Form 109 (Rule 22-2(2) and (7))

This is the 6th affidavit
of Macario Teodoro Reyes in this
case and was made on
27/APRIL/2022

No. S-205095
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

**AFFIDAVIT**

*[Rule 22-2 applies to affidavits and Rule 22-3 applies to all forms.]*

I, Macario Teodoro Reyes, businessman, of 325 West 4th Avenue, Vancouver, BC V5Y 1H3, AFFIRM THAT:

1. I am a director and officer of the Port Capital Group Inc. ("**PortLiving**"), as well as a director and officer of the Petitioner Port Capital Development (EV) Inc. (collectively, the "**Petitioners**") and accordingly have personal knowledge of the facts and matters to which I depose in this affidavit, except where stated to be based on information and belief, and whereso stated, I verily believe them to be true.

**Proceeding Update**

2. The purpose of this affidavit is to provide an update on the activates of the Petitioners since the making of the Further Amended and Restated Initial Order and the approval of the additional financing from Domain Mortgage Corp. ("**Domain**") on February 15, 2022.

3. The additional financing from Domain closed in or around March 17, 2022. The Petitioners used the proceeds of this financing to satisfy various accounts payable that had accrued up to that date, and since then to meet further obligations incurred in this proceeding, including for site preservation and maintenance.

4. The Petitioners have continued to engage in a process of determining how best to address their insolvency and advance construction on the Terrace House Project, located at 1250 W. Hastings St., Vancouver. This process has included engagement with key stakeholders and other parties and has resulted in the developments outlined in the sub-paragraphs below:

(a) The Petitioners have identified a development partner, Enso Holdings Ltd. ("**Enso**"). Although this would be only its second development project, I am informed by Tim Loo of Enso, co-founder and formerly COO of Omicron, and verily believe that the three principals of Enso collectively have over 60 years of experience in real estate investment and development in Vancouver. Enso has agreed with PortLiving that it will co-develop the Terrace House Project, become the majority general partner, and provide its covenant and an investment to support the necessary construction financing to exit these Companies' Creditor Arrangement Act proceedings;

(b) The Petitioners, in conjunction with Enso, have negotiated a commitment letter (the "**Mandate Commitment Letter**") for interim financing in the amount of $20 million from Mandate Management Corporation ("**Mandate**"). If approved, the Mandate financing would be used to repay Domain and to provide working capital for an extended stay period through to the end of August 2022 with the objective of putting a Plan of Arrangement to a vote, securing a sanction order, and exiting the CCAA proceeding upon new construction financing being available. If approved, the commitment is expected to be funded by May 15, 2022. Attached hereto as **Exhibit "A"** is the Mandate Commitment Letter;

(c) The Petitioners, in conjunction with Enso, have commenced the process of satisfying the conditions for the Mandate financing, including the provision of a deposit by Enso to Mandate;

(d) The Petitioners and Enso have advanced discussions towards securing pricing for a construction contract with a general contractor for the balance of construction. The Petitioners have received a budget and proposed construction schedule from a general contractor and anticipates receiving a second proposal from another general contractor shortly;

(e) The Petitioners have developed the key economic terms of a Plan of Arrangement and together with Enso have discussed the intended terms with Domain, Aviva Insurance Company of Canada ("**Aviva**") and with a number of key unsecured trade creditors. The Petitioners intend shortly to begin the process of engaging with the Pre-Sale Purchasers on the proposed terms of a Plan of Arrangement;

(f) The Petitioners are in the process of validating the proposed terms of the Plan of Arrangement to determine whether it would garner sufficient support to succeed if put to a vote of stakeholders by seeking the agreement of a requisite number of affected stakeholders to a Restructuring Support Agreement. A form of Restructuring Support Agreement has been drafted and is being refined, with the intention of it being circulated to stakeholders in the coming weeks;

(g) The Petitioners have prepared a cash flow to May 15, 2022 in consultation with the Monitor. I understand that the cash flow forecast will be provided to the Court in the Monitor's report;

(h) The Petitioners have negotiated an extension of the Domain senior loan facility by two months to July 1, 2022;

(i) The Petitioners have renewed the insurance for the Terrace House Project; and

(j) The Petitioners, in conjunction with Enso, have engaged in discussions with Domain and Aviva regarding the proposed Mandate interim financing and the need for an extension of the stay of proceedings.

