NO. VLC-S-S205095
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, AS AMENDED

AND

IN THE MATTER OF THE *BUSINESS CORPORATIONS ACT*,
S.B.C. 2002, c.57, AS AMENDED

AND

IN THE MATTER OF A PLAN OF COMPROMISE AND ARRANGEMENT OF

PORT CAPITAL DEVELOPMENT (EV) INC. and EVERGREEN HOUSE DEVELOPMENT LIMITED PARTNERSHIP

<u>SIXTH REPORT OF THE MONITOR</u>

ERNST & YOUNG INC.

May 20, 2021

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INTRODUCTION

1. Port Capital Development (EV) Inc. (the "**General Partner**") and Evergreen House Development Limited Partnership ("**Evergreen LP**"), (each a "**Petitioner**", and collectively, the "**Petitioners**") own a real estate development project called the "**Terrace House Project**".

2. The General Partner is the Bare Trustee that holds title to the real property owned by the Petitioners with a legal description as follows:

   PID: 006-721-397; LOT 18, EXCEPT THAT PART OF THE CANADIAN PACIFIC RAILWAY RIGHT-OF-WAY AS DESCRIBED IN ABSOLUTE FEE PARCELS BOOK, VOLUME 9, FOLIO 317, NO. 1154C, AND EXCEPT THE SOUTH 7 FEET NOW ROAD, BLOCK 29 DISTRICT LOT 185 PLAN 92

3. The Petitioners are subsidiaries of the "**Port Capital Group**", which is in the business of real estate development and management primarily in British Columbia, but also Toronto, Ontario.

4. CMLS Financial Ltd ("**CMLS**" or the "**Construction Lender**") is the Terrace House Project's construction lender pursuant to a commitment letter dated July 4, 2019 (the "**Construction Loan**"). The Construction Loan is secured by, among other things, a first ranking mortgage against the Terrace House Project. The indebtedness on the Construction Loan is approximately was approximately $21.1 million as at April 1, 2021.

5. Desjardins Financial Security Life Assurance Company (the "**DIP Lender**") has provided the Petitioners access to a debtor-in-possession financing facility (the "**DIP Facility**"). As of the date of this report, the Petitioners have drawn $1.25 million on the approved DIP Facility of $1.5 million.

6. Aviva Insurance Company of Canada ("**Aviva**" and together with CMLS, the "**Secured Creditors**") provided a deposit protection insurance facility to permit the Petitioners to have access to the pre-sale purchasers' deposit monies for the payment of project costs.

Management estimated that approximately $14.7 million would be owing pursuant to Aviva's insurance deposit facility contingent upon the return of deposits to the pre-sale purchasers.

7. Additionally, Management estimates that there are approximately $4.0 million in lien claimants and $2.3 million in unsecured creditors. The unsecured indebtedness and lien claimants of the Petitioners primarily consist of amounts owing on account of trade debt, property taxes and unpaid professional firms and consultants fees.

8. On May 29, 2020, this Honourable Court pronounced an Order (the "**Initial Order**") which, *inter alia*:

   a) appointed Ernst & Young Inc. ("**EY**") as monitor of the Petitioners (the "**Monitor**") in these CCAA proceedings (the "**CCAA Proceedings**");

   b) granted a "**Stay of Proceedings**" to June 8, 2020 (the "**Stay Period**"); and

   c) granted the Monitor "**Enhanced Powers**" to execute control over the Petitioners and to explore restructuring opportunities for the Terrace House Project and administer a "dual-track" sale and investment solicitation process (the "**SISP**") to obtain an equity investment, a refinancing or alternatively a sale of the Terrace House.

9. On June 8, 2020, this Honourable Court granted an order amending the Initial Order (the "**Amended and Restated Initial Order**" or "**ARIO**") that among other things approved the DIP Commitment Letter and the DIP Lender's Charge (both as defined in the First Report).

10. Paragraphs 19 – 28 of the Third Report dated November 27, 2020 provide extensive detail on the Monitor's administration of the two (2) phased SISP approved by this Honourable Court. The SISP initially resulted in the execution of an offer agreement (the "**Bosa Bid Offer Agreement**") on behalf of the Petitioners with Bosa Properties (OC) Inc. ("**Bosa**") which was approved by this Honourable Court on December 1, 2020.

11. The Bosa Bid Offer Agreement provided Bosa to February 16, 2021 (the "**Due Diligence Period**") to complete a satisfactory feasibility study and due diligence analysis (the "**Feasibility Study**") relating to the economics of the Terrace House Project, and to obtain construction financing.

12. Bosa provided the Monitor with a feasibility study (the "**Confidential Feasibility Study**") on the Terrace House Project and put forward a proposal that varied from the Bid Offer that was not acceptable to CMLS; and accordingly, the Monitor in consultation with CMLS did not advance Bid Offer to a definitive agreement.

13. On April 13, 2021, the Monitor filed its "**Fifth Report**" in which it sought the approval of a Purchase and Sale Agreement with Landa Global Acquisition Inc. (the "**Landa PSA**") and a sealing order in connection with same. The process resulting to the Landa PSA and details pertaining to same is described in detail in paragraphs 25 to 35 of the Fifth Report, the key terms of which included the following:

   a) a confidential Purchase Price payable in cash;

   b) a break-fee equal to approximately 1% of the Purchase Price payable from the proceeds of a Superior Offer;

   c) the conduct of a further marketing period for the Terrace Project (the "**Final Marketing Phase**") to solicit superior cash bids (a "**Superior Offer**") to the Landa PSA; and

   d) the Petitioners shall seek:

      i. a Reverse Vesting Order ("**RVO**") from this Honourable Court to allow the Purchaser to acquire the General Partner and the Purchased Assets free and clear of all Encumbrances except certain limited Permitted Encumbrances; or

ii. should this Honourable Court not grant the RVO, an Approval and Vesting Order ("**AVO**") to acquire the assets of the Petitioners free and clear of all Encumbrances except certain limited Permitted Encumbrances; and

iii. should this Honourable Court refuse to grant the RVO, the Purchase Price shall be adjusted on a dollar-for-dollar basis by the property transfer tax (the "**PTT**") that will be payable should a transfer of title to the Lands occur; and accordingly the Monitor is of the view that the sale of the General Partner pursuant to a RVO will result in a materially higher recovery to creditors.

14. On April 16, 2021, this Honourable Court granted an order which, *inter alia,* approved the Monitor's execution of the Landa PSA and the Order Sought in connection with same.

15. The Monitor has previously filed six reports in these CCAA proceedings: the "**Proposed Monitor's Report**", the "**First Report**", the "**Second Report**", the "**Third Report**", the "**Fourth Report**", and the "**Fifth Report**". These reports are posted on the Monitor's website at www.ey.com/ca/terracehouse.

16. The Stay Period has been extended from time to time and the current Stay Period expires June 11, 2021. This Honourable Court has granted the following "Charges" that rank in the following order:

a) an Administration Charge in the amount of $250,000 in favor of legal counsel for the Petitioners, the Monitor, and independent counsel to the Monitor, as security for professional fees and disbursements incurred both before and after the making of the Initial Order in respect of the within proceedings; and

b) the DIP Lender's Charge in the amount of $1,500,000.

17. The purpose of this "**Sixth Report**" is to provide information to this Honourable Court with respect to the following:

a) an update on the SISP and the conduct of the Final Marketing Phase (as defined in the Fifth Report);

b) the Solterra PSA (defined below);

c) the request for the approval of the Solterra PSA;

d) the request for this Honourable Court to grant an RVO or an AVO with respect to the Solterra PSA

e) the request for this Honourable Court to grant a Sealing Order with respect to the Confidential Supplement;

f) an updated cash flow forecast for the Petitioners;

g) the request for an extension to the Stay Period to September 30, 2021; and

h) the Monitor's conclusions and recommendation.

TERMS OF REFERENCE

18. In preparing this Sixth Report and making the comments herein, the Monitor has been provided with and has herein relied upon, unaudited financial information, books, records and financial information prepared by the Petitioners, discussions with management of the Petitioners ("**Management**"), and information from other third party sources (collectively, the "**Information**"). Except as described in this Sixth Report in respect of the Cash Flow Forecast:

a) the Monitor has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Monitor has not audited or otherwise attempted to verify the accuracy or completeness of such information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards ("**GAAS**") pursuant to the *Chartered Professional Accountants Canada Handbook* and, accordingly, the Monitor expresses no opinion or other form of assurance contemplated under GAAS in respect of the Information; and

b) some of the information referred to in this Sixth Report consists of forecasts and projections. An examination or review of the financial forecast and projections, as outlined in the *Chartered Professional Accountants Canada Handbook*, has not been performed.

19. Future oriented financial information referred to in this Sixth Report was prepared based on Management's and the Monitor's estimates and assumptions. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are not readily and currently ascertainable, the actual results will vary from the projections, even if the assumptions materialize, and the variations could be material.

20. Unless otherwise indicated, the Monitor's understanding of factual matters expressed in this Sixth Report concerning the Petitioners and their business is based on the Information, and not independent factual determinations made by the Monitor.

21. All capitalized terms used herein that are undefined have the meanings ascribed thereto in the Proposed Monitor's Report, the First Report, the Second Report, the Third Report, the Fourth Report, the Fifth Report and the Amended and Restated Initial Order.

22. Unless otherwise stated all monetary amounts contained herein are expressed in Canadian Dollars.

CONDUCT OF THE FINAL MARKETING PHASE

23. The Landa PSA allowed the Monitor to engage in the Final Marketing Phase to solicit a Superior Offer to the Landa PSA. The Final Marketing Phase agreed to is best described as a hybrid between a Stalking Horse procedure and Sealed Bid procedure.

24. The table below provides a timeline for the key milestones as contemplated in the Landa PSA:

Estimated Date	Milestone
April 16, 2021	Obtain Preliminary Order
April 16, 2021	Commencement of the Final Marketing Phase
April 20, 2021	Payment of second deposit by Landa (first deposit already paid)
May 7, 2021 (being 15 business days following commencement of the Final Marketing Phase)	End of the Final Marketing Phase
May 28, 2021 (being 15 business days after the Final Marketing Phase)	Conditions removal deadline if Superior Offers are received by May 7, 2021 **or** Granting of the Vesting Order in relation to Landa PSA if no Superior Offers are received

25. The Landa PSA was approved by this Honourable Court on Friday, April 16, 2021. On Monday, April 19, 2021, the Monitor distributed a letter which described the Final Marketing Process (the "**Final Process Letter**") to eight parties who expressed interest in an acquisition or investment in the Terrace House in the SISP approved by this Honourable Court. The Final Process Letter, amongst other things, updated parties on the SISP and sought cash bids on or before Friday, May 7, 2021 (the "**Bid Deadline**"). A template copy of the Final Process Letter is attached hereto as **Appendix "A"**.

26. The Monitor received two (2) bids on or before the Bid Deadline (the "**Final Process Offers**"). The Monitor notes that each of these offers included a consideration that was higher than the Landa PSA Purchase Price. Copies of the Final Process Offers will be provided to the Court

with a confidential supplement to this Sixth Report (the "**Confidential Supplement**"). A sealing order will be sought in connection with the Confidential Supplement in order to maintain confidentiality respecting to commercially sensitive terms and to maintain the integrity of the SISP.

27. The Landa PSA required the Monitor, within a reasonable amount of time, to inform Landa as to whether a Superior Offer was received from the Final Marketing Phase. In order to be determined as a Superior Offer, any conditions of such offer must have been capable of being satisfied or waived by May 31, 2021.

28. The Monitor in the week ended May 14, 2021:

a) reviewed the Final Process Offers with CMLS and Aviva (i.e. the Secured Creditors); and

b) discussed the Final Process Orders with each offeror to confirm the nature, specifics and risks of closing.

29. Through this process, and given the Monitor's obligation to respond to Landa in a reasonable period of time, the Monitor selected the Final Process Offer (the "**Solterra Offer**") submitted by Solterra Acquisitions Corp ("**Solterra**") as a Superior Offer to the Landa PSA. This selection was primarily based on the premise that the Solterra Offer was unconditional and supported by CMLS; whereas the other Final Process Offer was not.

