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

THIRTEENTH REPORT OF THE MONITOR

ERNST & YOUNG INC.

July 11, 2022

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INTRODUCTION AND SUMMARY OF THE WITHIN PROCEEDINGS

Background

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 on May 29, 2022 (the "**CCAA Filing Date**") 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. Aviva Insurance Company of Canada (“**Aviva**”) provided a “**Deposit Protection Insurance Facility**” to permit the Petitioners to have access to the pre-sale purchasers’ deposits monies for the payment of project costs. The Deposit Protection Insurance Facility is secured by, amongst other things, a second ranking mortgage against the Terrace House Project. Approximately $14.7 million is currently owing pursuant to Aviva’s insurance deposit facility.

The Original SISP conducted by the Monitor

9. Following the commencement of the within CCAA Proceedings, the Monitor undertook a two (2) phased SISP (the “**Original SISP**”) as approved by this Honourable Court.

10. A summary of the marketing of the Terrace House Property by the Monitor in the Original SISP is as follows:

a) solicited the Terrace House Project to approximately 670 potential bidders, including local, national and international strategic and financial parties and real estate developers resulting in forty-two (42) parties signing non-disclosure agreements (“**NDA**”) to evaluate the investment opportunity;

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; and

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.

11. The Monitor received six (6) offers at the end of the two-phased SISP and filed copies of these offers under seal in a Confidential Supplement to the November 27, 2020 Third Report.

Approval of the Bosa Bid Offer Agreement

12. Following consultation with the CMLS and Aviva, the Monitor executed a bid from Bosa Properties (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. On February 16, 2021, Bosa provided the Monitor with the Confidential Feasibility Study on the Terrace House Project and put forward a waterfall 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.

Approval of the Landa PSA

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**”) for a purchase price in the amount of $19 million. The Landa PSA allowed the Monitor to conduct a further marketing period for the Terrace Project (the “**Final Marketing Phase**”) to solicit

superior cash bids (a “**Superior Offer**”) to the Landa PSA. The Monitor described the Final Marketing Phase as a hybrid between a Stalking Horse procedure and Sealed Bid procedure.

Approval of the Original Solterra PSA

14. On 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.

15. The Monitor received two (2) bids in the Final Marketing Phase. An offer from Solterra Acquisition Corp. (“**Solterra**”) for a Purchase Price in the amount of $21 million and an offer from 1296371 B.C. Ltd. (“**129**”) to approve a new loan facility to purchase and take assignment of the loan and security held by CMLS (the “**Original 129 Offer**”) and to repay the DIP Lender. 129 is a Related Party to the Petitioners and is controlled by Mr. Reyes.

16. On May 20, 2021, the Petitioners (as directed by the Monitor) applied to this Honourable Court for an order approving, inter alia, a purchase and sale agreement between Solterra and the Petitioners (the “**Original Solterra PSA**”).

17. On May 24, 2021, Landa submitted a revised offer for the Property increasing its offer price from $19 million to $21,500,000.

18. At a hearing on May 25, 2021, this Honourable Court advised that if any parties wished to submit further offers, they should provide them to the Monitor on or before to 12:00pm on June 4, 2021.

19. On June 4, 2021, the Monitor received three additional revised offers:

    a) a second revised offer from Landa for $22,000,000;

b) a back-up offer submitted by Solterra (for $23,666,666 plus an additional purchase price addition in certain scenarios) (the "**Backup Solterra PSA**") on a without prejudice basis given that Solterra intended to preserve its rights to argue that its Original Solterra PSA (for $21,000,000) should be approved notwithstanding the delivery of the Backup Solterra PSA; and

c) a revised offer from 129 filed in the form of a cross-application to the Petitioners' application to approve the Original Solterra PSA (the "**Revised 129 Offer**").

The Approval of the Backup Solterra PSA and Appeal filed by 129

20. On June 15, 2021, this Honourable Court made an order (the "**June 15 Order**"), which *inter alia*:

a) approved the Backup Solterra PSA in the amount of $23.67 million and granted the associated approval and vesting orders; and

b) dismissed the application by 129 seeking the approval of the Revised 129 Offer.