**Need for Stay Extension**

5. The Petitioners continue to require court protection from their creditors and additional time to advance their restructuring efforts.

6. Aviva has advised me that it will need additional time to consider the proposed Mandate interim financing before that financing is presented to the Court for approval. On April 26, 2022, Michael Sloniowski of Aviva advised that Aviva supports a two week extension of the stay of proceedings on condition that there is no change to the order of priority of security at this time.

7. Domain has advised me that it is agreeable to being repaid later than April 30, 2022 in order to afford Aviva time to consider the proposed Mandate interim financing.

8. Based upon the cash flow that has been developed in consultation with the Monitor, I believe that the Petitioners can meet financial obligations that are immediately due through to and including May 13, 2022.

| | |
|---|---|
| AFFIRMED BEFORE ME at Vancouver, British Columbia, on 27/April/2022. | |
| A Commissioner for taking affidavits for British Columbia | Macario Teodoro Reyes |

KIERA STEL
A Commissioner for Taking Affidavits
for the Province of British Columbia
Articled Student,
Expires August 31, 2022

This is Exhibit "A" referred to in the affidavit of Macario Teodoro Reyes affirmed before me at Vancouver, British Columbia this 27th day of April, 2022.

A Commissioner for taking Affidavits within British Columbia

KIERA STEL
A Commissioner for Taking Affidavits
for the Province of British Columbia
Articled Student,
Expires August 31, 2022

# MANDATE MANAGEMENT CORPORATION

505 - 1195 West Broadway, Vancouver, B.C. V6H 3X5
Telephone: (604) 731-2899 Fax (604) 734-5546 e-mail: mandate@telus.net

April 19, 2022 Expiry Date: April 20, 2022

Port Capital Development (EV) Inc.
c/o Vanterre Capital Corp.
2-2888 Birch St,
Vancouver, BC V6H 2T6

Attn: Craig Pretto Via Email: craig@vanterre.com

Dear Sirs:

Your application for a 1st mortgage in the amount of $20,000,000.00 is being processed based on the following terms and conditions subject to final Credit Committee and their solicitor's approval:

| | |
|---|---|
| **BORROWERS:** | Port Capital Development (EV) Inc.<br>Evergreen House Development Limited Partnership |
| **COVENANTORS:** | Port Capital Development Inc. Hilbert Ng<br>Enso Holdings Ltd.<br>Enso Developments Inc.<br>Macario Teodoro Reyes<br>Philip Shih-Han Chou<br>Joint and Several |
| **MORTGAGE AMOUNT:** | $20,000,000.00 |
| **INTEREST RATE:** | RBC Prime + 5.30%; minimum 8.50% for the first eleven (11) months; RBC Prime + 8.80%; Minimum 12.0% thereafter |
| **FEES:** $430,000 | ~~$450,000.00~~ (See Terms & Conditions #1) |
| **TERM:** | Twelve (12) months; Open after six (6) months |
| **PAYMENTS:** | $141,666.67 per month; interest only; compounded monthly for the first eleven (11) months; $200,000.00 per month thereafter; $850,000.00 to be deducted from funding to service the loan for six (6) months; |
| **PURPOSE:** | To refinance the existing first mortgage, interest reserve, fees, closing costs, and working capital. |
| **PREPAYMENT:** | This loan may be paid back at any time without notice, bonus or penalty after the Lender has earned the greater of ~~six (6) months interest or $850,000.00~~<br>five (5) months interest or $708,000 |

**RENEWAL OPTION:** Provided the Loan is not in default the Lender remains satisfied with the security, the Lender may offer to renew this loan for a further term of six (6) months upon receipt of a renewal fee of 1.0% of the principal balance payable as follows: 50% to the Lender and 50% to Mandate Management Corporation (See Terms & Conditions #7)