THE SOLTERRA PSA

30. On May 14, 2021, the Monitor (on behalf of the Petitioners and subject to Court approval) and Solterra executed a purchase and sale agreement (the "**Solterra PSA**") for the acquisition of the Terrace House Project (the "**Solterra Transaction**"), the key terms of which include the following:

a) a confidential Purchase Price in excess of the combined Purchase Price and Break Fee contemplated in the Landa PSA payable in cash and not contingent upon financing;

b) payment of deposits as follows:

    i. a First Deposit of approximately 1% of the Purchase Price to be paid within two business days;

    ii. a Second Deposit of approximately 4% of the Purchase Price to be paid within five business after execution of the Solterra PSA; and

    iii. a Third Deposit of approximately 5% of the Purchase Price to be paid on Court Approval.

c) a "**Cost Reimbursement**" for out of pocket professional expenses up to a maximum of $50,000 should this Honourable Court approve a different offer (subject to the approval of the Cost Reimbursement being at the discretion of this Honourable Court); and

d) an "**Outside Closing Date**" no later than September 15, 2021.

31. The Monitor notes that Solterra has paid the First Deposit and the Second Deposit referenced above.

32. A copy of the Solterra PSA, redacted for such information relating to the Purchase Price (and such other information that could be used to perform a reverse calculation of the Purchase Price), is attached hereto as **Appendix "B"**. A copy of the unredacted Solterra PSA will be provided to the Court in the Confidential Supplement.

MONITOR'S COMMENTS ON THE PROCESS RESULTING IN THE SOLTERRA SPA

33. Paragraphs 19 – 28 of the Third Report dated November 27, 2020 provide extensive detail on the Monitor's administration of the two (2) phased SISP approved by this Honourable Court. In summary, the Monitor:

a) solicited the Terrace House Project to approximately 670 potential bidders, including local, national and international strategic and financial parties and real estate developers;

b) retained CBRE Limited in a limited capacity to market the Terrace House Project to its investor network in Asia as well as a newspaper advertisement that was published in a Hong Kong newspaper, the South China Morning Post;

c) populated an electronic data room (the "**Data Room**") with key financial, corporate, operational and other information including construction drawings, consultant reports and other business documents relevant to the Terrace House Project for Prospective Parties to evaluate following the signing of a CA; and

d) short-listed six (6) "**Qualified Offerors**" to participate in Phase II of the SISP and provided those parties a period of approximately six (6) weeks to acquire or refinance the Terrace House Project (those parties which submitted the offers, the "**Qualified Offerors**").

34. The Monitor received six (6) Phase II Offers from the Qualified Offerors (the "**Phase II Bids**") and filed copies of these offers under seal a Confidential Supplement to the November 27, 2020 Third Report.

35. Following consultation with the Secured Creditors, the Monitor executed the Bosa Bid Offer Agreement on behalf of the Petitioners with Bosa. The execution of the Bosa Bid Offer Agreement was approved by this Honourable Court on December 1, 2020.

36. The Fourth Report describes that on February 16, 2021, Bosa provided the Monitor with the Confidential Feasibility Study on the Terrace House Project and put forward a proposal that varied from the Bosa Bid Offer Agreement; and accordingly, the Monitor in consultation with CMLS did not advance the Bosa Bid Offer Agreement to a definitive agreement.

37. Paragraphs 23 to 29 above describe the conduct of the Final Marketing Process by the Monitor that resulted in the Solterra SPA.

38. The original SISP and the Landa SPA which allowed for the Final Marketing Process were both approved by this Honourable Court.

39. Moreover, the Monitor consulted extensively with the Secured Creditors through the SISP and the Final Marketing Process.

40. The SISP together with the Final Marketing Period occurred over a period of approximately ten (10) months and the Monitor is satisfied that the Terrace House Project has been more than adequately exposed to the market.

41. The Monitor is of the view that the consideration under the Solterra Transaction is fair and reasonable, taking into account the canvassing of the market, unique design and construction challenges associated with the Terrace House Project, and the liquidity issues of the Petitioners.

VESTING ORDERS SOUGHT

42. The Solterra PSA contemplates two scenarios to complete and acquisition of the Terrace House Project:

a) a share purchase to acquire the shares of the General Partner (i.e. the Bare Trustee) free and clear of encumbrances and liabilities by way of an RVO; or

b) should this Honourable Court not grant an RVO, by way of an asset purchase facilitated through an AVO.

The Proposed RVO

43. The Solterra PSA contemplates that this Honourable Court grant an RVO to facilitate the completion of the sale of the Terrace House Project by way of a share sale of the General Partner. All capitalized terms used herein that are undefined have the meanings ascribed thereto in the Solterra PSA.

44. The contemplated RVO provides for the following to occur on the closing of the Solterra Transaction:

a) a newly formed shell company, "**ShellCo**", shall be added as a Petitioner in these CCAA proceedings;

b) all of the General Partner's right, title and interest in and to the Excluded Assets shall be transferred and vested in ShellCo;

c) all Contracts (other than the Approved Contracts), Encumbrances (other than the Permitted Encumbrances), and Liability of the General Partner shall be transferred to ShellCo and the General Partner shall be released from and in respect of all obligations of the Contracts, Encumbrances and Liability;

d) all of the Limited Partnership's right, title and interest in and to the following assets and properties shall be transferred from the Limited Partnership to the General Partner:

i. the Property;

ii. the Chattels;

iii. the Approved Contracts;

iv. the Title Contracts;

v. the Plants, Permits and Approvals;

vi. the Warranties;

vii. the Intellectual Property, subject to the terms of the Solterra PSA;

viii. all insurance and new home warranties obtained in connection with the Project; and

ix. all marketing materials prepared in connection with the Project.

e) Solterra shall pay the balance of the Purchase Price, less any deposits already paid to Bennett Jones LLP (the "**Vendor's Solicitors**");

f) all of the General Partner's rights, title and interest in the Purchase Assets shall vest in Solterra free and clear of any security interests, Contracts (other than the Approved Contracts), Encumbrances (other than the Permitted Encumbrances), and Liability; and

g) the General Partner shall cease to be a Petitioner in these CCAA proceedings leaving Evergreen LP and ShellCo as the Petitioners.

45. Should this Honourable Court grant the contemplated RVO, the Monitor, on behalf of the Petitioners, will work with the Purchaser and the other parties of the Approved Contracts to assignment these contracts, to the extent possible, to the Purchaser. Prior to the Closing Date, the Monitor, on behalf of the Petitioners, will cancel, disclaim or terminate all Contracts other than the Approved Contracts.

46. Pre-sale contracts are not a Contract and the right, title and interest in the Pre-Sale Contracts are not be transferred to the General Partner.

47. Should this Honourable Court refuse to grant the RVO, the Purchase Price shall be adjusted on a dollar-for-dollar basis by the PTT that will be payable should a transfer of title to the Lands occur; and accordingly the Monitor is of the view that the sale of the General Partner pursuant to a RVO will result in a materially higher recovery to creditors.

48. The Monitor notes that the Solterra SPA does not result in a full recovery to the Construction Lender after the repayment of the DIP Facility and the Administration Charge. The estimated indebtedness of CMLS as of the date of this Sixth Report is approximately $21.1 million. The Purchase Price contemplated in the Landa PSA is insufficient to repay CMLS in full for their Construction Loan. The shortfall to be realized by CMLS on the repayment of their Construction Loan will be further increased should there be a transfer of title resulting in the payment of PTT.

49. Moreover, an RVO will enable the Purchaser to preserve a number of key agreements including a "**Building Permit**" issued by the City of Vancouver ("**COV**") and other agreements in order to carry on and complete construction of the Terrace House Projects.

50. Accordingly, it is the Monitor's view that completing the transaction under the Solterra PSA by way of an RVO is preferable to an AVO.

The Alternative AVO

51. Should this Honourable Court decide not grant the proposed RVO, the Solterra PSA contemplates the Petitioners seeking this Honourable Court to grant an AVO to facilitate the delivery of the Terrace House Project to Solterra. All capitalized terms used herein that are undefined have the meanings ascribed thereto in the Solterra PSA.

52. Pursuant to the Solterra PSA, should this Honourable Court not grant an RVO, the Purchase Price will be reduced by the amount of the Property Transfer Tax payable by the Purchase on transfer of the Property.

53. The Solterra PSA contemplates that Solterra shall acquire all right, title and interest, in and to the following assets and properties of the Petitioners by way of an AVO:

a) the Property;

b) the Chattels;

c) the Approved Contracts;

d) the Title Contracts;

e) the Plants, Permits and Approvals;

f) the Warranties;

g) the Intellectual Property, subject to the terms of the Solterra SPA;

h) all insurance and new home warranties obtained in connection with the Project; and

i) all marketing materials prepared in connection with the Project.

SIXTH CASH FLOW FORECAST

54. The Monitor, on behalf of the Petitioners, has prepared a weekly cash flow projection (the "**Sixth Report Forecast**") for the period of May 15, 2021 to September 30, 2021 (the "**Sixth Report Cash Flow Period**") being the approximate timing of the Outside Closing Date.

55. A copy of the Sixth Report Forecast along with its notes and assumptions are attached hereto as **Appendix "C"** and is summarized and compared to actual expenses incurred below:

	Forecast	Actual	Variance	Forecast
	April 3, 2021 to May 14, 2021			May 15 to Sept 30
Beginning Cash	**27,219**	**27,219**	**-**	**34,039**
Receipts	**252,474**	**218,335**	**(34,139)**	**46,456**
Disbursements	**(383,584)**	**(211,515)**	**172,069**	**(626,321)**
Insurance	(76,470)	(76,470)	-	(76,470)
Site preservation	(19,018)	(23,256)	(4,238)	(45,639)
Glass storage	(13,098)	(13,098)	-	(26,196)
Consultants – city requirements	(3,721)	(3,411)	310	(6,125)
Crane lease	(16,170)	(16,170)	-	(32,340)
Formwork rentals	-	-	-	(60,423)
Permit costs	(1,476)	(1,476)	-	(3,000)
General, admin & misc	(36,654)	(26,325)	10,329	(51,096)
Contingency	(37,500)	-	37,500	(19,000)
Restructuring costs	(151,448)	(51,309)	100,139	(204,679)
DIP interest & fee payment	(28,029)	-	28,029	(101,353)
Total Cash before DIP Financing	**(103,891)**	**34,039**	**137,930**	**(545,826)**
DIP Financing Draw	100,000	-	(100,000)	550,000
Ending Cash after DIP Financing	**(3,891)**	**34,039**	**37,930**	**4,174**

56. Broadly speaking, the positive variance in disbursements noted above is attributable to timing differences and spending restraint and timing differences with payment of professional fees.

57. Cash receipts contemplated in the Sixth Report Forecast are comprised of an estimated GST refund of $46,456.

58. Restructuring costs contemplated in the Sixth Report Forecast include the payment of professional fees of the Monitor, the Monitor's legal counsel, and the Petitioner's legal counsel some of which relate to services already rendered.

59. The Fifth Report Forecast contemplates payments of $76,470 for insurance premiums for an extension of the policies from June 30, 2021 to September 30, 2021.

60. The Fifth Report Forecast does not contemplate any cash outlay for construction costs, other than those required for site preservation.

THE DIP FACILITY

61. On June 8, 2020, this Honourable Court approved a "**Commitment Letter**" issued by the DIP Lender to provide the DIP Facility to the Petitioners. The maximum amount permitted to be borrowed under the Commitment Letter is $1,500,000 unless permitted by further order of this Court. A related charge in the same amount (the "**DIP Lender's Charge**") was granted by this Honourable Court with respect to the DIP Facility.

62. To date, the Petitioners have drawn $1.25 million under the existing approved DIP Facility of $1,500,000. The Sixth Report Forecast that is summarized above projects that the Petitioners will require continued access to the DIP Facility in the gross amount of $1,800,000; and accordingly, the Monitor, on behalf of the Petitioners, is seeking an Order which authorizes the Petitioners to borrow up to $1,500,000 under the DIP Facility and to increase the DIP Charge by $300,000 to $1,800,000.

63. The Monitor has confirmed with the DIP Lender that, conditional upon a detailed review and approval of the Sixth Report Forecast, it supports providing enough time and financing necessary for the Monitor to complete the Solterra PSA and is prepared to enter into amendment to the DIP Commitment Letter and DIP Facility Documentation (the "**DIP Amendments**") to accommodate the necessary borrowings at same or similar borrowing terms.

