



Estate File No.: 11-3095615

**IN THE MATTER OF THE BANKRUPTCY OF
14691674 B.C. LTD.
OF THE CITY OF SURREY, IN THE PROVINCE OF BRITISH COLUMBIA**

**TRUSTEE'S REPORT TO CREDITORS ON
PRELIMINARY ADMINISTRATION**

JUNE 25, 2024

1.0 Introduction

1. Pursuant to an order (the “**Initial Order**”) pronounced by the Supreme Court of British Columbia (the “**Court**”) on January 15, 2024, Black Press Ltd. (“**BP Holdco**”), 311773 B.C. Ltd. (“**311 BC**”), certain of their respective subsidiaries (collectively, the “**Original Petitioners**”¹), Black Press (Barbados) Ltd., Whidbey Press (Barbados) Inc., Black Press Delaware LLC, and Black Press Group Oregon LLC (collectively, the “**Non-Petitioner Stay Parties**”, together with the Original Petitioners, the “**BP Group**”²) were granted protection under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”), and KSV Restructuring Inc. (“**KSV**”) was appointed as monitor in the CCAA proceedings (in such capacity, the “**Monitor**”).
2. The principal purpose of the CCAA proceedings was to carry out a Court-approved sale and investment solicitation process (the “**SISP**”) while the Original Petitioners continued to operate in the normal course with financing provided by a debtor in possession lender. The SISP resulted in the transactions (the “**Transactions**”) pursuant to a Share Subscription Agreement dated March 1, 2024 (the “**SSA**”) between: (i) 1000817790 Ontario Ltd. (the

¹ The Original Petitioners were BP Holdco, 311 BC, Black Press Group Ltd. (“**BP Canada**”), 0922015 B.C. Ltd., Central Web Offset Ltd., Sound Publishing Holding, Inc., Sound Publishing Properties, Inc. (“**SPPI**”), Sound Publishing, Inc. (“**BP Sound**”), Oahu Publications, Inc. (“**BP Hawaii**”), The Beacon Journal Publishing Company, WWA (BPH) Publications, Inc., and San Francisco Print Media Co.

² The entities that are members of the BP Group are collectively referred to as the “**BP Group Members**”.

“**Purchaser**”), an entity formed on behalf of Canso Investment Counsel Ltd. (“**Canso**”), in its capacity as portfolio manager for and on behalf of certain accounts that it manages, Deans Knight Capital Management Ltd., and Carpenter Newsmedia LLC; and (ii) BP Holdco and 311 BC. The Transaction was approved by the Court pursuant to an approval and reverse vesting order granted March 11, 2024 (the “**RVO**”) and closed on March 25, 2024.

3. In addition to approving the Transaction, the RVO, among other things:
 - a) added the Non-Petitioner Stay Parties as petitioners in the CCAA proceedings;
 - b) added 1469167 B.C. Ltd. (“**146 BC**”) “**Residual Co. (Canada)**”) and 342024, LLC (“**Residual Co. (US)**”, together with Residual Co. (Canada), the “**Residual Cos**”) as Petitioners in these CCAA proceedings (in such capacity, the “**Petitioners**”); and
 - c) upon completion of the Transactions, removed the Original Petitioners and the Non-Petitioner Stay Parties as petitioners in the CCAA proceedings.
4. On April 9, 2024, the Court issued an order (the “**CCAA Termination Order**”), among other things, authorizing the Monitor to file a voluntary assignment in bankruptcy on behalf of 146 BC pursuant to section 49 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “**BIA**”).
5. On June 21, 2024, the Monitor assigned 146 BC into bankruptcy pursuant to section 49 of the BIA. KSV was appointed Licensed Insolvency Trustee (in such capacity, the “**Trustee**”) of 146 BC, subject to affirmation at the First Meeting of Creditors on July 9, 2024.

1.1 Restrictions

1. In preparing this preliminary report (the “**Report**”), the Trustee has relied upon unaudited financial information prepared by representatives and advisors of 146 BC and the books and records of 146 BC.
2. The Trustee has not audited or otherwise attempted to verify the accuracy or completeness of the financial information relied upon to prepare this Report in a manner that complies with Canadian Auditing Standards (“**CAS**”) pursuant to the Chartered Professional Accountants of Canada Handbook and, accordingly, the Trustee expresses no opinion or other form of assurance contemplated by the CAS. Any party wishing to place reliance on the financial information should perform its own diligence.