21. On August 4, 2021, 129 sought leave to appeal the June 15 Order made by this Honourable Court (the "**129 Leave Motion**"). The 129 Leave Motion was opposed by CMLS, the DIP Lender, Solterra, Centura Building Systems (2013) Ltd. ("**Centura**") (a lien claimant and related party to Solterra) and the Petitioners. Aviva supported the 129 Leave Motion.

22. On August 20, 2021, the BCCA granted 129 leave to appeal the June 15 Order and stayed the closing of the transaction contemplated by the Backup Solterra PSA pending the hearing of the appeal. The BCCA also directed that the appeal be heard before a five-justice division.

23. The 129 Appeal was opposed by CMLS, the DIP Lender, Solterra and Centura who each filed Reply Facta; although CMLS and the DIP Lender later changed their positions and supported the 129 Appeal during the hearing of the appeal . Aviva supported the 129 Leave Motion. The Monitor did not take a position on the 129 Appeal.

24. On September 22, 2021, the BCCA issued a memorandum advising stakeholders of its decision (the "**BCCA Memorandum**"). The BCCA Memorandum allowed the 129 Appeal and advised that reasons for judgment would be forthcoming but were "unlikely to be issued prior to September 30, 2021". The BCCA Memorandum advised that the BCCA was setting aside the June 15 Order and approving the Revised 129 Offer. The BCCA also removed the Enhanced Powers granted to the Monitor and reverted operational control of the Terrace House Project back to the Petitioners.

The Domain Facility

25. On October 28, 2021, the Petitioners completed the Revised 129 Offer 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 Revised 129 Offer was financed by way of a new loan (the "**Domain Facility**") which is comprised of three loans ranked in priority as follows:

a) $14,700,000 provided by Domain Facility Corp. ("**Domain**") (the "**Initial Domain Loan**");

b) $8,399,060 provided by 129 (the "**129 Loan**"); and

c) $2,150,000 provided by 1260780 B.C. Ltd. ("**126**" and together with 129, the "**Junior Lender**").

26. Domain, 129 and 126 are the ("**Lenders**") pursuant to the Domain Facility. Domain is the "**Senior Lender**" and it administers the loans on behalf of the Lenders, including 126 and 129 (the "**Junior Lenders**") pursuant to a Loan Administration, Participation and Standstill Agreement.

27. 129 derived almost all of its funding from the release of seven (7) purchase pre-sale deposits (the "**Deposits**") amounting to $8,005,201 that were held in trust by Dentons Canada LLP at

the time. A list of the Deposits was attached as Exhibit "C" to the Second Affidavit of Mr. Reyes filed in the within CCAA Proceedings.

28. The Deposits were released to 129 pursuant to an Irrevocable Direction to Pay (the "**Direction**") signed by each respective "**Deposit Holder**", a copy of which is attached hereto as **Appendix** "**A**". The Direction states that the Domain Loan would remain on title and would be repaid once new construction financing is obtained. On the registration of new construction financing, 129 would release the funds, including the Deposits, back into the Terrace House Project and the Deposit Holder would be credited with a deposit against a condominium unit in the Terrace House project.

29. The Monitor understands that Mr. Reyes' mother was one of the Deposit Holders in the amount of $2.8 million and that she agreed to assign this Deposit to Aviva; and as such, Aviva represents 35% of the 129 Loan. 129 appears to be the "**Fulcrum Creditor**" in the within proceedings.

30. 126 is controlled by Mr. Reyes' mother and is related to the Petitioners. 126 subrogated its priority position to Aviva with respect to the Deposit Protection Insurance Facility.

31. The Domain Facility originally matured on May 1, 2022; however the Petitioners obtained an extension of the maturity date to July 1, 2022 for an extension fee of $98,000.