REQUEST FOR AN EXTENSION OF THE STAY OF PROCEEDINGS

64. The Stay Period is currently set to expire on June 11, 2021. The Monitor on behalf of the Petitioners is requesting an extension of the Stay Period until September 30, 2021, being the approximate anticipated timeframe for the completion of the Solterra SPA.

65. The Monitor has considered the onus that resides with the Petitioners to demonstrate that an extension of the Stay of Proceedings by this Honourable Court is warranted, having regard to:

a) the circumstances that justify the making of an extension order;

b) the good faith efforts of the Petitioners to effect the restructuring; and

c) the due diligence with which the Petitioners are advancing the restructuring.

Circumstances that justify the extension sought

66. In the Monitor's view, the extension of the Stay of Proceedings is necessary in order to:

a) to seek the close of the Solterra Transaction should this Honourable Court grant an order approving the Solterra PSA; and

b) maintain operational control and preserve the Terrace House Project.

67. Moreover, as is depicted in the Sixth Report Cash Flow Forecast, the Monitor projects that the Petitioners will have sufficient liquidity and cash on hand to fund their ongoing obligations through September 30, 2021 should this Honourable Court grant an order authorizing the Petitioners to borrow up to $1,800,000 under the DIP Facility and increasing the DIP Lender's Charge to this same amount.

Good Faith Efforts and Due Diligence

68. The Monitor on behalf of the Petitioners has working in good faith and with due diligence on a plan to identify, if possible, a buyer or investor for the Terrace House Project.

69. The Petitioners have complied with all of the requirements under the CCAA, as well as the various orders granted by this Honourable Court in this proceeding.

70. For the foregoing reasons, the Monitor supports the Petitioners' request for an order extending the Stay Period to September 30, 2021.

CONCLUSIONS AND RECOMMENDATIONS

71. Based on the foregoing, the Monitor recommends that this Honourable Court grant Order(s) approving the following:

a) extending the Stay Period from June 11, 2021 to September 30, 2021;

b) increasing the DIP Lender's Charge to $1,800,000;

c) approving the Solterra PSA; and

d) approving a sealing order with respect to the Confidential Supplement.

All of which is respectfully submitted this 20th day of May, 2021.

ERNST & YOUNG INC.
in its capacity as Monitor
of Port Capital Development (EV) Inc. and
Evergreen House Development Limited Partnership
and not in its personal or corporate capacity

Per:

Michael Bell, CPA, CA, CIRP LIT
Senior Vice President

Appendix A

Ernst & Young Inc.
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Tel: +1 604 891 8200
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ey.com

April 19, 2021

To: [•]

Dear: [•]

Re: Terrace House Sale and Investment Solicitation Process ("SISP")

We thank you for your past interest in the Terrace House Project and write this letter to: a) provide you with an update on the SISP, and b) re-solicit your interest acquiring the project.

The Monitor previously entered into an agreement with another party (the "**Selected Bidder**") to acquire the Terrace House project (the "**Bid Offer**"). The Bid Offer was approved by the Court on December 1, 2020 and provided the Selected Bidder with a 75-day due diligence period (the "**Due Diligence Period**"). The Bid Offer did not advance to a Formal Agreement.

The Monitor, in consultation with the Terrace House Project's Construction Lender, subsequently entered into a binding purchase and sale agreement with another purchaser (the "**Binding PSA**") which allows further marketing of, and negotiations in connection with, the project (the "**Final Marketing Phase**"). The purchase price of the Binding PSA is being kept confidential. Parties are encouraged to put forward their best **cash** offers that may be superior (a "**Superior Bid**") to the Binding PSA.

Since we last engaged with you, the Monitor has supplemented the electronic data room with additional information on Terrace House Project to assist you in furthering your diligence to submit a cash offer, including:

- Architectural Drawings;
- IFC Drawings including: mechanical, structural, electrical, landscape, among others;
- Shop Drawings including: glazing, mass timber, among others; and
- Building Specifications.

The deadline for the submission of cash offers is **Friday, May 7, 2021 at 5:00 PM** Pacific Standard Time (the "**Deadline**").

If the offer you submit is determined to be a Superior Bid to the Binding PSA, you would have a maximum of an additional fifteen (15) business days to remove any conditions. The Monitor (in consultation with Secured Creditors) will consider, among other matters, the following in determining whether your bid is a Superior Bid to the Binding PSA:

- Purchase Price;
- The nature and extent of any conditions to your bid; and
- Timeline to a closing

A form of purchase agreement has been posted to the data room to assist you in submitting an offer should you remain interested in an acquisition or investment in the Terrace House Project.

Building a better
working world

The Monitor will make itself available to respond to all questions you might have and to coordinate site visits to assist with the due diligence required to enable to you to submit a cash offer on the best terms possible.

Please direct any questions to the undersigned.

ERNST & YOUNG INC.
In its capacity as Monitor of
Port Capital Development (EV) Inc. and
Evergreen House Development Limited Partnership
and not in its personal or corporate capacity

Per:

Mike Bell, CPA, CA, CIRP LIT
Senior Vice President

Jason Eckford, CPA, CIRP
Director

Appendix B

PURCHASE AND SALE AGREEMENT
(TERRACE HOUSE, VANCOUVER, BC)

THIS AGREEMENT is dated for reference May 13, 2021 and is made

AMONG:

PORT CAPITAL DEVELOPMENT (EV) INC., a British Columbia corporation formed under the *Business Corporations Act* (British Columbia)

(the "**GP**")

AND:

EVERGREEN HOUSE DEVELOPMENT LIMITED PARTNERSHIP, a British Columbia limited partnership formed under the *Partnership Act* (British Columbia)

(the "**Limited Partnership**" and, together with the GP, the "**Vendor**")

AND:

SOLTERRA ACQUISITIONS CORP., a British Columbia corporation formed under the Business Corporations Act (British Columbia)

(the "**Purchaser**")

BACKGROUND:

A. The Vendor is the legal and beneficial owner of the lands and premises legally described in Part 1 of Schedule A (the "**Lands**").

B. The Vendor obtained an initial order of the Supreme Court of British Columbia dated May 29, 2020 under the *Companies' Creditors Arrangement Act*, which among other things, commenced the CCAA Proceedings and granted an initial stay of proceedings in respect of the Vendor.

C. The Vendor agrees to sell and the Purchaser has agrees to purchase all of the Vendor's right, title, and interest in and to the Purchased Assets (as defined in this Agreement) on the terms and conditions set out in this Agreement.

FOR CONSIDERATION, the receipt and sufficiency of which is acknowledged by each of the parties, the parties agree as follows:

ARTICLE 1 - INTERPRETATION

1.1 Definitions. In this Agreement:

(a) "**Approved Contracts**" means those Contracts entered into by the Vendor and any third party consultants in connection with the Project along with any other material Contracts which the Purchaser has approved by way of notice in writing to the Vendor on or before the Condition Date.

(b) "**Approval and Vesting Order**" has the meaning given to it in Section 8.4(b)(ii).

(c) "**Authorized Parties**" has the meaning given to it in Section 11.17.

(d) "**Balance**" has the meaning given to it in Section 2.2(c).

(e) "**Buildings**" means all buildings and improvements located on the Lands.

(f) "**Business Day**" means any day that is not a Saturday, Sunday, Boxing Day, Easter Monday or statutory holiday in British Columbia.

(g) "**Buyer**" means a purchaser of one or more condominium units at the Property pursuant to Pre-Sale Contracts.

(h) "**Buyer List**" means a list of all Buyers specifying the name of each Buyer (or if applicable any assignee or sublessee) as stated in the applicable Pre-Sale Contract, such Buyer's address and the amount of any deposits held by or on behalf of the Vendor in accordance such Pre-Sale Contract.

(i) "**CCAA Proceedings**" means the legal proceedings in the Court under the *Companies' Creditors Arrangement Act*, Vancouver Registry No. S-205095.

(j) "**Chattels**" means all of the personal property owned by the Vendor and used in connection with Project including without limitation, all fixtures, leasehold improvements, glass, personal property, plant, and equipment, inventory including spare parts, furniture whether moveable or built-in, computer hardware, kitchen equipment, tools and supplies, whether the same is located on the Lands or otherwise.

(k) "**Closing Date**" means the date that is the later of (i) September 15, 2021; (ii) the date that is 30 days after the granting of the Final Order; and (iii) the date that all applicable appeal periods in connection with the Final Order have expired.

(l) "**Closing Documents**" has the meaning given to it in Section 9.4.

(m) "**Condition Date**" means the date on which the conditions precedent set out in Section 8.1(a) are satisfied or waived.

(n) "**Consultant Reports**" means all consultant reports and studies that were commissioned by the Vendor in connection with the Project.

(o) "**Contracts**" means all contracts or agreements, other than Title Contracts and Pre-Sale Contracts, relating to the use or operation of the Property or any part thereof or the design, development and construction of the Project, including, without limitation, the consulting agreements in connection with the Property or any part thereof made by or on behalf of the Vendor relating to the Property.

(p) "**Court**" means the Supreme Court of British Columbia.

(q) "**Creditors**" means creditors of the Vendor.

(r) "**Delay Notice**" has the meaning given to it in Section 11.13.

(s) "**Deposit**" means the deposits referred to in Sections 2.2(a) through 2.2(d).

(t) "**Encumbrance**" means any legal notation, charge, lien, interest or other encumbrance or title defect of whatever kind or nature, regardless of form, whether or not registered or registrable and whether or not consensual or arising by law (statutory or otherwise), including any mortgage, lien, pledge, debenture, trust deed, assignment by way of security, security interest, conditional sales contract or similar interest or instrument charging, or creating a security interest in, the Purchased Assets or any part thereof or interest therein, and any agreement, lease, licence, option or claim, easement, right of way, restriction, execution or other encumbrance (including any notice or other registration in respect of any of the foregoing) affecting title to or the ownership of the Purchased Assets or any part thereof or interest therein.

(u) "**ETA**" has the meaning given to it in Section 10.1.

(v) "**Execution Date**" means the date this Agreement is fully executed by all parties to the Agreement.

(w) "**Excluded Assets**" means: (i) all shares of capital stock or other equity interest in securities in any entity other than the Shares; (ii) any partnership interest in the Limited Partnership; (iii) Contracts which are not Approved Contracts; (iv) all Liability of the Vendor arising prior to the Closing Date including, but not limited to, Liability owed to lenders, service contractors or third parties of any kind including all Liability under the Approved Contracts or Plans, Permits and Approvals; (v) any Liability relating to or arising out of the Excluded Assets including, without limitation, Liability for terminating, not complying with or a defaulting under any Contract; (vi) any Liability of the Vendor for taxes resulting from the Vendor's sale of the Purchased Assets; (vii) all employees, employment agreements, executive personnel agreements, officer or director agreements, union contracts, collective agreements, employee wages, employee benefit plans or payments, pension obligations, employee tax withholding obligations, employee health or dental plan obligations, all grievances, arbitrations, employee complaints or claims, labour relations board actions or other employee proceedings and similar obligations of the Vendor; (viii) all Liability for payment of fees for operations of the Purchased Assets up to the Closing Date; (ix) any proceedings, claims or actions commenced in any court initiated against the Vendor or threatened against the Vendor; (x) the costs and expenses and Liability of the Vendor under the CCAA Proceedings; (xi) any Liability for a breach or non-compliance with any applicable law; (xii) the Liability of the Vendor under this Agreement and any other assets, property or obligations which pursuant to the terms and conditions of this Agreement, remain the property of the Vendor after the completion of the transactions contemplated herein including, without limitation, the rights of the Vendor under this Agreement; (xiii) any proceedings, claims or causes of action for the benefit of the Vendor; (xiv) all cash of the Vendor; (xv) Receivables; and (xvi) all Pre-Sale Contracts including, for greater certainty, all deposits provided pursuant to the Pre-Sale Contracts and all claims, causes of action or rights in relation to such deposits.