**SECURITY**

1) A valid and registered 1st Mortgage and Assignment of Rents charge against the following property:

   CIVIC: 1250 W Hastings Street, Vancouver, BC

   LEGAL: Lot 18 Block 29 Plan VAP92 District Lot 185 Land District 36 EXC THAT PT OF CANADIAN PACIFIC RAILWAY SRW AS DESCRIBED IN ABSOLUTE FEE PARCELS BOOK, VOLUME 9, FOLIO 317, NO. 1154C, & EXC S 7 FT NOW RD
   PID: 006-721-397

2) Title Insurance;

3) General Security Agreement;

4) Assignment of Plans and Permits;

And such other security as the Lender's Lawyers deem necessary.

**TERMS AND CONDITIONS**

1) Fees totaling ~~$450,000.00~~ $430,000 will be deducted from funding and payable as follows: ~~$150,000.00~~ $120,000 Broker Fee to Vanterre Capital Corp., $200,000.00 Broker/Application Fee to Mandate Management Corporation and $100,000.00 Lender Fee. All fees will be earned at such time the mortgage has been instructed for funding;

2) Prior to Solicitor Instruction, the Borrower will pay a ~~$50,000.00~~ $25,000 Good Faith Deposit to Redpoint Law LLP in Trust. This deposit will be used to cover any fees that have been incurred whether the loan funds or not. If the loan funds, the deposit will be credited towards Legal Fees and Mandate Management Corporation's Broker Fee

3) No funds will be advanced until all documentation requested is provided and is satisfactory to the Lender's Credit Committee and to the Lender's Lawyers;

4) The Borrower will not encumber the property offered as security with any further charges without the express written consent of the Lender, not to be unreasonably withheld;

5) Upon approval, the mortgage commitment will be non-assignable;

6) Time is of the essence;

7) An Offer to Renew will be issued to the Borrower prior to the date of maturity at the sole discretion of the Lender. If the Borrower does not either accept the offer or repay the loan by 5:00 PM on the maturity date, then the loan will automatically renew for an additional term and the renewal fee stated above on the Commitment Letter will be due and capitalized to the principal balance;

8) All shareholders' loans to be postponed and subordinated to the Lender until this loan is repaid in full;

9) Lender to erect a financing sign at the Lender's expense until this loan is repaid in full.

10) Enso Holdings Ltd. shall have a right to buy this loan for an amount equal to fully discharge this loan.

**FUNDING CONDITIONS**

1) Inspection of the subject property and interview Macario Teodoro Reyes and Philip Shih-Han Chou (the "Applicants");

2) Current Credit Bureau Reports for the Applicants;

3) Applicants to complete Lender's Net Worth Statement as attached;

4) Proof of Income from all sources including Notice of Assessments for 2019 & 2020 for the Applicants with confirmation of no income tax owing;

5) Current Market Value Appraisals by appraisal firm approved by the Lender stating an AS IS market value of no less than $40,000,000 together with a Letter of Transmittal addressed to the Lender for first mortgage financing purposes;

6) Current Financial Statements for all companies with confirmation of no GST or Payroll Tax owing;

7) Organizational Chart;

8) Copy of Environmental Phase 1 Report and Geotechnical Report;

9) Current Quantity Surveyor Report;

10) Copy of current Disclosure Statement for the sale of strata lots and all Presale Contracts with confirmation they are all valid;

11) Copy of Limited & General Partnership Agreements;

12) Executed Joint Venture Agreement between Enso Developments Inc. & Port Capital Developments Inc.;

13) Detailed Business Plan and Timeline to exit CCAA;

14) Copy of Agreement with BakerWest Real Estate for the sale of strata lots; if available

15) Copy of Agreement with Urban One Builders & all relevant consultants and trades;

16) Copy of current working drawings and all relevant Permits inclusive of Building Permit;

17) Detailed status of all current litigation between Macario Teodora Reyes and related parties per Schedule "A" attached.

