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

TENTH REPORT OF THE MONITOR

ERNST & YOUNG INC.

April 28, 2022

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TENTH REPORT OF THE MONITOR

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INTRODUCTION

Background and Origin of this CCAA Proceeding

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 Terrace House Project is a high-rise luxury residential strata development located at 1250 West Hastings St. (Coal Harbour area), Vancouver, BC. It is a 19-storey mixed-use development, providing a total of 20 residential units and 2 commercial retail units ("**CRU**"), above a 3-level underground parkade. The Terrace House Property is unique in that its primary structural material is timber.

3. 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

4. The Petitioners are subsidiaries of the "**Port Capital Group**", which is in the business of real estate development and management primarily in British Columbia. Mr. Macario (Tobi) Reyes is Port Capital Group's principal.

5. The Petitioners initially sought and obtained creditor protection under the CCAA pursuant to an Order (the "**Initial Order**") which also, *inter alia*:

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

b) 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.

6. At the onset of these CCAA Proceedings, CMLS Financial Ltd ("**CMLS**") was the Terrace House Project's construction lender pursuant to a commitment letter dated July 4, 2019 (the "**Construction Loan**"). The Construction Loan was secured by, among other things, a first ranking mortgage against the Terrace House Project.

7. Desjardins Financial Security Life Assurance Company (the "**Original DIP Lender**") provided the Petitioners access to a debtor-in-possession financing facility (the "**Original DIP Facility**") to finance the within proceedings.

8. On September 22, 2021, the British Columbia Court of Appeal (the "**BCCA**") granted an order (the "**BCCA Order**") approving an offer (the "**129 Offer**") submitted by 1296371 B.C. Ltd. ("**129**") to purchase and take assignment of the loan and security held by CMLS and to repay the Construction Loan and the Original DIP Lender. The 129 Offer was completed in three tranches with $14,700,000 provided by Domain Facility Corp. ("**Domain**") (the "**Initial Domain Loan**"), $8,399,060 provided by 129 and $2,150,000 provided by 1260780 B.C. Ltd. ("**126**" and together with 129, the "**Junior Lender**"). 126 and 129 are related to the Petitioners.

9. The Initial Domain loan matures on May 1, 2022. The Petitioners can extend the maturity date to July 1, 2022 for an extension fee of $98,000. The Petitioners have informed the Monitor that Domain has agreed to have this amount paid from reserves held by Domain with respect to the Domain Facility (defined below).

10. The BCCA Order removed the Enhanced Powers granted to the Monitor and reverted operational control of the Terrace House Project back to the Petitioners.

11. The Initial Domain Loan was almost entirely used to complete the 129 Offer and left very little cash available to the Petitioners to pay for working capital and site preservation expenses. To fund these costs through to the expiry of the current Stay Period, on February 15, 2022 this Honourable Court granted the Further Amended and Restated Initial Order ("**FARIO**") and approved an additional $1,800,000 tranche to the Domain facility (the "**Second Domain Loan**" and collectively with the Initial Domain Loan, the "**Domain Facility**") to provide working capital to the Petitioners for this proceeding.

12. The Monitor estimates the current secured debt stack against the Terrace House Project, ranking in order of priority, as:

Secured Creditor	**Amount**	**Cumulative**
Domain Facility Corp:		
- Initial Domain Loan	$14,700,000	$14,700,000
- Second Domain Loan	$1,800,000	$1,800,000
	$16,500,000	$16,500,000
1296371 B.C. Ltd.	$8,399,060	$24,899,060
Aviva Insurance Company of Canada ("**Aviva**") – Deposit Insurance Protection Policy **(note)**	$14,700,000	$39,599,060
1260780 B.C. Ltd.	$2,150,000	$41,749,060

Note: Aviva has insured $14.7 million of Pre-Sale deposits that were released into the Terrace House Project. Aviva's claim is contingent on those Pre-Sale buyers filing claims to recover their deposits should the Petitioners fail to complete the Terrace House Project and deliver those units to the Pre-Sale Purchasers.

Aviva also represents approximately 35% of the 129 Secured Charge.

13. The Monitor has previously filed ten (10) reports in these CCAA proceedings: the "**Proposed Monitor's Report**", the "**First Report**", the "**Second Report**", the "**Third Report**", the "**Fourth**

Report", the "**Fifth Report**", the "**Sixth Report**", the "**Seventh Confidential Report**", the "**Eighth Report**", and the "**Ninth Report**". These reports, with the exception of the Seventh Confidential Report, are posted on the Monitor's website at www.ey.com/ca/terracehouse.