The Second Domain Loan

32. The Domain Facility 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.

Estimated Current Debt Stack

33. 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 (as at June 30): - Initial Domain Loan - Second Domain Loan	 $14,700,000 <u>$1,800,000</u> $16,500,000	 $14,700,000 <u>$1,800,000</u> $16,500,000
1296371 B.C. Ltd. (before interest that has accrued)	$8,399,060	$24,899,060
Aviva Insurance Company of Canada ("**Aviva**") – Deposit Insurance Protection Policy **(See Note #1)**	$14,700,000	$39,599,060
1260780 B.C. Ltd. (before interest that has accrued)	$2,150,000	$41,749,060
Note #1: 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.		

The Proposed Mandate Loan to repay the Domain Facility

34. The Tenth Report filed April 28, 2022 described that the Petitioners identified a development partner, Enso Holdings Ltd. ("**Enso**"), to 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. The Petitioners together with

Enso negotiated a commitment letter dated April 19, 2022 (the "**Initial Mandate Commitment Letter**") with Mandate Management Corporation ("**Mandate**") which was attached to the Monitor's Tenth Report, for a proposed $20,000,000 mortgage financing (the "**Proposed Mandate Loan**") to repay the Domain Facility and provide working capital for these CCAA Proceedings.

35. On May 12, 2022, this Honourable Court granted an order approving the Proposed Mandate Loan and extending the Stay of Proceedings to September 30, 2022.

Plan of Arrangement filed by the Petitioners

36. On June 15, 2022, the Petitioners circulated materials which included a proposed plan of compromise and arrangement (the "**Proposed Plan**") and filed a motion (the "**Plan Motion**") with this Honourable Court (returnable June 17, 2022) requesting an order(s) that: a) authorize and direct the Petitioners to convene a meeting (the "**Meeting**") of their creditors (the "**Affected Creditors**") to vote on the Proposed Plan (the "**Meeting Order**"); and b) approve a claims process (the "**Proposed Claims Process**") to determine the claims of creditors ("**Claims**") and establish a claims bar date by which creditors must file a proof of their claim in these CCAA proceedings.

37. On June 16, 2022, the Monitor filed its "**Twelfth Report**" in which it reported a Material Adverse Change noting that a) the Proposed Mandate Loan had not closed, b) the relief sought by the Petitioners is premature, c) there was no evidence that the Petitioners are capable of implementing the Proposed Plan without the funding that would be derived through the Proposed Mandate Loan, and d) it would be appropriate for the Petitioners to re-set a hearing on notice to the Service List to consider the relief sought if and when the Proposed Mandate Loan closed.

38. A hearing to consider the Plan Motion has been adjourned to July 13, 2022.

Failure to Close the Proposed Mandate Loan

39. On June 16, 2022, the Monitor issued its Twelfth Report which stated that the Proposed Mandate Loan had not yet closed and issued a Material Adverse Change.

40. On July 4, 2022, the Monitor wrote the Service List to confirm that the Proposed Mandate Loan has not closed and was not expected to close and the Petitioners were in default on the Domain Facility. A copy of this correspondence is attached hereto as **Appendix "B"**.

41. The Petitioners advise the Monitor that they are in discussions with two parties with respect to a financing that will repay the Domain Facility although those discussion have not yet produced an unconditional financing proposal.

42. The Monitor remains of the view that the Plan Motion should not proceed given the Petitioners do not possess sufficient liquidity to meet their unpaid post-filing and ongoing obligations and fund the within CCAA proceedings.

Post-Filing Payables

43. The Petitioners have provided the Monitor with an outstanding payables listing (the "**Post-Filing AP Listing**") which estimates that $413,196 is owing to its vendors for post-CCAA filing obligations as at July 6, 2022 (the "**Post-Filing Suppliers**"). The Monitor notes that there are further amounts owing to the Monitor, the Monitor's Counsel and the Petitioners' Counsel that are outstanding and not reflected in the Post-Filing AP Listing. A copy of the Post-Filing AP Listing is attached hereto as **Appendix "C"**.

44. The 2022 property taxes for the Terrace House Project remain unpaid and are included within the Post-Filing AP Listing.

