Receiver’s knowledge, consistent with other insolvency firms of comparable size engaged on similar receivership matters.
- 30. The Receiver requests that the Court approve the Receiver’s fees incurred to date and approve additional fees, disbursements and taxes to a maximum of \$55,000 to complete the administration of the Companies receiverships. The estimated fees relate to work required to prepare for the discharge of the Receiver, and other unbilled work in process.

**Legal Fees**

- 31. The Receiver engaged DLA Piper LLP (“DLA”) as its legal counsel. The total legal fees of DLA were \$26,784 plus disbursements of \$28 as summarized below.

	<b>3624 Farms</b>	<b>3648 Farms</b>	<b>3688 Farms</b>	<b>Total</b>
	<b>\$'s</b>			
Fees	8,928	8,928	8,928	26,784
Disbursements	14	7	7	28
GST	446	446	446	1,338
PST	625	625	625	1,875
<b>Total</b>	<b>10,013</b>	<b>10,006</b>	<b>10,006</b>	<b>30,025</b>

- 32. A summary of the DLA legal fees, disbursements, PST and GST by invoice is attached as **Appendix C**.
- 33. The Receiver has reviewed the invoices of DLA and believes them to be proper and reasonable. The legal services provided were necessary for the Receiver to fulfill its obligations.
- 34. The Receiver's legal counsel is owed \$22,247.40 of the \$30,025 that has been invoiced.

35. The Receiver requests that the Court summarily approve the legal fees of DLA incurred to date and approve additional fees, disbursements and taxes for DLA to a maximum of \$25,000 to complete the administration of the receiverships.

## V. CONCLUSION AND RECOMMENDATION

### Conclusion

36. The Prospera and Erlenmatte mortgages were refinanced and paid in full on March 16, 2022.
37. It was a requirement of the new mortgagees that the Receiver cease all marketing activities and seek its discharge.
38. The Receiver currently holds \$123,000 in its trust accounts and expects a further \$116,000 from the Companies to pay the remaining costs and professional fees to complete the administration of the receiverships.

### Recommendation

39. The Receiver hereby submits its detailed billings to the Court and requests the Court to approve of the following:
- i. The activities and accounts of the Receiver and its legal counsel;
  - ii. Additional Receiver's fees, disbursements and taxes to a maximum of \$55,000 for all three estates to complete the administration;
  - iii. Additional fees, disbursements and taxes of the Receiver's legal counsel to a maximum of \$25,000 for the three estates to complete the administration; and,
  - iv. Discharge of the Receiver on the terms set out in the proposed form of Discharge Order appended to the Receiver's Notice of Application filed concurrently with this report.

All of which is respectively submitted this 16<sup>th</sup> day of March, 2022.

**The Bowra Group Inc.**

**Receiver of the assets, undertakings and property of**

**Portliving Farms (3624 Parkview) Investments Inc., Living Beachside Development Limited**

**Partnership, Portliving Farms (3648 Parkview) Investments Inc., Sunny Beach Motel Inc. and**

**Portliving Farms (3688 Parkview) Investments Inc.**

Per:



Chris Bowra, CA, CIRP

**APPENDIX A**  
**INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS**  
**FOR THE PERIOD NOVEMBER 29, 2021 TO MARCH 8, 2022**

**In the Matter of the Receivership of Portliving Farms (3624 Parkview) Investments Inc., Living Beachside  
Development Limited Partnership, Portliving Farms (3648 Parkview) Investments Inc., Sunny Beach Motel Inc. and  
Portliving Farms (3688 Parkview) Investments Inc.  
Interim Statement of Receipts and Disbursements  
For the Period November 29, 2021 to March 8, 2022**