1.2 Currency

1. All currency references in this Report are to Canadian dollars

2.0 Background

1. Headquartered in Surrey, British Columbia, the Original Petitioners' primary business is print newspapers and magazines, digital news, marketing and advertising services, commercial printing, and parcel delivery operating in Canada in British Columbia, Alberta, Yukon, Nunavut, and Northwest Territories, and in the US in Washington, Alaska, and Hawaii (collectively, the "**BP Business**"). The BP Business provides the above-noted services through the BP Group's three operating business units: (i) BP Canada; (ii) BP Sound; and (iii) BP Hawaii.
2. The BP Holdco and 311 BC are the parent entities in the corporate structure. The shareholders of BP Holdco and 311 BC immediately prior to closing the Transactions were: (i) Black Press Holdings Ltd. (the Black family holding company) – 80.65%; and (ii) Metroland Media Group Ltd. – 19.35%.
3. Further information with respect to the BP Group's business and operations, including that of the Residual Cos, and details of the events leading up to the commencement of the CCAA proceedings, can be found in the Court materials previously filed by the Original Petitioners, the Petitioners, and the Monitor in the CCAA proceedings, which are available at: <https://www.ksvadvisory.com/experience/case/black-press> (the "**Case Website**").

3.0 Trustee's Preliminary Evaluation of Assets

3.1 Assets

1. Pursuant to the Transactions, substantially all of the business and assets of the BP Group was sold to the Purchaser and, accordingly, 146 BC does not have any material assets or conduct any business operations.

3.2 Property of the Bankrupt Not Divisible Amongst Creditors

1. The Trustee is not aware of any property that would not be divisible among 146 BC's creditors by virtue of subsection 67(1) of the BIA or otherwise.

4.0 Creditors

4.1 Secured Creditors

1. The primary secured creditors of the BP Group were noteholders under secured first lien promissory notes issued pursuant to a trust indenture dated March 29, 2019 between BP Canada, as issuer, BP Holdco, as the parent of BP Canada, and Computershare Trust Company of Canada (such trust indenture as supplemented by 22 supplemental indentures is collectively called the “**Notes Indenture**”, and the holders thereunder, the “**Noteholders**”). The obligations owing by BP Canada under the notes issued pursuant to the Notes Indenture (collectively the “**Secured Notes**”) from time to time were guaranteed by the other Petitioners and the Non-Petitioner Stay Parties.
2. As of the commencement of the CCAA proceedings, the amount outstanding under the Secured Notes was approximately \$61.54 million. Pursuant to the Transactions, the Noteholders (through the Purchaser) acquired substantially all of the business and assets of the BP Group through, among other things, a credit bid and the assumption of the Noteholders’ secured debt owing by the Original Petitioners, including 146 BC. Accordingly, the Noteholders are no longer creditors of 146 BC.

4.2 Unsecured Creditors

1. According to 146 BC’s books and records, unsecured creditor obligations total approximately \$613,641 as at the date of the bankruptcy.

5.0 Books and Records

1. The Trustee has taken possession of the books and records required to complete its duties and obligations under the BIA, including the Bankrupt Companies’ minute books.

6.0 Legal Proceedings

1. The Trustee has not initiated any legal action and all actions initiated against 146 BC prior to the bankruptcy date are stayed pursuant to Section 69.3 (1) of the BIA.

7.0 Preferences and Transfers at Undervalue

1. As part of its statutory duties, the Trustee is required to conduct a preliminary review for potential preferences and transfers at undervalue by examining 146 BC's bank statements and accounting records for the year preceding the dates of bankruptcy. KSV was appointed Monitor on January 15, 2024 and has reviewed all transactions since its appointment. The Trustee will discuss the requirement for a further review with the estate inspectors.

8.0 Anticipated Realization and Projected Distribution

1. As described above, 146 BC has no assets and carries on no business activities. As a result, there will be no funds available for distribution to 146 BC's creditors.

9.0 Trustee's Fees

1. The Trustee's fees and expenses for 146 BC's bankruptcy estate are to be funded through a reserve that was funded to KSV by the Purchaser in connection with the Transactions.

10.0 Other Matters Regarding the Administration of the Estate

1. At this time, the Trustee is not aware of any other matters affecting the administration of the bankrupt estate.

* * *

DATED at Calgary, Alberta, this 25th day of June, 2024.

KSV Restructuring Inc.

**KSV RESTRUCTURING INC.,
in its capacity as Licensed Insolvency Trustee of
1469167 B.C. Ltd., and not in its personal capacity**