(x) "**Excusable Delay**" means any delay in the performance or observance by the Vendor or Purchaser of any obligation or act of the Vendor or Purchaser, as applicable, hereunder which occurs as a consequence of or is attributable to any circumstance which is not caused by any default or act of commission or omission of that party and which is beyond the reasonable control of that party, including without limiting the generality of the foregoing, strikes or labour or industrial disturbances (including lock-outs), civil disturbances, acts, orders, legislation, regulations, good faith compliance with an order, directive, guideline or other recommendation of any governmental or other public authorities (including, without limitation, health authorities or occupational safety authorities), acts of public enemies, war, riots, sabotage, blockades, embargoes, shortages of materials and suppliers, shortages of labour, lightning, earthquakes, fire, storms, pandemics, epidemics, quarantines and health emergencies, hurricanes, floods, wash-outs, explosions and acts of God, but excluding, for clarity, the financial circumstances of the Purchaser.

(y) "**Final Order**" has the meaning given to it in Section 8.4(b).

(z) "**Governmental Authority**" means (i) any domestic or foreign government, whether national, federal, provincial, state, territorial, municipal or local (whether administrative, legislative, executive or otherwise), (ii) any agency, authority, ministry, department, regulatory body, court, central bank, bureau, board or other instrumentality having legislative, judicial, taxing, regulatory, prosecutorial or administrative powers or functions of, or pertaining to, government, (iii) any court, tribunal, commission, individual, arbitrator, arbitration panel or other body having adjudicative, regulatory, judicial, quasi-judicial, administrative or similar functions, and (iv) any other body or entity created under the authority of or otherwise subject to the jurisdiction of any of the foregoing, including any stock or other securities exchange or professional association.

(aa) "**GST**" has the meaning given to it in Section 10.1.

(bb) "**GST Certificate**" has the meaning given to it in Section 10.1.

(cc) "**Intellectual Property**" means all intellectual property and proprietary rights of any kind in connection with the Project, including the "Terrace House" name, architectural design and instruments of service and all rights to the branding, logo and design in connection with the same.

(dd) "**Interim Period**" means the period commencing on the Execution Date until and including the Closing Date.

(ee) "**Land Title Office**" means the Land Title and Survey Authority of British Columbia, land title office applicable to the Lands.

(ff) "**Lands**" has the meaning given to it in Recital A.

(gg) "**Liability**" means any debts, claim, liability, duty, responsibility, obligations, commitment, assessment, cost, expense, loss, expenditure, charge, fee, penalty, fine, contribution or premium of any kind or nature whatsoever, whether known or unknown, asserted or unasserted, absolute or contingent, direct or indirect, or due or to become due and regardless of when sustained, incurred or asserted or when the relevant events occurred or circumstances existed.

(hh) "**LP Agreement**" means the limited partnership agreement of Evergreen House Development Limited Partnership made as of June 30, 2014 and restated as of March 13, 2015 between those persons who from time to time execute the agreement and become a limited partner, as limited partners, and the GP, as general partner, as further amended and restated, modified or supplemented from time to time.

(ii) "**Material Loss**" means the loss or damage to or destruction of the Property or any part of it to such an extent that the replacement or repair of it cannot be substantially completed: (i) at a cost of less than $500,000.00; or (ii) within six (6) months of the occurrence.

(jj) "**Monitor**" means Ernst & Young Inc., in its capacity as monitor of the CCAA Proceedings or such other monitor or monitors as are appointed by the Court from time to time in connection with the CCAA Proceedings.

(kk) "**Order**" means an order of the Court.

(ll) "**Permitted Encumbrances**" means the Encumbrances set out in Part 2 of Schedule A.

(mm) "**Plans, Permits and Approvals**" means: (i) all plans and specifications pertaining to the construction of the Project, including, without limitation, all structural, architectural, mechanical, electrical, landscape and interior design and specifications for the Project; and (ii) all planning approvals, permits, licences, development agreements, crane swing, underpinning and airspace agreements with respect to the Project.

(nn) "**Pre-Sale Contracts**" means each of those agreements between the Vendor and a Buyer in respect of the purchase and sale of one or more condominium units at the Property. For greater certainty, a Pre-Sale Contract is not a Contract.

(oo) "**Project**" means the construction and development of the Building on the Lands.

(pp) "**Property**" means the Lands and the Buildings.

(qq) "**Purchase Price**" means subject to Section 5.4, [redacted], exclusive of any applicable taxes.

(rr) "**Purchased Assets**" means:

(i) in the event that a Reverse Vesting Order is granted by the Court:

(A) the Shares; and

(B) all of the Limited Partnership's right, title and interest, in and to the following assets and properties:

(I) the Property;

(II) the Chattels;

(III) the Approved Contracts;

(IV) the Title Contracts;

(V) the Plans, Permits and Approvals;

(VI) the Warranties;

(VII) subject to such transfer being approved by the necessary parties in accordance with Section 3.1(c)(i), the Intellectual Property;

(VIII) all insurance and new home warranties obtained in connection with the Project; and

(IX) all marketing materials prepared in connection with the Project,

excluding, for certainty, the Excluded Assets; or

(ii) in the event that an Approval and Vesting Order is granted by the Court:

(A) all of the Vendor's right, title and interest, in and to the following assets and properties:

(I) the Property;

(II) the Chattels;

(III) the Approved Contracts;

(IV) the Title Contracts;

(V) the Plans, Permits and Approvals;

(VI) the Warranties;

(VII) subject to such transfer being approved by the necessary parties in accordance with Section 3.1(c)(i), the Intellectual Property;

(VIII) all insurance and new home warranties obtained in connection with the Project; and

(IX) all marketing materials prepared in connection with the Project,

excluding, for certainty, the Excluded Assets.

(ss) "**Purchaser's Solicitors**" means Synergy Business Lawyers, LLP or such other firm or firms of solicitors or agents as are retained by the Purchaser from time to time and written notice of which is provided to the Vendor.

(tt) "**Receivables**" means the Vendor's interest in all receivables including, without limitation, receivables relating to amounts owed by a Buyer in connection with a Pre-Sale Contract, any grants, subsidies (including the Canada Emergency Wage Subsidy), tax relief or gifts or any other receivable.

(uu) "**Reverse Vesting Order**" has the meaning given to it in Section 8.4(b)(i).

(vv) "**Shares**" means all of the issued and outstanding shares in the capital of the GP.

(ww) "**ShellCo**" means that entity, appointed by the Vendor in connection with a Reverse Vesting Order, to which all Excluded Assets will be transferred by the Vendor in connection with the closing of the transactions contemplated herein and that will replace the GP in its role as general partner of the Limited Partnership. ShellCo will be a subsidiary of GP, brought into the CCAA Proceedings and subsequently assigned into bankruptcy.

(xx) "**Specified Date**" has the meaning given to it in Section 11.13.

(yy) "**Title Contracts**" means, collectively, those agreements and instruments affecting the Property or any part thereof, including without limitation, the Permitted Encumbrances and any municipal site plan and development agreements, crane swing, underpinning and airspace agreements, common use agreements and easement agreements, concession or other agreements with any governmental authority or other public authorities having jurisdiction, and any new agreements of similar nature respecting the Property or any part thereof (other than the Contracts or Approved Contracts). For greater certainty, a Title Contract is not a Contract.

(zz) "**Vendor's Solicitors**" means Bennett Jones LLP or such other firm or firms of solicitors or agents as are retained by the Vendor from time to time and written notice of which is provided to the Purchaser.

(aaa) "**Warranties**" means all subsisting warranties and guarantees in connection with the Project or any part thereof that are assignable without consent and in effect on the Closing Date.

ARTICLE 2 – PURCHASE AND SALE

2.1 Agreement of Purchase and Sale. Subject to the terms and conditions of this Agreement, the Vendor agrees to sell and the Purchaser agrees to purchase the Purchased Assets for the Purchase Price on the Closing Date free and clear of all Encumbrances, except for the Permitted Encumbrances.

2.2 Payment of Purchase Price. The Purchase Price for the Purchased Assets will be paid by the Purchaser as follows:

(a) by a first deposit of [redacted] already paid to the Vendor's Solicitors;

(b) by a second deposit of [redacted] paid to the Vendor's Solicitors within five (5) Business Days after the Execution Date;

(c) by a third deposit of [redacted] paid to the Vendor's Solicitors within two (2) Business Days after the Vendor obtaining the Approval and Vesting Order; and

(d) by payment of the balance (the "**Balance**") of the Purchase Price, as adjusted in accordance with Article 5, on the Closing Date as provided in Article 9.

2.3 Deposit. The Vendor shall cause the Vendor's Solicitors to: (i) deposit the Deposit in an interest bearing trust account promptly following receipt of the Deposit; and (ii) pay the Deposit and any interest that may accrue on it only as set out in this Agreement or as directed in writing by the Vendor and the Purchaser or as directed by a court of competent jurisdiction. The Vendor shall cause the Vendor's Solicitors to pay the Deposit to:

(a) the Vendor without interest (less the $10.00 paid by the Vendor to the Purchaser pursuant to Section 8.8):

(i) on account of the Purchase Price on the Closing Date as set out in Article 9; or

(ii) as liquidated damages upon the default of the Purchaser if the Purchaser is in default of its obligation to complete the transactions contemplated by this Agreement, unless such default is waived in writing by the Vendor and which payment shall be in full satisfaction of all claims the Vendor may have by reason of such default;

(b) the Purchaser with interest (less the $10.00 paid by the Purchaser to the Vendor pursuant to Section 8.3):

(i) if the Purchaser is not required to complete the transaction contemplated by this Agreement, promptly following the date on which the Purchaser becomes entitled not to complete the transactions contemplated by this Agreement;

(ii) upon the default of the Vendor without prejudice to any other right or remedy of the Purchaser, if the Vendor is in default of its obligation to complete the transactions contemplated by this Agreement, unless such default is waived in writing by the Purchaser and provided that the maximum aggregate liability of the Vendor in connection with such a default is limited and shall not exceed an amount equal to the Deposit; or

(iii) if any or all of the conditions set out in Sections 8.1 and 8.4 have not been satisfied or waived.

2.4 Allocation of Purchase Price. The parties agree that:

(a) in the event that a Reverse Vesting Order is granted, the Purchase Price shall be allocated among the Purchased Assets as follows: (i) [redacted] to the Shares; (ii) [redacted] to the Lands and Buildings; and (iii) [redacted] to the remaining Purchased Assets; and

(b) in the event that an Approval and Vesting Order is granted, the Purchase Price shall be allocated among the Purchased Assets as follows: (i [redacted] to the Lands and Buildings; and (ii) [redacted] to all other Purchased Assets.

ARTICLE 3 – GENERAL COVENANTS

3.1 Covenants of the Vendor. The Vendor:

(a) throughout the Interim Period, will upkeep and maintain the Property in its present condition, reasonable wear and tear excepted, and will manage the Property in a professional and diligent manner and as a careful and prudent owner would do in accordance with current practices in the CCAA Proceedings and in compliance with all applicable laws, regulations and orders;

(b) throughout the Interim Period, will maintain in full force and effect insurance coverage for fire, earthquake and all risks in respect of the Property as well as commercial liability coverage until closing on the Closing Date, in such amounts and on such terms as would a prudent owner;

(c) throughout the Interim Period, will use commercially reasonable efforts to:

(i) obtain all consents, approvals and authorizations that may be required in order to provide the Purchaser with the right to use Intellectual Property for the purposes of the marketing, development and construction of the Project as of the Closing Date;

(ii) obtain an extension of at least six months from the City of Vancouver in connection with the building permit for the Project; and

(iii) obtain reliance letters in favour of the Purchaser in connection with those Consultant Reports that the Purchaser identifies to the Vendor, in writing, not less than fifteen (15) Business Days prior to the Closing Date;

(d) will, as soon as reasonably possible following the Execution Date, deliver to the Purchaser a copy of the Buyer List;

(e) from the Execution Date until the satisfaction or waiver of all of the conditions precedent set out in Section 8.1(a), will not enter into any commitment or agreement or contract, or modify any material terms or terminate any of the Approved Contracts, Permitted Encumbrances, Title Contracts, Plans, Permits and Approvals, or any mortgage or charge relating to the Purchased Assets or that would form an Encumbrance on the Purchased Assets without prior written notice to the Purchaser, and from the date of satisfaction or waiver by the Purchaser of all of the conditions precedent set out in Section 8.1(a) will not enter into any commitment or agreement or contract, or modify any material terms or terminate any of the Approved Contracts, Permitted Encumbrances, Title Contracts, Plans, Permits and Approvals, or any mortgage or charge relating to the Purchased Assets or that would form an Encumbrance on the Purchased Assets without the prior written consent of the Purchaser, which the Purchaser may withhold in its sole discretion;

(f) will, on or prior to the Closing Date, cancel, disclaim or terminate at its expense all Contracts other than Approved Contracts;

(g) will take or cause to be taken all proper steps and actions and corporate proceedings on its part to enable the Vendor to vest a good and marketable title to the Purchased Assets in the Purchaser free and clear of all Encumbrances except for Permitted Encumbrances and to enable the Vendor to carry out the sale of the Purchased Assets and to execute and deliver this Agreement as valid and binding obligations of the Vendor;

(h) will promptly notify the Purchaser if the Vendor becomes aware that, after the date of this Agreement, any of its representations or warranties in this Agreement become untrue or incorrect or if any covenants, terms or conditions in this Agreement are breached or cannot be performed; and

(i) throughout the Interim Period, grant to the Purchaser and its authorized representatives the right to enter upon the Property during business hours upon reasonable notice for the purposes of carrying out such inspections, examinations, tests and surveys, including soil tests, as the Purchaser may deem necessary; provided that the Purchaser shall indemnify and save harmless the Vendor from any and all loss, cost or damage suffered as a direct result of the Purchaser exercising its rights pursuant to this clause.