## ANTI-MONEY LAUNDERING

The Borrowers consent and agree to provide the Lender and or its solicitor with such documentation and information, including identification, as the Lender or its solicitor may require to ensure compliance with the "Proceeds of Crime (money laundering)" and "Terrorist Financing Act (Canada) regulations and that provision of such documentation shall be a pre-condition to funding.

## INSURANCE

A Fire insurance policy in an amount equal to the replacement value of the building(s) showing the Lender as **FIRST LOSS PAYEE AND SUBJECT TO THE STANDARD MORTGAGE CLAUSE** will be required for the full term of the loan. Additionally, Liability coverage in the amount of **$2,000,000.** will be required for the full term of the loan on all properties. **No coinsurance coverage will be acceptable to the Lender.** Earthquake coverage is required on all properties. Our Insurance Agent, **HUB International TOS Limited** is available for your insurance needs. HUB International is located at 3875 Henning Drive, Burnaby, B.C. Telephone # (604) 293-1481, Fax #(604) 293-1493

Yours truly,

**MANDATE MANAGEMENT CORPORATION**

**"Alan Long"**

Alan E. R. Long
President

**I/WE HEREBY AGREE TO ACCEPT THE PROPOSED TERMS AND CONDITIONS AS SET OUT HEREIN. WE AGREE TO PAY ALL COSTS INCURRED BY THE LENDER INCLUDING LEGAL AND APPRAISAL FEES WHETHER OR NOT THE LOAN IS MADE.**

**DATED AT ________________ THIS ____ DAY OF ________________, 2022**

________________________________________

**(BORROWER) Port Capital Development (EV) Inc.** by its authorized signatory

________________________________________

**(BORROWER) Evergreen House Development Limited Partnership** by its authorized signatory

________________________________________

**(COVENANTOR) Port Capital Development Inc.** by its authorized signatory

Hilbert Ng

________________________________________

**(COVENANTOR) Enso Holdings Ltd.** by its authorized signatory

Hilbert Ng

________________________________________

**(COVENANTOR) Enso Developments Inc.** by its authorized signatory

________________________________________

**(COVENANTOR) Macario Teodoro Reyes**

________________________________________

**(COVENANTOR) Philip Shih-Han Chou**

Hilbert Ng

________________________________________

(Covenantor) Hilbert Ng

The aforementioned hereby irrevocably authorizes the Lender to withhold from the first advance under this Mortgage the balance of fees and costs due to the Lender/Brokers as described above. Whether or not the Principal amount is Disbursed and notwithstanding retention of the Commitment Fee by the Lender, all of the Lender's costs and expenses, including without limitation all legal fees and disbursements including any third-party daylight loan arrangement fees and legal fees associated therewith and the cost of all reports, appraisals, inspections and investigations incurred by the Lender in relation to the loan and / or this Mortgages shall be paid by the Borrower(s). The Borrower(s) shall also be responsible for any commission or brokers/finder's fee payable in connection with this Mortgage. All such amounts are payable forthwith, on demand by the Lender, and may be added to the principal balance of the Mortgage and shall bear interest the Interest Rate. The Lender may, at its sole discretion, register a caveat or other instrument against the land and/or property and/or any personal property to protect its interest therein.

**Acceptance:** Please indicate your acceptance of the terms of this Commitment Letter by signing and returning to us the original copy, together with applicable fees, on or before the expiry date specified herein, at which time this commitment will expire and be of no further effect unless extended in writing at the option of the Lender.

**Authorization:** The applicant hereby authorized the Lender to obtain information from any credit reporting agency or credit granting organization as required at any time and consents to the disclosure of such information at any time to any credit reporting agency or credit granting organization.

**Confidentiality:** The applicant acknowledges and agrees the terms and conditions of this letter are confidential between the applicant and the Lender. The applicant agrees not to disclose the information contained herein to a third party without the consent of the Lender.

**Syndication:** The applicant acknowledges that the lender must syndicate this loan with individual co-lenders or investors and as a result any or all information contained in the loan application including but not limited to corporate and personal financial information may be disclosed to these individual co-lenders or investors. The syndication must be completed prior to the first advance of funds.