Competing Motions for the Disposition of the Terrace House Project

45. On July 5, 2022, Domain filed a motion (the "**Receivership Motion**") with this Honourable Court seeking, *inter alia,* order(s) to*:*

a) terminate the CCAA Proceedings; and

b) appoint the Bowra Group as receiver and manager (the "**Proposed Receiver**") to take possession and run a process to sell the Terrace House Project to repay Domain and the Petitioners' other Secured Creditors (to the extent that proceeds allow).

46. The Receivership Motion is supported by an affidavit filed by Ms. Lisa Ward (the "**Ward Affidavit**"), the Vice President, Risk Management, of Domain Mortgage Corp.

47. On July 7, 2022, Aviva filed a motion (the "**SSISP Motion**") with this Honourable Court seeking, *inter alia*, order(s) to enhance the powers of the Monitor to:

a) direct and commence and administer a simplified sale and investment solicitation process (the "**SSISP**") for a period of three (3) weeks (the "**SSISP Period**") as described below; and

b) seek approval of this Honourable Court for a sale of the Terrace House project at the conclusion of the SSISP Period.

Prior Reports and Purpose

48. The Monitor has previously filed thirteen (13) 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**", the "**Ninth Report**", the "**Tenth Report**", the "**Eleventh

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

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

    a) the Receivership Motion filed by Domain;

    b) the SSISP Motion filed by Aviva;

    c) the Monitor's commentary and observations; and

    d) the professional fees and disbursements for the Monitor and its legal counsel to date.

50. This Thirteenth Report should be read in conjunction with the Petitioners' Notice of Application filed June 15, 2022, Domain's Notice of Application filed July 5, 2022, and Aviva's Notice of Application filed July 7, 2022.

TERMS OF REFERENCE

51. In preparing this Thirteenth 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**").

    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 Thirteenth 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.

52. Future oriented financial information referred to in this Thirteenth 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.

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

54. 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, the Tenth Report, the Eleventh Report, the Twelfth Report and the Further Amended and Restated Initial Order.

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

THE RECEIVERSHIP MOTION

56. As is described above, Domain filed the Receivership Motion on June 5, 2022 to terminate the CCAA Proceedings and appoint the Bowra Group as receiver and manager to take possession and run a process to sell the Terrace House Project to repay Domain and the Petitioners' other Secured Creditors (to the extent that proceeds allow).

57. The Receivership Motion notes that the Petitioners have an immediate need for financing. Post-filing creditors are not being paid. The Terrace House Project is subject to waste and in need of preservation and protection. The Petitioners appear to have no prospect of implementing a plan for the reorganization of the Terrace House Project.

58. Domain also submits that a receivership is the appropriate forum for selling the Terrace House Project. Domain notes in particular that the fundamental objectives of the CCAA are no longer capable of being met, the CCAA also involves additional layers of unnecessary costs as well as several other reasons including the observation that the Petitioners can continue to pursue their refinancing efforts while the Terrace House Project is in receivership.

59. In the event this Honourable Court approves the Receivership Motion, the Monitor will provide the Proposed Receiver such assistance as is necessary to support its mandate. The Monitor does not currently possess any enhanced powers and is not in possession of any of the Petitioners' property. The Monitor does however possess a large volume of information and knowledge pertaining to the Terrace House Project including information that is critical to administering a further sales process for the Terrace House Property. The Monitor will make that information available to the Proposed Receiver to the extent it is readily available.

60. The Proposed Receivership Order contemplates the granting of a receiver's charge (the "**Proposed Receiver's Charge**") over the property of the Petitioners ranking behind only the Administrative Charge and claims contemplated by s. 14.06(7), 81.4(4), and 81.6(2) of the *Bankruptcy and Insolvency Act* (Canada) (the "**BIA**").

THE SSISP MOTION

61. As is noted above, Aviva filed the SSISP Motion to enhance the powers of the Monitor to direct and commence and administer a SSISP for a period of three (3) weeks in the within CCAA Proceedings.