ARTICLE 4 – RISK

4.1 Risk. The Purchased Assets will be at the risk of the Vendor until completion of closing on the Closing Date and thereafter at the risk of the Purchaser.

4.2 Material Loss Damage. If there is any Material Loss prior to the passing of risk as set out in Section 4.1, the Purchaser will, within fifteen (15) days following such Material Loss, by notice in writing at its option either:

(a) terminate this Agreement, in which case the Deposit together with accrued interest will be paid to the Purchaser and neither party will be under any further obligation to the other; or

(b) elect to complete the purchase of the Purchased Assets, in which case the insurance proceeds and the right to receive the proceeds of all insurance will be assigned by the Vendor to the Purchaser on the Closing Date and the Purchase Price shall be reduced by the amount of any insurance deductible that has not been paid by the Vendor.

Failure by the Purchaser to so elect within the period set out above will be deemed to be an election to complete the purchase of the Purchased Assets. The Vendor will promptly notify the Purchaser if it becomes aware of any Material Loss.

ARTICLE 5 – ADJUSTMENTS AND RELATED MATTERS

5.1 Adjustments. The Purchase Price payable by the Purchaser to the Vendor for the Purchased Assets will be subject to adjustment. All adjustments with respect to the Purchased Assets, including taxes, utilities, deposits and interest on deposits (if any), and other items normally adjusted between a vendor and purchaser in the sale of similar properties in British Columbia will be adjusted as of the Closing Date so that the Vendor will bear and pay all expenses and receive all income related to the Purchased Assets accruing prior to the Closing Date and the Purchaser will bear and pay all expenses and receive all income related to the Purchased Assets accruing on and after the Closing Date and the Purchase Price will be adjusted accordingly. The Vendor shall cause any water, gas, or electrical meter readings required to make the adjustments herein.

5.2 Statement of Adjustments. A statement of adjustments will be delivered to the Purchaser by the Vendor at least five (5) Business Days prior to the Closing Date and shall have annexed to it complete details of the calculations used by the Vendor to arrive at all debits and credits on the statement of adjustments. On request, the Vendor shall give the Purchaser access to the Vendor's working papers and backup materials in order to confirm the statement of adjustments.

5.3 Re-Adjustment Determination. The parties acknowledge and agree that there will be no re-adjustment after the Closing Date.

5.4 Purchase Price Reduction. In the event that an Approval and Vesting Order (rather than a Reverse Vesting Order) is granted by the Court, the parties agree that the Purchase Price shall be reduced by an amount equal to the amount of property transfer tax payable by the Purchaser in connection with the transfer of the Property to the Purchaser on the Closing Date.

ARTICLE 6 – POSSESSION

6.1 Possession Date. The Purchaser will, upon completion of the purchase and sale have possession of all Purchased Assets as of the Closing Date free and clear of all Encumbrances subject only to the Permitted Encumbrances.

6.2 Non-assignable Assets. If any of the Purchased Assets are not transferable without consent of a third party by the terms of the applicable instruments, the Vendor shall use commercially reasonable efforts to obtain such consent prior to the Closing Date and, if such consent is not obtained by the Closing Date, the Vendor shall use commercially reasonable efforts to obtain an Order in the CCAA Proceedings transferring or assigning, as applicable, such Purchased Assets to the Purchaser. For certainty, any failure to obtain the consent of any such third party will not constitute a default of the Vendor nor will it entitle the Purchaser to terminate this Agreement.

ARTICLE 7 – REPRESENTATIONS AND WARRANTIES

7.1 Vendor's Representations and Warranties. The Vendor represents and warrants to the Purchaser, regardless of any independent investigations that the Purchaser may cause to be made, that as at the date of this Agreement:

(a) the Limited Partnership is a limited partnership formed under the *Partnership Act* (British Columbia) and has the power and authority to own the Purchased Assets, to enter into this Agreement, and to perform its obligations under this Agreement, all of which have been authorized by all necessary proceedings;

(b) the GP is a corporation formed under the *Business Corporations Act* (British Columbia) and has the power and authority to own the Purchased Assets, in its capacity as general partner of the Limited Partnership or in its own capacity, as applicable, to enter into this Agreement, and to perform its obligations under this Agreement, all of which have been authorized by all necessary proceedings;

(c) the Limited Partnership is a Canadian partnership within the meaning of the *Income Tax Act* (Canada); and

(d) the GP is not a non-resident of Canada within the meaning of the *Income Tax Act* (Canada).

7.2 Survival of Vendor's Representations and Warranties. The representations and warranties contained in Section 7.1 will survive the Closing Date and will continue in full force and effect for the benefit of the Purchaser after the Closing Date for a period of 12 months, unless otherwise expressly indicated herein, notwithstanding any independent inquiry or investigation by the Purchaser or the satisfaction or waiver by the Purchaser of any condition set out in Section 8.1, the subject matter of which is contained in a representation or warranty in this Agreement.

7.3 Purchaser's Representations and Warranties. The Purchaser represents and warrants to the Vendor, regardless of any independent investigation that the Vendor may cause to be made that:

(a) the Purchaser is a corporation incorporated and existing under the laws of British Columbia;

(b) the Purchaser has the corporate power and authority to enter into this Agreement and to perform its obligations under this Agreement;

(c) there is no action or proceeding pending or to the best of the Purchaser's knowledge, threatened against the Purchaser before any court, arbiter, arbitration panel, administrative tribunal or agency which, if decided adversely to the Purchaser, might materially affect the Purchaser's ability to perform the Purchaser's obligations hereunder;

(d) neither the Purchaser's entering into this Agreement nor the performance of its terms will result in the breach of or constitute a default under any term or provision of any indenture, mortgage, deed of trust or other agreement to which the Purchaser is bound or subject;

(e) the Purchaser is not a non-Canadian for the purposes of the *Investment Canada Act* (Canada); and

(f) the Purchaser is not a foreign entity for the purposes of the *Property Transfer Tax Act* (British Columbia).

7.4 Survival of Purchaser's Representations and Warranties. The representations and warranties contained in Section 7.3 will survive the Closing Date and will continue in full force and effect for the benefit of the Vendor after the Closing Date for a period of 12 months, unless otherwise expressly indicated herein, notwithstanding any independent inquiry or investigation by the Vendor.

7.5 "As Is" Purchase. The Purchaser acknowledges and agrees that:

(a) in entering into this Agreement and completing the transactions contemplated herein, except for the representations and warranties of the Vendor set out in Section 7.1, the Purchaser has relied and will continue to rely solely upon its own due diligence with respect to the Purchased Assets;

(b) the Purchased Assets are being purchased by the Purchaser on an "as is, where is" basis as of the Closing Date and without any representation or warranty, whether expressed or implied by this Agreement or at law, by the Vendor of any nature or kind whatsoever respecting any of the Purchased Assets or any matter relating thereto, except for the representations and warranties of the Vendor set out in Section 7.1 or in the Closing Documents;

(c) except for the representations and warranties of the Vendor set out in Section 7.1 or in the Closing Documents, the Vendor makes no representations or warranties concerning any statements made or information delivered or made available to the Purchaser (whether by the Vendor, the Vendor's Solicitors or any other agents, representatives or advisors of the Vendor or any of their respective affiliates, or any other person) with respect to the Purchased Assets, whether included as part of any due diligence maters or any other information disclosed to the Purchaser or otherwise; and

(d) except as otherwise expressly provided for in this Agreement or in the Closing Documents, the Vendor shall have no obligations or responsibility to the Purchaser after the Closing Date with respect to any matter relating to the Purchased Assets or the condition thereof.

The provisions of this Section shall survive closing or the termination of this Agreement.

ARTICLE 8 – CONDITIONS PRECEDENT

8.1 Purchaser's Conditions. The Purchaser's obligation to complete the transactions contemplated by this Agreement is subject to the following conditions, all of which are for the sole benefit of the Purchaser:

(a) on the Closing Date, the representations and warranties of the Vendor contained in Section 7.1 will be true and correct in all material respects with the same effect as though such representations and warranties had been made on and as of the Closing Date; and

(b) on the Closing Date, all of the covenants and agreements of the Vendor to be performed on or before the Closing Date pursuant to this Agreement will have been duly performed in all material respects.

If the conditions set out in this Section have not been satisfied by notice in writing from the Purchaser to the Vendor, by the times specified in this Section, the Purchaser may by notice in writing to the Vendor waive satisfaction of such conditions, in whole or in part, without prejudice to any of its other rights under this Agreement and complete the purchase of the Purchased Assets or elect not to complete.

8.2 Satisfaction and Waiver of Purchaser's Conditions. The parties agree that if the Purchaser does not give notice to the Vendor by the Condition Date that the condition precedent set out in Section 8.1(a) is satisfied or waived, then this Agreement will automatically be null and void upon the expiry of such time and the Deposit shall be returned to the Purchaser with interest (if any).

8.3 Consideration for and Nature of Conditions. A portion of the Deposit in the amount of $10.00 represents non-refundable consideration paid by the Purchaser for its right to satisfy or waive the conditions set out in Section 8.1 and Section 8.4 and the Vendor acknowledges the sufficiency in all respects of such consideration. Although the Purchaser's obligation to complete the transaction contemplated by this Agreement is subject to satisfaction or waiver of conditions, those conditions are not conditions to there being a binding agreement of purchase and sale between the parties respecting the Purchased Assets and until the time limited for the satisfaction or waiver of such conditions has expired, this Agreement is not void, voidable, revocable or, except for default, otherwise capable of being terminated by either of the parties.

8.4 Mutual Conditions. The obligation of each of the parties to complete the transactions contemplated by this Agreement is subject to the following mutual conditions, all of which are for the benefit of both the Vendor and the Purchaser:

(a) [Intentionally Deleted];

(b) on or before 5:00 p.m. (Vancouver time) on June 15, 2021, the Vendor has obtained (at the sole cost of the Vendor) an Order or Orders (the "**Final Order**") either:

(i) (A) adding ShellCo as a debtor to the CCAA Proceedings; (B) replacing the GP as the general partner of the Limited Partnership with ShellCo; (C) transferring and assigning all of the Excluded Assets to ShellCo; (D) vesting title to the Purchased Assets (including, without limitation, the Shares) in and to the Purchaser, free and clear of all Encumbrances except the Permitted Encumbrances; and (E) approving this Agreement and implementing the transactions contemplated herein in accordance with its terms (the "**Reverse Vesting Order**"); or

(ii) (A) vesting title to the Purchased Assets (which, for certainty, do not include any shares of the GP) in and to the Purchaser, free and clear of all Encumbrances except the Permitted Encumbrances and in a form registrable in the Land Title Office; and (B) approving this Agreement and implementing the transactions contemplated herein in accordance with its terms (the "**Approval and Vesting Order**").