	<b>3624 Farms</b>	<b>3648 Farms</b>	<b>3688 Farms</b>	<b>Total</b>
	<b>\$'s</b>			
<b>Receipts</b>				
Receiver borrowings	20,000	83,000	56,000	<b>159,000</b>
Rental income	83,880	40,251	34,347	<b>158,478</b>
Accounts receivable	48,537	21,695	28,888	<b>99,120</b>
Net damage deposits collected	2,747	1,224	1,202	<b>5,173</b>
GST collected	3,926	2,289	2,326	<b>8,541</b>
PST collected	639	410	450	<b>1,499</b>
	<b>159,729</b>	<b>148,869</b>	<b>123,213</b>	<b>431,811</b>
<b>Disbursements</b>				
Receivers fees	40,136	37,456	36,648	<b>114,240</b>
Payroll	22,867	17,201	17,201	<b>57,269</b>
Utilities	14,102	11,912	12,233	<b>38,247</b>
Marketing costs	7,907	10,055	5,586	<b>23,548</b>
Contract labour	7,836	5,877	5,877	<b>19,590</b>
GST paid	7,458	2,864	2,747	<b>13,069</b>
Repairs and maintenance	2,524	5,486	2,875	<b>10,885</b>
Legal fees	2,320	2,313	2,313	<b>6,946</b>
Office and sundry costs	1,827	1,586	1,549	<b>4,962</b>
IT services	1,876	1,407	1,407	<b>4,690</b>
Bank charges and credit card merchant fees	1,483	1,122	1,403	<b>4,008</b>
Travel costs	1,154	1,154	1,154	<b>3,462</b>
Newspaper advertisement	795	596	596	<b>1,987</b>
Accounting	498	374	374	<b>1,246</b>
Licenses and permits	396	232	380	<b>1,008</b>
Ascend license fee	275	275	275	<b>825</b>
PST remitted	270	159	238	<b>667</b>
Search fees	461	19	19	<b>499</b>
PST on legal fees	162	162	162	<b>486</b>
Payroll services	220	114	114	<b>448</b>
Courier and postage	155	62	69	<b>286</b>
Filing fees	73	73	73	<b>219</b>
	<b>114,795</b>	<b>100,499</b>	<b>93,293</b>	<b>308,587</b>
<b>Excess Receipts over Disbursements</b>	<b>44,934</b>	<b>48,370</b>	<b>29,920</b>	<b>123,224</b>

**APPENDIX B**  
**SUMMARY OF RECEIVER'S INVOICES**  
**FOR THE PERIOD NOVEMBER 29, 2021 TO FEBRUARY 28, 2022**

**In the Matter of the Receivership of  
Portliving Farms (3624 Parkview) Investments Inc., Living Beachside Development Limited Partnership, Portliving Farms (3648  
Parkview) Investments Inc., Sunny Beach Motel Inc. and Portliving Farms (3688 Parkview) Investments Inc.  
Summary of the Receiver's Invoices  
For the Period November 29, 2021 to February 28, 2022**

Period	Invoice	Fees (\$)	Disbursements (\$)	GST (\$)	Total (\$)
<b>3624 Farms</b>					
November 29, 2021 to December 31, 2021	9342	20,950.75	1,234.01	1,109.24	23,294.00
January 1, 2022 to January 31, 2022	9362	19,184.75	992.25	1,008.85	21,185.85
February 1, 2022 to February 28, 2022	9371	20,489.00	954.75	1,072.19	22,515.94
	<b>Total</b>	<b>60,624.50</b>	<b>3,181.01</b>	<b>3,190.28</b>	<b>66,995.79</b>
<b>3648 Farms</b>					
November 29, 2021 to December 31, 2021	9343	20,450.75	1,139.48	1,079.51	22,669.74
January 1, 2022 to January 31, 2022	9363	17,004.75	783.75	889.43	18,677.93
February 1, 2022 to February 28, 2022	9372	18,734.00	805.50	976.98	20,516.48
	<b>Total</b>	<b>56,189.50</b>	<b>2,728.73</b>	<b>2,945.92</b>	<b>61,864.15</b>
<b>3688 Farms</b>					
November 29, 2021 to December 31, 2021	9344	19,865.75	1,123.90	1,049.49	22,039.14
January 1, 2022 to January 31, 2022	9364	16,782.25	769.50	877.59	18,429.34
February 1, 2022 to February 28, 2022	9373	18,320.25	789.00	955.46	20,064.71
	<b>Total</b>	<b>54,968.25</b>	<b>2,682.40</b>	<b>2,882.54</b>	<b>60,533.19</b>
<b>Total</b>		<b>171,782.25</b>	<b>8,592.14</b>	<b>9,018.74</b>	<b>189,393.13</b>