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

    a) activities of the Monitor since the Ninth Report;

    b) activities of the Petitioners since the Ninth Report;

    c) the Proposed Mandate Loan refinancing (as defined herein);

    d) an overview of the Petitioner's intended restructuring;

    e) the updated cash flow forecast of the Petitioners;

    f) the request for an extension to the Stay Period to May 13, 2022; and

    g) the Monitor's conclusions and recommendations.

15. This Tenth Report should be read in conjunction with the Petitioners' Notice of Application filed on April 27, 2022 and the Sixth Affidavit of Mr. Reyes, sworn April 27, 2022 (the "**Sixth Reyes Affidavit**").

TERMS OF REFERENCE

16. In preparing this Tenth 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 Tenth 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 Tenth 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.

17. Future oriented financial information referred to in this Tenth 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.

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

19. 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, the Sixth Report, the Seventh Confidential Report, the Eighth Report, the Ninth Report and the Further Amended and Restated Initial Order.

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

CONDITIONAL REFINANCING OF THE DOMAIN LOAN

21. Since completing the 129 Offer, the Petitioners have undertaken efforts to identify sources of financing and development partners to resume construction of the Terrace House Project.

22. The Petitioners have advised the Monitor that they have identified a development partner, Enso Holdings Ltd. ("**Enso**"). The Sixth Reyes Affidavit asserts that Enso has agreed with the Petitioners that it will co-develop the Terrace House Project, become the majority General Partner, and provide its covenant and an equity investment to support the necessary construction financing to exit these proceedings.

23. The Petitioners together with Enso have negotiated a commitment letter (the "**Mandate Commitment Letter**") with Mandate Management Corporation ("**Mandate**") for a proposed $20,000,000 mortgage financing (the "**Proposed Mandate Loan**"). A copy of the Draft Mandate Commitment Letter is attached hereto as **Appendix "A"**.

24. The Proposed Mandate Loan would refinance the Domain Facility and provide the Petitioners with approximately $2 million in working capital (after the payment of loan fees, interest reserves and other costs) as estimated below:

Proposed Mandate Loan	**20,000,000**
Less:	
Mandate Loan Fees	(430,000)
Minimum Interest	(708,000)
Net Mandate Mortgage Amount	**18,862,000**
Domain Facility	(16,500,000)
Domain Extension Fee	(98,500)
Estimated Working Capital	**2,263,500**

25. The Petitioners state that this working capital will be used to, *inter alia*, a) fund the ongoing site preservations costs, b) finalize a construction budget for the Terrace House Project, c) update disclosure statements and re-fresh the marketing program for unsold units, and d) fund the costs, including professional fees, to finalize a Plan of Arrangement ("**Plan**") and convene a Meeting of Creditors to consider and vote on the Plan that would allow the Petitioners to exit the within CCAA proceedings upon new construction financing being available.

26. The key terms of the Mandate Commitment Letter include:

    a) A mortgage amount of $20,000,000 (the "**Mortgage Amount**");

    b) a twelve (12) month mortgage term, with the ability for the Petitioners to repay the loan without penalty after six (6) months and after Mandate has earned the greater of five (5) months interest or $708,000;

    c) an interest rate of RBC prime + 5.30% with a minimum interest rate 8.50% for the first eleven (11) increasing to RBC prime + 8.80% with a minimum interest rate of 12.0% thereafter;

    d) total fees of $430,000 which include the following:

        i. $120,000 broker fee payable to Vanterre Capital Corp; and

        ii. $200,000 brokerage and application fee and a $100,000 lender fee payable to Mandate.

27. The Mandate Commitment Letter includes seventeen (17) conditions precedent to closing which include, *inter alia*:

    a) a current market value appraisal stating an as-is market value of the Terrace House Project of no less than $40 million;

b) current financial statements for all companies which confirm no GST or payroll tax is owing;

c) copy of an environmental Phase I report and geotechnical report;

d) current Quantity Surveyor Report;

e) confirmation that all presale contracts are valid;

f) detailed business plan and timeline to exit these CCAA proceedings; and

g) detailed status of all current litigation against Mr. Reyes.

28. The Proposed Mandate Loan, if ultimately approved by this Honourable Court and subsequently advanced, would increase the amount of first ranking secured debt from approximately $16,500,000 to $20,000,000. As Aviva is the fulcrum creditor, they would be affected by this as they would be pushed down the secured creditor stack by approximately $3.5 million by way of their holdings in the 129 secured position as well as the Deposit insurance Protection Policy.