**Marketing:** From time to time, the Lender published advertisements of completed transactions. The advertisements include, but are not limited to, email, social media, magazine prints, and website, and brochures. The Borrower(s) and Covenantor(s) consent to the publication of an advertisement of the transaction contemplated by this commitment letter, which may include photos of the subject property and basic details of the transaction.

**Privacy Policy:** This will confirm that you have consented to provide certain confidential information with respect to the above described loan. This information will be governed by the terms of the Mandate National Mortgage Corporation Privacy Policy, a copy of which is available at our offices.

**Non-Merger and Conflict between Letter of Intent and any Documents**: It is understood and agreed that the execution, delivery and registration of the Security shall in no way merge or extinguish this Letter or the terms and conditions hereof, which shall survive and continue in full force and effect. However, in case of any inconsistency or conflict with the provisions of this Letter and the Security, the Lender shall determine which of the provisions shall prevail.

**Section 28 Notice:** Pursuant to Section 28 of the Property Law Act, prior to registration the Lender will require a signed written acknowledgement of a Section 28 Notice from any and all mortgage charge holders which rank in priority of this mortgage over all related properties.

**Fees and Costs:** The Borrower will pay all costs including legal fees and disbursements, survey and appraisal costs incurred by the Lender in connection with this loan, and preparation of the loan security. In addition, the Borrower will pay the following fees to the Lender:

$150.00 for any interest payments not received by the first of each month.
$150.00 service fee on all monthly payments that are not honoured by the Borrower's bank.
$250.00 per occurrence for each time Lender's signature is required
$250.00 to discharge a commercial security during the term of the mortgage
$75.00 to discharge a residential security during the term of the mortgage

**Lenders Lawyers:**

**Redpoint Law LLP**
Barristers & Solicitors
#660 - 335 Burrard Street
Vancouver, BC, V6C 2G8
Attn: Timothy Lack
Email: tlack@redpointlaw.ca
604-307-8655

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**THIS LETTER IS NOT VALID UNLESS SIGNED BY THE LENDER**

BRITISH COLUMBIA

SCHEDULE "A"

Log On

## Search Civil By Party Name - Individual Results

Refine Search
New Search

Search Criteria:

Last Name: reyes
First Name: macario
Middle Name: teodoro
Your file number: Terrace House

Results: 1 - 21 of 21

| Last Name, First Name *Style of Cause* | Classification of File | Court Location | File Number | Date File Opened | Date Last Updated | View |
|---|---|---|---|---|---|---|
| REYES, Macario Teodoro *JAMESON HOUSE VENTURES LTD. v 687160 B.C. LTD.* | Supreme Supreme Civil (General) | Vancouver Law Courts | 104455 | 22Jun2010 | 05Nov2010 | View |
| REYES, Macario Teodoro *GC CAPITAL INC. v REYES, Macario* | Supreme Supreme Civil (General) | Vancouver Law Courts | 205724 | 29May2020 | 27Jul2020 | View |
| REYES, Macario Teodoro *FOLEY, James v REYES, Macario* | Supreme Supreme Civil (General) | Vancouver Law Courts | 206140 | 10Jun2020 | 17Dec2020 | View |
| REYES, Macario Teodoro *VANRY, Mark v REYES, Macario* | Supreme Supreme Civil (General) | Vancouver Law Courts | 206129 | 12Jun2020 | 10Feb2021 | View |
| REYES, Macario Teodoro *MCAP FINANCIAL CORPORATION v MAIN STREET ARTS INVESTMENTS INC.* | Supreme Foreclosure | Vancouver Law Courts | 200590 | 16Dec2020 | 26Aug2021 | View |
| REYES, Macario Teodoro *1299362 B.C. LTD. v MARINE INVESTMENTS INC.* | Supreme Foreclosure | Vancouver Law Courts | 210091 | 16Feb2021 | 15Mar2022 | View |
| REYES, Macario Teodoro *BLUESHORE FINANCIAL CREDIT UNION v PORT CAPITAL DEVELOPMENT (MID2) INC.* | Supreme Foreclosure | Vancouver Law Courts | 210086 | 11Feb2021 | 05Nov2021 | View |
| REYES, Macario Teodoro *BCMP MORTGAGE INVESTMENT CORPORATION v LIVING MARINE DEVELOPMENT LIMITED PARTNERSHIP* | Supreme Foreclosure | Vancouver Law Courts | 210090 | 16Feb2021 | 01Oct2021 | View |
| REYES, Macario Teodoro *HYNES DEVELOPMENTS INC. v PORT CAPITAL DEVELOPMENT (ORG) INC.* | Supreme Foreclosure | Vancouver Law Courts | 210088 | 16Feb2021 | 12Apr2022 | View |
| REYES, Macario Teodoro *AR-CON HOLDINGS LTD. v EVERGREEN HOUSE DEVELOPMENT LIMITED PARTNERSHIP, BY ITS GENERAL PARTNER PORT CAPITAL DEVELOPMENT (EV) INC.* | Supreme Supreme Civil (General) | Vancouver Law Courts | 211580 | 18Feb2021 | 18Feb2021 | View |
| REYES, Macario Teodoro *BLUESHORE FINANCIAL* | Supreme Foreclosure | Vancouver Law Courts | 210117 | 01Mar2021 | 13Apr2022 | View |