**APPENDIX C**  
**SUMMARY OF THE RECEIVER'S LEGAL COUNSEL'S INVOICES**  
**FOR THE PERIOD NOVEMBER 29, 2021 TO FEBRUARY 28, 2022**

**In the Matter of the Receivership of  
Portliving Farms (3624 Parkview) Investments Inc., Living Beachside Development Limited Partnership, Portliving Farms (3648 Parkview)  
Investments Inc., Sunny Beach Motel Inc. and Portliving Farms (3688 Parkview) Investments Inc.  
Summary of Legal Invoices  
For the Period November 29, 2021 to February 28, 2022**

<b>Period</b>	<b>Invoice</b>	<b>Fees (\$)</b>	<b>Disbursements (\$)</b>	<b>GST (\$)</b>	<b>PST (\$)</b>	<b>Total (\$)</b>
<b>3624 Farms</b>						
November 29, 2021 to December 31, 2021	2084435	585.00	-	29.25	40.95	655.20
January 1, 2022 to January 31, 2022	2090834	1,727.50	7.00	86.38	120.93	1,941.81
February 1, 2022 to February 28, 2022	2096837	6,615.00	7.00	330.75	463.05	7,415.80
<b>Total</b>		<b>8,927.50</b>	<b>14.00</b>	<b>446.38</b>	<b>624.93</b>	<b>10,012.81</b>
<b>3648 Farms</b>						
Nov 29, 2021 to Dec 31, 2021	2084436	585.00	-	29.25	40.95	655.20
Jan 1, 2022 to Jan 31, 2022	2090836	1,727.50	-	86.38	120.93	1,934.81
Feb 1, 2022 to Feb 28, 2022	2096838	6,615.00	7.00	330.75	463.05	7,415.80
<b>Total</b>		<b>8,927.50</b>	<b>7.00</b>	<b>446.38</b>	<b>624.93</b>	<b>10,005.81</b>
<b>3688 Farms</b>						
Nov 29, 2021 to Dec 31, 2021	2084434	585.00	-	29.25	40.95	655.20
Jan 1, 2022 to Jan 31, 2022	2090833	1,727.50	-	86.38	120.93	1,934.81
Feb 1, 2022 to Feb 28, 2022	2096836	6,615.00	7.00	330.75	463.05	7,415.80
<b>Total</b>		<b>8,927.50</b>	<b>7.00</b>	<b>446.38</b>	<b>624.93</b>	<b>10,005.81</b>
<b>Total</b>		<b>26,782.50</b>	<b>28.00</b>	<b>1,339.14</b>	<b>1,874.79</b>	<b>30,024.43</b>

No. H-210441  
Vancouver Registry

**IN THE SUPREME COURT OF BRITISH COLUMBIA**

BETWEEN:

PROSPERA CREDIT UNION

PETITIONER

AND:

PORTLIVING FARMS (3688 PARKVIEW)  
INVESTMENTS INC.,  
LIVING BEACHSIDE DEVELOPMENT  
LIMITED PARTNERSHIP, PORT CAPITAL  
FARMS (BEACH) INC., PORT CAPITAL  
GROUP INC., PORT CAPITAL  
DEVELOPMENT INC.,  
MACARIO TEODORO REYES,  
ERLENMATTE AG, ROLAND KRUGER,  
ROLAND KRUGER FAMILY TRUST IN  
TRUST, HAGEN KRUGER, HAGEN  
KRUGER FAMILY TRUST IN TRUST,  
JOHN DOE

RESPONDENTS

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**REQUISITION - GENERAL**

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