29. The Petitioners are seeking an extension to the Stay Period to May 13, 2022 to allow for Aviva to review the terms of the Proposed Mandate Loan and to have a finalized term sheet to present to the Court for approval. The Monitor understands that the Petitioners will then seek a subsequent extension to the Stay Period to an estimated date of August 31, 2022 (to coincide with the preliminary restructuring plan timetable noted below).

30. The Monitor has been involved in a number of the discussions with the various parties involved in the restructuring efforts noted above and notes that the parties are working diligently to finalize the Mandate Commitment Letter and to refinance Domain.

THE PRELIMINARY RESTRUCTURING PLAN TIMETABLE

31. The Petitioners, in consultation with the Monitor, have developed a preliminary restructuring timetable and timetable to exit the withing proceedings. The timetable is summarized below:

	Event	Incremental Timing	Anticipated Date
1.	Obtain an extension of the Stay Period to May 13, 2021	1 week	April 29
2.	The Petitioners seek a subsequent extension to the Stay Period and seek approval of the Proposed Mandate Loan	2 weeks	May 13
3.	The Petitioners develop and finalize a Plan of Arrangement ("**CCAA Plan**"): • 126, 129, Aviva Secured Charges remain as a permitted encumbrance subordinate to the new Mandate loan • seek to extend outside presale completion dates • compromise unsecured and lien debt in one class of creditors	2 weeks	May 27
4.	Petitioners file the CCAA Plan with the Court and apply for: • Claims Process Order, including Claims Bar Date • Creditors Meeting Order	1 weeks	June 3
5.	CCAA Claims Bar Date (21 days)	3 weeks	June 24
6.	CCAA Creditors Meeting	1 week	July 1
7.	The Petitioners apply for an Order Sanctioning the CCAA Plan	1 week	July 8
8.	The Petitioners obtain term sheet(s) for construction loan	3 weeks	July 31
9.	Construction loan funded and exit from CCAA	4 weeks	August 31

PAYMENT OF POST-FILING OBLIGATIONS

32. The Monitor has been monitoring the Petitioners cash flows and expenditures for compliance with the FARIO and the cash flow forecasts filed with this Honourable Court. The Monitor notes that the Petitioners have largely been keeping current with their post-filing obligations, but understands that the Petitioners have not made any payments to its suppliers for post-filing obligations since April 11, 2022. The Monitor further notes that the Petitioners have not been making payments to Doka Canada Ltd. for materials and forming equipment that they rented from Doka (the "**Doka Equipment**") prior to the commencement of this within CCAA Proceedings.

33. The Monitor understands that Doka asserts that is owed $103,305 in rental payments for the Doka Equipment for the period subsequent to the closing of the 129 Offer.

34. The Petitioners have advised the Monitor that they do not require the Doka Equipment and Doka is at liberty to collect the Doka Equipment or continue to store it on-site at the Terrace House Project free of charge.

TENTH REPORT CASH FLOW FORECAST

35. In support of the Petitioner's request for an extension of the Stay Period to May 13, 2022, Management has prepared the Tenth Report Cash Flow Forecast for period ending May 13, 2022 (the "**Cash Flow Period**").

36. The Petitioners project that they will have sufficient working capital under the existing Domain Facility to meet their ongoing obligations through to May 13, 2022. As of the date of this Report, the Monitor understands that the Petitioners have approximately $158,363 in borrowing room under the Domain Facility.

37. A copy of the Tenth Report Cash Flow Forecast, together with assumptions, is attached hereto as **Appendix "B"** and is summarized below:

	Forecast April 23 to May 13
Beginning Cash	**158,363**
Receipts	**-**
Site Maintenance Disbursements	**-**
Insurance	-
Site preservation	-
Glass storage	-
Consultants – city requirements	-
Crane lease	-
Formwork rentals	-
Permit costs	-
Showroom rental	-
General, admin & misc	-
Contingency	-
Restructuring Disbursements	**-**
Restructuring costs	-
Pre-construction Disbursements	**(158,363)**
Property tax	-
Pre-construction activity	(108,363)
Development fees	-
Pre-sale marketing materials	-
Loan fees	(50,000)
Construction loan conditions	-
Project accounting	-
Total Cash before DIP Financing	**-**
DIP Financing Draw	-
Ending Cash after DIP Financing	**-**

38. Under the Domain Facility, rather than providing cash to the Petitioners, Domain has been issuing payment directly to third parties on behalf of the Petitioners, upon receipt of a request to pay from the Petitioners. The beginning cash balance represents the Petitioner's estimate of borrowing availability under the Domain Facility.