8.5 Satisfaction of Mutual Conditions. The parties agree that if each of the Purchaser and the Vendor do not give notice to the other party by the time limited in Section 8.4(b) that the conditions in those Sections are satisfied, then this Agreement will automatically be null and void upon the expiry of such time and the Deposit shall be returned to the Purchaser with interest (if any). For certainty, a failure to satisfy any of the conditions set out in Section 8.4 shall not constitute a default of either party. In the event that an Order is granted ordering the sale of the Purchased Assets to a party other than the Purchaser, the Vendor shall pay to the Purchaser the Purchaser's reasonable costs incurred to the date of the Order up to a maximum of Fifty Thousand Dollars ($50,000.00), within ten (10) Business Days after the Vendor's receipt of proceeds of the sale of the Purchased Assets to such other party.

8.6 Vendor's Conditions. The Vendor's obligation to complete the transactions contemplated by this Agreement is subject to the following conditions, all of which are for the sole benefit of the Vendor:

(a) on the Closing Date, the representations and warranties of the Purchaser contained in Section 7.3 will be true and correct in all material respects with the same effect as though such representations and warranties had been made on and as of the Closing Date; and

(b) on the Closing Date, all of the covenants and agreements of the Purchaser to be performed on or before the Closing Date pursuant to this Agreement will have been duly performed in all material respects.

If the conditions set out in this Section have not been satisfied by notice in writing from the Vendor to the Purchaser, by the times specified in this Section, the Vendor may, with the written consent of the Monitor, by notice in writing to the Purchaser waive satisfaction of such conditions, in whole or in part, without prejudice to any of its other rights under this Agreement and complete the sale of the Purchased Assets or elect not to complete.

8.7 [Intentionally Deleted].

8.8 Consideration for and Nature of Conditions. The Vendor hereby pays to the Purchaser the amount of $10.00 representing non-refundable consideration paid by the Vendor for its right to satisfy or waive the conditions set out in Sections 8.4 and 8.6 and the Purchaser acknowledges the sufficiency in all respects of such consideration. Although the Vendor's obligation to complete the transaction contemplated by this Agreement is subject to satisfaction or waiver of conditions, those conditions are not conditions to there being a binding agreement of purchase and sale between the parties respecting the Purchased Assets and until the time limited for the satisfaction or waiver of such conditions has expired, this Agreement is not void, voidable, revocable or, except for default, otherwise capable of being terminated by either of the parties.

8.9 CCAA Proceedings. The Purchaser shall support the application for the Final Order. Each of the parties agrees that the Vendor shall seek a Reverse Vesting Order from the Court as a first option and, failing that, the Vendor shall seek an Approval and Vesting Order from the Court. In the event any variation is sought or leave to appeal is sought, an appeal is taken or a stay pending appeal is requested with respect to the Final Order, the Vendor shall promptly notify the Purchaser of such application for leave to appeal, appeal or stay request and shall promptly provide to the Purchaser a copy of the related notice(s) or order(s).

8.10 Form of Order. The Vendor or its solicitors will provide the Purchaser and its solicitors with a draft copy of all Orders proposed to be obtained in connection with this Agreement for review and comment at least two (2) days prior to the date that the Vendor applies for such Order(s), and, provided that such amendments are consistent with the terms set out herein, the Vendor will incorporate any reasonable amendments requested by the Purchaser or its solicitors.

ARTICLE 9 – CLOSING

9.1 Closing. The closing of the purchase and sale of the Purchased Assets will commence at 10:00 a.m. (Vancouver time) on the Closing Date as a virtual closing with documents to be exchanged electronically, or at such other time on the Closing Date or in such other format as may be agreed in writing by the Vendor and the Purchaser.

9.2 Vendor's Closing Documents. On or before the Closing Date, the Vendor will deliver, or cause the Vendor's Solicitors to deliver, to the Purchaser's Solicitors in trust to be held in escrow as provided in this Agreement, the following duly executed as applicable and all in a form satisfactory to the Purchaser, acting reasonably:

(a) Court certified copy of the Final Order and any other Orders as are necessary, all in a form registrable in all necessary offices required to effect the transfer of the Purchased Assets;

(b) letters from legal counsel to the Vendor to the Land Title Survey Authority or other agency as may be required by the Final Order;

(c) a beneficial transfer conveying the beneficial interest in the Property to the Purchaser;

(d) an assignment and assumption of Approved Contracts, Plans, Permits and Approvals wherein the Purchaser assumes the rights and obligations under the Approved Contracts and Plans, Permits and Approvals as of the Closing Date and the Purchaser indemnifies the Vendor for all Liability under the Approved Contracts and Plans, Permits and Approvals arising after the completion of the transactions contemplated herein and the Vendor retains all Liability under the Approved Contracts and Plans, Permits and Approvals arising prior to the Closing Date and indemnifies the Purchaser for all Liability under the Approved Contracts and Plans, Permits and Approvals arising prior to the completion of the transactions contemplated herein;

(e) an assignment and assumption of Permitted Encumbrances and Title Contracts;

(f) an assignment and assumption of the Vendor's right, title and interest, in and to: (i) subject to such transfer being approved by the necessary parties in accordance with Section 3.1(c)(i), the Intellectual Property; (ii) all insurance and new home warranties obtained in connection with the Project; and (iii) all marketing materials prepared in connection with the Project;

(g) a bill of sale conveying the Chattels to the Purchaser;

(h) a statement of adjustments pursuant to Article 5;

(i) an assignment of all of the Vendor's rights under any and all Warranties wherein the Purchaser acquires all rights under the Warranties whether arising prior to or after the Closing Date;

(j) in the event that a Reverse Vesting Order is granted: (i) a transfer of the Shares together with all resolutions, certificates and acknowledgements of the Limited

Partnership and the GP as may be reasonably required by the Purchaser to effectively transfer the Shares; and (ii) an amendment to the LP Agreement effecting the change in the general partner from the GP to ShellCo, together with all supporting resolutions, certificates and acknowledgements of the Limited Partnership and the GP as may be reasonably required by the Purchaser;

(k) a certificate dated as of the Closing Date of a senior officer of the GP, in its own capacity and as general partner of the Limited Partnership, having knowledge of the facts certifying, on behalf of the GP and the Limited Partnership and without personal liability, that the representations and warranties set out in Section 7.1 are true and correct in all material respects as at the Closing Date and that the Vendor's covenants and agreements to be observed or performed on or before the Closing Date pursuant to the terms of this Agreement have been duly observed and performed in all material respects;

(l) a notice from the Vendor to the other parties under the Approved Contracts giving notice of the sale of the Property;

(m) keys to all units and facilities of the Property to the extent required by the Purchaser; and

(n) such other documents and assurances as may be reasonably required by the Purchaser to give full effect to the intent and meaning of this Agreement.

9.3 Purchaser's Closing Documents. On or before the Closing Date, the Purchaser will deliver, or cause the Purchaser's Solicitors to deliver, to the Vendor's Solicitors in trust to be held in escrow as provided in this Agreement, the following duly executed as applicable:

(a) an assignment and assumption of Approved Contracts, Plans, Permits and Approvals;

(b) an assignment and assumption of Permitted Encumbrances and Title Contracts;

(c) an assignment and assumption of the Vendor's right, title and interest, in and to: (i) subject to such transfer being approved by the necessary parties in accordance with Section 3.1(c)(i), the Intellectual Property; (ii) all insurance and new home warranties obtained in connection with the Project; and (iii) all marketing materials prepared in connection with the Project;

(d) the GST Certificate;

(e) a certificate dated as of the Closing Date of a senior officer of the Purchaser having knowledge of the facts certifying, on behalf of the Purchaser and without personal liability, that the representations and warranties set out in Section 7.3 are true and correct in all material respects as at the Closing Date and that the Purchaser's covenants and agreements to be observed or performed on or before the Closing Date pursuant to the terms of this Agreement have been duly observed and performed in all material respects; and

(f) such other documents and assurances as may be reasonably required by the Vendor to give full effect to the intent and meaning of this Agreement.

9.4 Preparation and Form of Documents. The closing documents contemplated in Sections 9.2 and 9.3 (collectively, the "**Closing Documents**"), other than the statement of adjustments in Article 5, the materials required in connection with a Reverse Vesting Order set out in Section 9.2(j), if applicable, and the Final Order, will be prepared by the Purchaser's Solicitors and delivered to the Vendor's Solicitors at least five (5) Business Days before the Closing Date. The Closing Documents (including the statement of adjustments in Article 5, the materials required in connection with a Reverse Vesting Order set out in Section 9.2(j), if applicable, and the Final Order) will be in a form and substance reasonably satisfactory to the parties. The Vendor shall provide the Purchaser with drafts of all materials to be filed with the Court no later than two (2) days prior to the date of any hearing of the Court regarding the Final Order.

9.5 Payment into Trust. On or before the Closing Date, the Purchaser will pay to the Purchaser's Solicitors in trust, by way of certified cheque, bank draft, or wire transfer, funds in an amount equal to the Balance, as adjusted, less any amount to be advanced to the Purchaser on the Closing Date under any mortgage financing arranged by the Purchaser, as further described in Section 9.9.

9.6 Registration. On the Closing Date, after receipt by the Purchaser's Solicitors of the Closing Documents set out in Section 9.2 and the funds as set out in Section 9.5, and after receipt by the Vendor's Solicitors of the Closing Documents set out in Section 9.3, the Purchaser will cause the Purchaser's Solicitors to file the Final Order in the Land Title Office and any security documents applicable to any mortgage financing arranged by the Purchaser, as further described in Section 9.9.

9.7 Closing Escrow. All Closing Documents, funds, and other items delivered by the parties, except the Final Order (which will be dealt with pursuant to Section 9.6), will be held in trust by the Vendor's Solicitors and the Purchaser's Solicitors until completion of closing on the Closing Date in accordance with this Agreement. Promptly after the filings set out in Section 9.6 and a satisfactory post filing for registration search has been received by the Purchaser's Solicitors showing that title to the Property will be registered in the name of the Purchaser free and clear of all Encumbrances except for the Permitted Encumbrances or any Encumbrances granted by or claimed through the Purchaser, the Closing Documents will be released to the appropriate parties and the Purchaser will cause the Purchaser's Solicitors to pay the Purchase Price, as adjusted, to the Vendor's Solicitors by way of wire transfer.

9.8 Concurrent Requirements. It is a condition of the closing that all matters of payment, execution and delivery of documents by each party to the other and the filing of documents in the Land Title Office as set out in Section 9.6, all pursuant to the terms of this Agreement, will be deemed to be concurrent requirements and it is specifically agreed that nothing will be complete at the closing until everything required as a condition precedent at the closing has been paid, executed and delivered and all filings set out in Section 9.6 have been completed.

9.9 Purchaser's Financing. If the Purchaser is relying upon a new mortgage to finance the purchase of the Purchased Assets, the Purchaser, while still required to pay the Purchase Price on the Closing Date, may wait to pay the Purchase Price until after the Final Order and new mortgage documents have been filed in the Land Title Office and after receipt of the proceeds of such mortgage financing, but only if, before such filing, the Purchaser has:

(a) made available for tender to the Vendor that portion of the Purchase Price not secured by the new mortgage;

(b) fulfilled all the new mortgagee's conditions for funding except filing the mortgage for registration; and

(c) made available to the Vendor, a lawyer's undertaking to pay the Purchase Price upon the filing of the Final Order and new mortgage documents and the advance by the mortgagee of the mortgage proceeds.

9.10 Payment by Wire Transfer. Notwithstanding anything else contained herein, provided the Purchaser's Solicitors have initiated the wire transfer for the balance of the Purchase Price, as adjusted, to the Vendor's Solicitors on the Closing Date, and provided the Vendor's Solicitors with written confirmation thereof, the Purchaser will be deemed to have paid the balance of the Purchase Price, as adjusted, due to the Vendor if such amount is credited to the Vendor's Solicitors account by 11:00 a.m. (Vancouver time) on the first Business Day following the Closing Date without interest or penalty. If such amount is not received by 11:00 a.m. (Vancouver time) on the first Business Day following the Closing Date, the Purchaser will pay to the Vendor interest at the rate of the prime rate of interest designated from time to time by Royal Bank of Canada plus 3% per annum on such amount until such time as it is received by the Vendor.