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|---|---|---|---|---|---|---|
| *CREDIT UNION v PORT CAPITAL DEVELOPMENT (ORG) INC.* | | | | | | |
| REYES, Macario Teodoro *GISHA INVESTMENTS INC. v REYES, Macario* | Supreme Supreme Civil (General) | Vancouver Law Courts | 212801 | 08Mar2021 | 08Mar2021 | View |
| REYES, Macario Teodoro *PROSPERA CREDIT UNION v REYES, Macario* | Supreme Foreclosure | Penticton Law Courts | 46464 | 15Apr2021 | 13Sep2021 | View |
| REYES, Macario Teodoro *HUDANI INVESTMENT CORP. v PORTFOLIO ASSET GROUP (225KINGSWAY) LIMITED PARTNERSHIP* | Supreme Foreclosure | Vancouver Law Courts | 210245 | 05May2021 | 06Jul2021 | View |
| REYES, Macario Teodoro *1219134 B.C. LTD. v MARINE INVESTMENTS INC.* | Supreme Foreclosure | Vancouver Law Courts | 210301 | 03Jun2021 | 30Aug2021 | View |
| REYES, Macario Teodoro *RANNOCH CAPITAL LIMITED PARTNERSHIP v 0876242 B.C. LTD.* | Supreme Supreme Civil (General) | Vancouver Law Courts | 215718 | 09Jun2021 | 13Apr2022 | View |
| REYES, Macario Teodoro *GENESIS MORTGAGE INVESTMENT CORP. v PORT CAPITAL DEVELOPMENT (MID) INC.* | Supreme Foreclosure | Vancouver Law Courts | 210324 | 18Jun2021 | 30Jul2021 | View |
| REYES, Macario Teodoro *PROSPERA CREDIT UNION v REYES, Macario* | Supreme Foreclosure | Vancouver Law Courts | 210441 | 15Sep2021 | 28Mar2022 | View |
| REYES, Macario Teodoro *ROYAL BANK OF CANADA v REYES, Macario* | Supreme Supreme Civil (General) | Vancouver Law Courts | 218094 | 13Sep2021 | 13Sep2021 | View |
| REYES, Macario Teodoro *554171 B.C. LTD. v SOUTH CREEK LANDING INVESTMENTS INC.* | Supreme Supreme Civil (General) | Vancouver Law Courts | 221137 | 11Feb2022 | 11Feb2022 | View |
| REYES, Macario Teodoro *SERAPHIM CAPITAL PARTNERS LTD. v REYES, Macario* | Supreme Supreme Civil (General) | New Westminster Law Courts | 243579 | 31Mar2022 | 12Apr2022 | View |