39. The $108,363 in pre-construction activity relates solely to a partial payment for an extension to the property insurance provided by Aviva. The Petitioners have asserted that the total cost for the extension of the property insurance is $236,000 and that they anticipate the will be able

to obtain a financing payment plan related to these payments, consistent with their most recent extension.

40. The $50,000 loan fees represent a $25,0000 deposit payment to Mandate that is required under the Mandate Commitment Letter and a $25,000 payment to Enso to cover the legal costs they have incurred. The Petitioners advised the Monitor that these payments were made during the week ended April 29, 2022.

41. The Petitioners do not contemplate any payments related to site maintenance or restructuring costs during the Cash Flow Period and contemplate that payments for these amounts owed to be paid from the proceeds from the Proposed Mandate Loan.

REQUEST FOR AN EXTENSION OF THE STAY OF PROCEEDINGS

42. The Stay Period is currently set to expire on April 30, 2022. The Petitioners are requesting an extension of the Stay Period until May 13, 2022, being the timeline the Petitioners state is required for Aviva to review the terms of the Proposed Mandate Loan and to finalize terms and satisfy the conditions to close for the Proposed Mandate Loan.

43. 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

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

a) seek to negotiate the final terms and satisfy the conditions to close for the Proposed Mandate Loan;

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

c) advance these restructuring proceedings and the development of the Terrace House Project, including to obtain construction financing and the development of a Plan of Arrangement.

45. Moreover, as is depicted in the Tenth Report Cash Flow Forecast, the Petitioners project that they will have sufficient liquidity and cash on hand to fund their ongoing obligations through to May 13, 2022 under the existing Domain Facility.

Good Faith Efforts and Due Diligence

46. Since the Ninth Report, Management has informed the Monitor that the Petitioners:

a) are reasonably current on paying post-filing obligations required for site preservation;

b) have entered into discussions with certain creditors and stakeholders to advance these restructuring proceedings and the Terrace House Project; and

c) have undertaken various other operational, restructuring and administrative activities.

47. The Monitor has been monitoring the Petitioners cash flows and expenditures for compliance with the FARIO and the cash flow forecasts filed with this Honourable Court. The Monitor notes that the Petitioners have largely been keeping current with their post-filing obligations, but understands that the Petitioners have not made any payments to its suppliers for post-filing obligations since April 11, 2022, including not making payments to Doka as detailed above.

48. The Monitor further understands that the Petitioners are making good faith efforts to advance these restructuring proceedings by seeking working capital through the Proposed Mandate Loan to secure construction financing and develop a Plan of Arrangement.

49. On that basis, the Monitor believes that Management is acting in good faith and with due diligence with respect to these proceedings. The Monitor urges the Petitioners to ensure expeditious advancement of these restructuring efforts and payment of ongoing post-filing obligations in these proceedings going forward.

CONCLUSIONS AND RECOMMENDATIONS

50. For the reasons stated herein, the Monitor respectfully recommends that this Honourable Court grant an order extending the Stay Period from April 30, 2022 up to and including May 13, 2022.

All of which is respectfully submitted this 28th day of April, 2022.

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

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. Evergreen House Development Limited Partnership
COVENANTORS:		Port Capital Development Inc. Hilbert Ng Enso Holdings Ltd. Enso Developments Inc. Macario Teodoro Reyes Philip Shih-Han Chou 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~~ 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 $430,000

1) Fees totaling ~~$450,000.00~~ will be deducted from funding and payable as follows: $120,000 ~~$150,000.00~~ 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

THIS LETTER IS NOT VALID UNLESS SIGNED BY THE LENDER

Appendix B

Terrace House - CCAA exit plan
Weekly Cash Flow Projection for the Period of April 23, 2021 to May 13, 2022
$CAD