9.11 Termination.

(a) Notwithstanding any other provision of this Agreement, if the transactions contemplated by this Agreement do not complete on or prior to September 30, 2021, other than as a result of the default of the Purchaser, then the Purchaser may terminate this Agreement with written notice delivered to the Vendor without any further liability and the Deposit and interest (if any) shall be returned to the Purchaser.

(b) Notwithstanding any other provision of this Agreement, if the transactions contemplated by this Agreement do not complete on or prior to September 30, 2021, other than as a result of the default of the Vendor, then the Vendor may terminate this Agreement with written notice delivered to the Purchaser without any further liability and the Deposit and interest (if any) shall be returned to the Purchaser.

ARTICLE 10 – TAXES

10.1 GST. The Purchaser represents and warrants to Vendor that it is and will be, as of the closing on the Closing Date, registered for the purposes of Part IX of the *Excise Tax Act* (Canada) (the "**ETA**") in accordance with the requirements of Subdivision D of Division V of the ETA and will assume responsibility to account for, report and remit any goods and services tax and harmonized sales tax (collectively, the "**GST**") payable under the ETA in connection with the transaction contemplated in this Agreement. On the Closing Date, the Purchaser will deliver to the Vendor a certificate (the "**GST Certificate**") of a senior officer of the Purchaser certifying, on behalf of the Purchaser and without personal liability (a) that the Purchaser is registered under Part IX of the ETA as of the Closing Date; (b) its registration number; and (c) that the Purchaser will account for, report and remit any GST payable in respect of the purchase of the Purchased Assets in accordance with the ETA. If the Purchaser delivers such GST Certificate, then the Purchaser will not be required to pay to the Vendor, and the Vendor will not be required to collect from the Purchaser nor report or remit, any GST in connection with the transaction contemplated in this Agreement. The Purchaser shall indemnify and hold the Vendor and its directors, officers, employees, advisors and agents harmless from any liability under the ETA arising as a result of any breach of this Section, the GST Certificate or any declaration made therein and such indemnity shall survive the completion of the transactions contemplated herein.

10.2 Provincial Sales Tax. The Purchaser acknowledges that it may be liable to pay provincial sales tax in respect of some or all of the Chattels and, if required, it will report and remit as required by applicable law any such sales tax that is due directly to the applicable taxing authority. The Purchaser shall indemnify and hold the Vendor and its directors, officers, employees, advisors and agents harmless from any liability related to the Vendor's failure to account for, report and remit such provincial sales tax and such indemnity shall survive the completion of the transactions contemplated herein.

10.3 Tax Elections. Notwithstanding the above, the Vendor will cooperate with the Purchaser to execute any election available under applicable law that may reduce or defer the amount or due date of any GST or other tax payable by the Purchaser provided such election will not result in any increased cost or tax liability for the Vendor.

10.4 Other Taxes. The Purchaser shall be responsible for all transfer taxes (subject to an adjustment to the Purchase Price in accordance with Section 5.4), fees and expenses in connection with the registration of the Final Order or transfer of the Purchased Assets.

10.5 Preparation of Tax Returns After Closing. In the event that a Reverse Vesting Order is granted by the Court and the Purchaser acquires the Shares (along with the balance of the Purchased Assets), the Vendor agrees that forthwith following closing on the Closing Date the Vendor will, in consultation with the Purchaser and the Purchaser's professional advisors and accountants, cause income tax and other tax returns consequent to the closing to be prepared for the GP. The Purchaser will be responsible for all reasonable costs related to the preparation and filing of these returns along with the costs of the Purchaser's own accountant and other consultants in reviewing the same. The Vendor will also provide reasonable assistance in preparing and filing all financial statements, tax returns and other documents required by law in respect of any government charges or in respect of any federal, provincial, municipal or other taxing statute for fiscal periods of the GP ending for tax purposes on or before the Closing Date.

ARTICLE 11 – GENERAL

11.1 Further Assurances. Each of the parties will execute and deliver all such further documents and do such further acts and things as may be reasonably required from time to time to give effect to this Agreement.

11.2 No Merger. The execution and delivery of the Closing Documents is not intended to and will not in any way merge or otherwise restrict the terms, covenants, conditions, representations, warranties or provisions made or to be performed or observed by the parties contained in this Agreement other than the obligation to deliver the Closing Documents.

11.3 Entire Agreement. This Agreement constitutes the entire agreement between the Vendor and the Purchaser pertaining to the purchase and sale of the Purchased Assets and supersedes all prior agreements and undertakings, negotiations and discussions, whether oral or written, of the Vendor and the Purchaser, including, for certainty, the LOI, and there are no representations, warranties, covenants or agreements between the Vendor and Purchaser except as set out in this Agreement.

11.4 Amendment. Subject to Section 11.5, this Agreement may only be altered or amended by an agreement in writing executed by all of the parties.

11.5 Solicitors as Agents. Any notice, approval, waiver, agreement, instrument, document or communication permitted, required or contemplated in this Agreement may be given or delivered and accepted or received by the Purchaser's Solicitors, on behalf of the Purchaser, and by the Vendor's Solicitors, on behalf of the Vendor, and any tender of Closing Documents and the Purchase Price may be made upon the Vendor's Solicitors and the Purchaser's Solicitors, as the case may be.

11.6 Notices. Any notice, document or communication required or permitted to be given under this Agreement will be in writing and delivered by hand or electronic transmission as follows:

(a) if to the Purchaser:

Solterra Acquisitions Corp.
460 Fraserview Place
Delta, BC V3M 6H4

Attention: Gerry Nichele
E-mail: Gnasst@niradia.com

with a further copy to the Purchaser's Solicitors:

Synergy Business Lawyers LLP
#2300 – 925 West Georgia Street
Vancouver, BC V6C 3L2

Attention: Harry Tomyn
E-mail: htomyn@synergylaw.ca

(b) if to the Vendor:

Port Capital Development (EV) Inc. / Evergreen House Development Limited Partnership
c/o Ernst & Young Inc.
700 West Georgia Street
Vancouver, BC V7Y 1C7

Attention: Mike Bell
E-mail: mike.bell@parthenon.ey.com

with a further copy to the Vendor's Solicitors:

Bennett Jones LLP
666 Burrard Street, Suite 2500
Vancouver, BC V6C 2X8

Attention: David Gruber and Mark Lewis
E-mail: gruberd@bennettjones.com; lewismv@bennettjones.com

with a further copy to the Monitor's Solicitors:

Blake, Cassels & Graydon LLP
595 Burrard Street, P.O. Box 49314,
Suite 2600, Three Bentall Centre
Vancouver, BC V7X 1L3

Attention: Peter Rubin and Greg Umbach
E-mail: peter.rubin@blakes.com; greg.umbach@blakes.com

or to such other address in Canada as either party may in writing advise. Any notice, document or communication will be deemed to have been given on the Business Day when delivered by hand if delivered prior to 5 p.m. (Vancouver time), otherwise will be deemed to be delivered and received on the next Business Day; or, if made by email, shall be deemed to have been given on the Business Day when transmitted if it is so transmitted prior to 5 p.m. (Vancouver time) on the day of transmittal, otherwise will be deemed to be given and received on the next Business Day.

11.7 Fees. Each of the parties will pay its own legal fees and fees of its consultants. The Purchaser will pay all registration costs and property transfer tax payable in connection with its purchase of the Purchased Assets, subject to an adjustment to the Purchase Price in accordance with Section 5.4.

11.8 Real Estate Commissions. Each of the Vendor and the Purchaser represents and warrants that it has not made any agreement with any real estate agent or broker regarding payment of any commission in respect of the purchase and sale of the Purchased Assets.

11.9 Waiver of Site Disclosure Statement. The Purchaser waives any right it may have to be provided with, and any requirement for the Vendor to provide, a site disclosure statement for the Property under the *Environmental Management Act* (British Columbia) and the regulations under that act.

11.10 Time. Time is of the essence of this Agreement. If anything is required to be done under this Agreement on a day which is not a Business Day, the same shall be done on the next following Business Day.

11.11 Tender. Unless otherwise set out herein, any tender of documents or money may be made upon the party being tendered or upon its solicitors and money will be tendered by certified cheque, bank draft, or wire transfer.

11.12 Enurement. This Agreement will enure to the benefit of and be binding upon the parties and their respective successors and permitted assigns.

11.13 Force Majeure. If by reason of Excusable Delay, the Vendor or Purchaser is delayed in performing or observing a covenant or obligation hereunder which is to be performed or observed (the "**Specified Date**"), or if either the Purchaser or the Vendor is delayed in satisfying or waiving any of the conditions precedent set out in Sections 8.1, 8.4 or 8.6, the applicable Specified Date will be extended by a period of time equal to the duration of the Excusable Delay, provided that the Vendor or Purchaser, as applicable, notifies the other party in writing prior to the applicable Specified Date, and such notice sets out in detail the date of the commencement and nature of such circumstances (the "**Delay Notice**"), and provided further that the party giving the Delay Notice uses its commercially reasonable efforts to render performance in a timely manner utilizing to such end commercially reasonable and available resources required in the circumstances. If the duration of the Excusable Delay exceeds 60 days from the date of giving a Delay Notice, the party receiving such Delay Notice may terminate this Agreement forthwith, notwithstanding any other provision of this Agreement, by giving written notice of termination to the other party, in which event the parties shall have no further obligations to one another. In determining whether delay is excusable, the party giving the Delay Notice shall be held to a commercially reasonable standard and not to a best efforts standard.

11.14 Assignment. The Purchaser will be entitled to assign its rights and obligations under this Agreement on prior written notice to, but without the consent of the Vendor to any one or more affiliates (within the meaning of the *Business Corporations Act* (British Columbia)) of the Purchaser or to one or more limited partnerships in which the general partners are affiliates (within the meaning of the *Business Corporations Act* (British Columbia)) of the Purchaser if: (i) the Purchaser delivers written notice of such assignment(s) to the Vendor; (ii) the assignee(s) enters into an agreement pursuant to which the assignee(s) agrees to be bound by all of the obligations and Liability of the Purchaser under this Agreement as if it was the original Purchaser; (iii) the Purchaser is not released from its obligations and Liability under this Agreement until the completion of the transactions contemplated in this Agreement, at which time the assignor will be automatically released from all of its obligations and Liability under this Agreement without the need for any further deliveries or instruments of release; and (iv) such assignment(s) is completed not less than ten (10) Business Days prior to the Closing Date. The Purchaser will not otherwise be entitled to assign its rights and obligations under this Agreement except with the prior written consent of the Vendor, such consent may be arbitrarily withheld or delayed by the Vendor.

11.15 Governing Law. This Agreement will be governed by and construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable in it.

11.16 Waiver. No waiver of any of the provisions of this Agreement will be deemed or will constitute a waiver of any other provision nor will any waiver constitute a continuing waiver unless otherwise expressed or provided.

11.17 Confidentiality. Except as may be required in the CCAA Proceedings, the parties will not disclose the existence of nor the contents of this Agreement to any third party, except their respective directors, officers, employees, agents or advisors, including lawyers, accountants, consultants, bankers and financial advisors (collectively, the "**Authorized Parties**"), without the prior written consent of the other party, not to be unreasonably withheld, provided that such consent is not required in the case of disclosure required by law or disclosure by either party to enforce any of its rights under this Agreement or to obtain necessary consents under this Agreement. The parties will instruct their respective Authorized Parties to comply with the provisions of this Section 11.17 and the parties will be responsible for any breach of the provisions of this Section 11.17 by their respective Authorized Parties. This Section 11.17 does not apply to public information or information in the public domain at the time that such information is obtained, information in the possession of a party not provided by the other party, or information received in good faith from a third party lawfully in possession of the information and not in breach of any confidentiality obligation. The obligations under this Section 11.17 shall terminate as of the second anniversary of the date of this Agreement. The provisions of this Section 11.17 shall supersede the confidentiality provisions of the LOI and any non-disclosure or confidentiality agreements entered into by the parties with respect to the Purchased Assets and the transactions contemplated in this Agreement.

11.18 Public Announcement. The parties agree that no disclosure or announcement, public or otherwise shall be made concerning this Agreement or the transactions contemplated hereunder without the prior consent of both parties, except as otherwise required by applicable law, regulation or regulatory authority or stock exchange rules or requirements. The parties shall consult and cooperate with each other with respect to any proposed announcement of the transactions contemplated hereunder.

11.19 No Registration. The Purchaser will not register this Agreement or notice of this Agreement against title to the Property.

11.20 Currency. All dollar amounts referred to are Canadian dollars.

11.21 Construction. The division and headings of this Agreement are for reference only and are not to affect construction or interpretation.

11.22 Counterparts and Execution. This Agreement may be executed in counterparts and delivered by electronic transmission including by PDF format, and each such counterpart will constitute an original and all such counterparts together will constitute one and the same agreement.

11.23 Schedules. The following schedules are attached to and form a part of this Agreement:

Schedule A – Legal Description and Permitted Encumbrances

[Signature pages follow]

The parties are signing this Agreement as of the date set out above.

ERNST & YOUNG INC. in its capacity as the Monitor of EVERGREEN HOUSE DEVELOPMENT LIMITED PARTNERSHIP, by its general partner, PORT CAPITAL DEVELOPMENT (EV) INC., and not in its personal capacity

By: ______________________________
Name: Mike Bell
Title: Senior Vice President, Ernst & Young Inc.

ERNST & YOUNG INC. in its capacity as the Monitor of PORT CAPITAL DEVELOPMENT (EV) INC., and not in its personal capacity

By: ______________________________
Name: Mike Bell
Title: Senior Vice President, Ernst & Young Inc.

SOLTERRA ACQUISITIONS CORP.

By: ________________________________
Name: Gerry Nichele
Title: President

SCHEDULE A
LEGAL DESCRIPTION AND PERMITTED ENCUMBRANCES

Part 1 – Legal Description of Lands

PID: 006-721-397; LOT 18, EXCEPT THAT PART OF THE CANADIAN PACIFIC RAILWAY RIGHT-OF-WAY AS DESCRIBED IN ABSOLUTE FEE PARCELS BOOK, VOLUME 9, FOLIO 317, NO. 1154C, AND EXCEPT THE SOUTH 7 FEET NOW ROAD, BLOCK 29 DISTRICT LOT 185 PLAN 92

Part 2 – Permitted Encumbrances

(a) the reservations, limitations, provisions or conditions expressed in the original grants from the Crown of any of the Lands and the statutory exceptions to title currently applicable to the Lands;

(b) a claim of right, title or jurisdiction which may be made or established by any aboriginal peoples by virtue of their status as aboriginal peoples to or over any Lands;

(c) liens for taxes, assessments, rates, duties, charges or levies not at the time due, which relate to obligations or Liability assumed by the Purchaser; and

(d) the Encumbrances listed below in respect of the Lands.

Legal Notations

1. Easement No. BP238635

Charges, Liens and Interests

1. Restrictive Covenant No. R18424

2. Easement and Indemnity Agreement No. J7909

3. Easement No. BP238634

Appendix C

In the matter of the CCAA of Port Capital Development (EV) Inc. and Evergreen House Development Limited Partnership
Weekly Cash Flow Projection for the Period May 15, 2021 to September 30, 2021
$CAD

	Week Ending	1 21-May-21 Forecast	2 28-May-21 Forecast	3 4-Jun-21 Forecast	4 11-Jun-21 Forecast	5 18-Jun-21 Forecast	6 25-Jun-21 Forecast	7 2-Jul-21 Forecast	8 9-Jul-21 Forecast	9 16-Jul-21 Forecast	10 23-Jul-21 Forecast	11 30-Jul-21 Forecast	12 6-Aug-21 Forecast	13 13-Aug-21 Forecast	14 20-Aug-21 Forecast	15 27-Aug-21 Forecast	16 3-Sep-21 Forecast	17 10-Sep-21 Forecast	18 17-Sep-21 Forecast	19 24-Sep-21 Forecast	20 1-Oct-21 Forecast	Total
Receipts																						
GST Refund	1	-	-	-	-	34,139	-	12,317	-	-	-	-	-	-	-	-	-	-	-	-	-	**46,456**
		-	**-**	**-**	**-**	**34,139**	**-**	**12,317**												**-**		**46,456**
Disbursements																						
Insurance	2	-	-	-	-	-	-	(76,470)	-	-	-	-	-	-	-	-	-	-	-	-	-	**(76,470)**
Site preservation	3	(2,694)	-	(10,752)	-	-	-	(10,731)	-	-	-	(10,731)	-	-	-	-	(10,731)	-	-	-	-	**(45,639)**
Glass storage costs	4	-	-	(6,549)	-	-	-	(6,549)	-	-	-	(6,549)	-	-	-	-	(6,549)	-	-	-	-	**(26,196)**
Consultants - city requirements	5	(2,420)	-	-	-	-	-	(2,235)	-	-	-	(735)	-	-	-	-	(735)	-	-	-	-	**(6,125)**
Crane lease	6	-	-	(8,085)	-	-	-	(8,085)	-	-	-	(8,085)	-	-	-	-	(8,085)	-	-	-	-	**(32,340)**
Formwork rentals	7			(15,106)				(15,106)	-	-	-	(15,106)	-	-	-	-	(15,106)	-	-	-	-	**(60,423)**
Permit costs	8	-	-	-	(1,500)	-	-	-	-	-	-	-	-	-	-	(1,500)	-	-	-	-	-	**(3,000)**
General, admin & miscellaneous expenses	9	-	(7,899)	(3,250)	(1,000)	(1,000)	(10,149)	(1,000)	(1,000)	(1,000)	(1,000)	(7,899)	(1,000)	(1,000)	(1,000)	(7,899)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	**(51,096)**
Contingency	10	-	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	**(19,000)**
		(5,114)	**(8,899)**	**(44,742)**	**(3,500)**	**(2,000)**	**(11,149)**	**(121,176)**	**(2,000)**	**(2,000)**	**(2,000)**	**(50,105)**	**(2,000)**	**(2,000)**	**(2,000)**	**(10,399)**	**(43,206)**	**(2,000)**	**(2,000)**	**(2,000)**	**(2,000)**	**(320,289)**
Restructuring Disbursements																						
Restructuring costs	11	-	(15,000)	(84,679)	(15,000)	(10,000)	(10,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	**(204,679)**
		-	**(15,000)**	**(84,679)**	**(15,000)**	**(10,000)**	**(10,000)**	**(5,000)**	**(5,000)**	**(5,000)**	**(5,000)**	**(5,000)**	**(5,000)**	**(5,000)**	**(5,000)**	**(5,000)**	**(5,000)**	**(5,000)**	**(5,000)**	**(5,000)**	**(5,000)**	**(204,679)**
Net Cash Flow		**(5,114)**	**(23,899)**	**(129,421)**	**(18,500)**	**22,139**	**(21,149)**	**(113,859)**	**(7,000)**	**(7,000)**	**(7,000)**	**(55,105)**	**(7,000)**	**(7,000)**	**(7,000)**	**(15,399)**	**(48,206)**	**(7,000)**	**(7,000)**	**(7,000)**	**(7,000)**	**(478,512)**
Cash Balance																						
Opening Available Cash Balance		34,039	28,925	155,026	25,605	7,105	29,244	208,095	94,237	87,237	80,237	73,237	18,132	109,779	102,779	95,779	80,380	32,174	25,174	18,174	11,174	**34,039**
Net Cash Flow		(5,114)	(23,899)	(129,421)	(18,500)	22,139	(21,149)	(113,859)	(7,000)	(7,000)	(7,000)	(55,105)	(7,000)	(7,000)	(7,000)	(15,399)	(48,206)	(7,000)	(7,000)	(7,000)	(7,000)	**(478,512)**
DIP Draw/(Payback)		-	150,000	-	-	-	200,000	-	-	-	-	-	98,647	-	-	-	-	-	-	-	-	**448,647**
Closing Available Cash Balance		**28,925**	**155,026**	**25,605**	**7,105**	**29,244**	**208,095**	**94,237**	**87,237**	**80,237**	**73,237**	**18,132**	**109,779**	**102,779**	**95,779**	**80,380**	**32,174**	**25,174**	**18,174**	**11,174**	**4,174**	**4,174**
DIP Balance																						
Opening Balance		1,250,000	1,250,000	1,432,466	1,435,763	1,439,067	1,442,379	1,645,698	1,649,485	1,653,282	1,657,086	1,660,900	1,664,722	1,767,200	1,771,267	1,775,344	1,779,429	1,783,525	1,787,629	1,791,743	1,795,867	**1,250,000**
Draw/(Payback)		-	150,000	-	-	-	200,000	-	-	-	-	-	98,647	-	-	-	-	-	-	-	-	**448,647**
Legal Fees	12	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Commitment Fee		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
DIP Interest	12	-	32,466	3,297	3,304	3,312	3,319	3,787	3,796	3,805	3,814	3,822	3,831	4,067	4,076	4,086	4,095	4,105	4,114	4,123	4,133	**101,353**
DIP Balance		**1,250,000**	**1,432,466**	**1,435,763**	**1,439,067**	**1,442,379**	**1,645,698**	**1,649,485**	**1,653,282**	**1,657,086**	**1,660,900**	**1,664,722**	**1,767,200**	**1,771,267**	**1,775,344**	**1,779,429**	**1,783,525**	**1,787,629**	**1,791,743**	**1,795,867**	**1,800,000**	**1,800,000**

In the Matter of CCAA of the Port Capital Development (EV) Inc. and Evergreen House Development Limited Partnership (the "Petitioners")

Notes to the Unaudited Cash Flow Forecast of the Petitioners

Disclaimer:

In preparing this cash flow forecast (the "**Cash Flow Forecast**"), the Petitioners have relied upon unaudited financial information and the Petitioners have not attempted to further verify the accuracy or completeness of such information. The Cash Flow Forecast includes estimates concerning the operations of the Petitioners and additional assumptions discussed below with respect to the requirements and impact of a Companies' Creditor Arrangement Act ("**CCAA**") filing. Since the Cash Flow Forecast is based on assumptions about future events and conditions that are not ascertainable, the actual results achieved during the Cash Flow Forecast period will vary from the Cash Flow Forecast, even if the assumptions materialize, and such variation may be material. There is no representation, warranty or other assurance that any of the estimates, forecasts or projections will be realized.

The Cash Flow Forecast includes the receipts and disbursements of all the Petitioners during the Cash Flow Forecast Period (the "**Period**"). Ernst & Young Inc., in its capacity as the Monitor of the Petitioners (the "**Monitor**"), with the assistance of the Petitioners, have prepared the Cash Flow Forecast based primarily on estimated receipts and disbursements related to the CCAA proceedings and the ongoing construction project (Terrace House).

The Cash Flow Forecast assumes that the Petitioners obtain a stay of proceedings under the CCAA until September 30, 2021. The Cash Flow Forecast covers the period from May 15, 2021 to September 30, 2021 (the "**Period**").

1. **GST Refund**: The estimated refund for GST paid on disbursements incurred during these CCAA proceedings.

2. **Insurance:** Amount has been estimated for a renewal of site specific insurance policies based on historical run rates.

3. **Site Preservation:** Includes site security, scaffolding and fence rental and other items related to site preservation.

4. **Glass Storage Costs**: Costs associated with the storage of acquired glass and related materials.

5. **Consultants – City Requirements**: Represents management's estimates of required cash outlay to meet basic city requirements.

6. **Crane Lease** – Costs associated with the lease for the crane that remains on site.

7. **Formwork Rentals** – Costs associated with the rental of formwork equipment that remains on site.

8. **Permit Costs –** Costs associated with City of Vancouver permitting required for site preservation.

9. **General, Admin & Miscellaneous Expenses**: Includes equipment repairs & maintenance, office expenses, showroom lease costs and other miscellaneous items. These have been estimated based on historical run rates.

10. **Contingency:** A small weekly contingency is built into the Cash Flow Forecast for unforeseen expenses.

11. **Restructuring Costs**: Represents professional fee payments to counsel to the Petitioners, the Monitor and the Monitor's counsel.

12. **DIP Interest and Fees:** Interest, legal, and other fees associated with the DIP facility.