	Week Ending	1 29-Apr-22 Forecast	2 6-May-22 Forecast	3 13-May-22 Forecast	Total
Receipts	**Notes**				
GST Refund	1	-	-	-	-
		-	-	-	-
Site maintenance disbursements (inc GST)					
Insurance	2	-	-	-	-
Site preservation	3	-	-	-	-
Glass storage costs	4	-	-	-	-
Consultants - city requirements	5	-	-	-	-
Crane lease	6	-	-	-	-
Formwork rentals	7	-	-	-	-
Permit costs	8	-	-	-	-
Showroom Rental	9	-	-	-	-
General, admin & miscellaneous expenses	10	-	-	-	-
Contingency	11	-	-	-	-
		-	-	-	-
Restructuring Disbursements (exc GST)					
Legal fees (new disclosure statement per REDMA)	16	-	-		-
Legal fees (exit CCAA)	18		-	-	-
Restructuring costs	12	-	-	-	-
		-	-	-	-
Pre-construction disbursements (exc GST)					
Property Tax	13	-	-	-	-
Pre construction activity	14	-	-	(108,363)	**(108,363)**
Development Fees (Admin charges)	15	-	-		-
Pre-sale marketing materials	17		-	-	-
Loan fees	19	(50,000)	-	-	**(50,000)**
Construction loan conditions (QS, appraisal, etc)-	20		-	-	-
Project accounting	21	-	-	-	-
		(50,000)	-	**(108,363)**	**(158,363)**
Net Cash Flow		**(50,000)**	-	**(108,363)**	**(158,363)**
Cash Balance					
Opening Available Cash Balance		158,363	108,363	108,363	**158,363**
Net Cash Flow		(50,000)	-	(108,363)	**(158,363)**
Port advance		-	-	-	-
Domain Funds	22	-	-	-	-
Payable to Aviva to be held in trust		-	-	-	-
Domain Loan Fees and interest reserve		-	-	-	-
Closing Available Cash Balance		**108,363**	**108,363**	**(0)**	**(0)**

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**"). 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 May 13, 2022. The Cash Flow Forecast covers the period from April 23, 2022 to May 13, 2022 (the "**Period**").

1. **GST Refund**: The estimated refund for GST paid on disbursements incurred during these CCAA proceedings. There are no GST refunds anticipated in the Period.

2. **Insurance:** Insurance is contemplated under 14. Pre construction activity.

3. **Site Preservation:** Includes site security, scaffolding and fence rental and other items related to site preservation. There are no site preservation costs anticipated in the Period.

4. **Glass Storage Costs**: Costs associated with the storage of acquired glass and related materials. There are no glass storage costs anticipated in the period.

5. **Consultants – City Requirements**: Represents management's estimates of required cash outlay to meet basic city requirements. There are no consultants – city requirement costs anticipated in the period.

6. **Crane Lease** – Costs associated with the lease for the crane that remains on site. There are no crane lease costs anticipated in the period.

7. **Formwork Rentals** – Costs associated with the rental of formwork equipment that remains on site. There are no formwork rental costs anticipated in the period.

8. **Permit Costs** – Costs associated with City of Vancouver permitting required for site preservation. There are no permit costs anticipated in the period.

9. **Showroom rental**: Represents payment to the landlord of the showroom. There are no showroom rental costs anticipated in the period.

10. **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. There are no general, admin & misc costs anticipated in the period.

11. **Contingency:** A small weekly contingency is built into the Cash Flow Forecast for unforeseen expenses. There are no contingency costs anticipated in the period.

12. **Restructuring Costs**: Represents professional fee payments to counsel to the Petitioners, the Monitor and the Monitor's counsel. There are no restructuring costs anticipated in the period.

13. **Property Tax:** Represents the initial instalment for 2022 property taxes. There are no property tax costs anticipated in the period.

14. **Pre construction activity:** Consists of the cost of renewal of the property insurance policy.

15. **Development Fees:** There are no development fees anticipated in the Period.

16. **Legal Fees (REDMA):** Represents legal fees associated with drafting a new disclosure statement that is in accordance with the Real Estate Development Marketing Act ("REDMA"). There are no legal fees anticipated in the period.

17. **Pre-Sale Marketing Materials:** Represents fees associated with marketing material to assist in the pre-sale campaign. There are no pre-sale marketing costs anticipated in the period.

18. **Other Legal Fees:** Represents fees and Costs to begin preparation for exiting CCAA protection. There are no other legal fees anticipated in the period.

19. **Construction Loan Fees:** Represents $25,000 payable to Mandate for a deposit related to the Proposed Mandate Loan and $25,000 payable to Enso for legal fees.

20. **Construction Loan Consultants:** Represents fees and costs of various consultants that are anticipated as requirements to construction financing. These consultants include appraisers and quantity surveyors. There are no construction loan consultant costs anticipated in the period.

21. **Project Accounting:** Represents fees associated with on going book keeping services for the Terrace House Project. There are no project accounting costs anticipated in the period.

22. **Domain Fuds:** Represents the net advance on the Second Domain Loan.