62. The SSISP contemplates that the Monitor will for a period of three (3) weeks, invite offers from the six qualified bidders under the Original SISP, identified in the Fifth Report as the "**Qualified Offerors**", or such other parties as the Monitor may determine.

63. The SSISP contemplates a truncated process with the following target dates:

Bid Deadline	August 3, 2022
Court Approval Date (subject to Court availability)	August 10, 2022
Outside Closing Date	August 29, 2022

64. Should this Honourable Court approve the SSISP, the Monitor would:

a) re-open the data room used in the Original SISP which includes key financial, corporate, operational and other information including construction drawings, consultant reports and other business documents relevant to the Terrace House Project for the interested parties to review;

b) invite all forty-two (42) parties that signed NDAs in the Original SISP (in addition to the six qualified bidders under the Original SISP) to submit offers to acquire the Terrace House Project in accordance with the target dates above; and

c) provide those parties with a form asset purchase agreement and draft form of investment agreement (the "**Purchase Agreement From**") (a copy of which is attached hereto as **Appendix "D"**) to assist those parties in submitting binding bids.

65. Aviva is of the view that the SSISP will provide greater benefit the stakeholders of these CCAA Proceedings than a receivership proceeding due to¸ *inter alia*:

a) the Monitor has previously exposed the Terrace House Project to the market through the Original SISP and has identified the parties most likely to acquire the Terrace House Project;

b) that a further SISP or marketing process administered by a receiver will not likely identify any interested parties not already known to the Monitor and will not generate a significantly higher sale price; and

c) a further SISP or marketing process administered by a receiver will incur significant professional and interest costs.

66. The Monitor is of the view that undertaking the SSISP is not overly onerous or complex and the Monitor estimates the cost of soliciting and coordinating the receipt of offers to be $25,000 and the cost of filing a Motion to approve the sale of the best offer received to be another $25,000, assuming that the SSISP can be completed on a three (3) week timeline in accordance with its terms and no unanticipated complexities or contentious issues arise. The Monitor and its counsel would agree to undertake the SSISP with an increased Administration Charge to cover the fees and disbursements of the Monitor and its counsel should this Honourable Court approve the SSISP Order.

67. Based on non-binding discussions with certain participants in the Original SISP, the Monitor is reasonably confident (although it can make no assurances) that the proposed SSISP will result in an offer that may be capable of repaying Domain and making some recovery available to the Junior Lenders (being Aviva and the Deposit Holders).

MONITOR'S COMMENTARY AND OBSERVATIONS

68. The introductory section of this report describes these long, windy and difficult CCAA proceedings. The Petitioners have had over two (2) years to formulate and implement a plan to exit CCAA. The Petitioners can not meet their post-filing obligations in the short term; and in the longer term, they do not have construction financing to resume construction of the Terrace House Project; and while they have made good faith and diligent efforts, they do not appear to have any equity so they need to rely on support from others.

69. The Monitor is of the view that the Petitioners have had more than enough time finance a plan; and unless the Petitioners produce an unconditional financing proposal to repay Domain at the hearing scheduled for July 13, 2022, the Monitor is of the view this Honourable Court should approve either the Receivership Motion or the SSISP Motion.

70. Conducting a new SISP, either in Receivership or within these proceedings, will result in increased costs that will erode recoveries to stakeholders.

71. The Ward Affidavit describes that the Domain Facility accrues interest of $15,808.32 before compounding. This equates to approximately $500,000 per month. Additionally, the Monitor estimates that site preservation costs of $45,000, insurance costs of $31,500, and property tax accrual of $5,000 are being incurred monthly. If Domain's receivership application is granted, the Petitioners' estate will also be required to fund the costs of the receiver and its legal counsel over the duration of the receivership, receivership borrowing costs, and potentially brokerage fees over the course of the receivership proceedings.

72. Accordingly, the Monitor is of the view that seems prudent, whether by receivership or within these proceedings, to approach parties that previously expressed interest in the Terrace House Project to see if a sale can be achieved on the timeline proposed in Aviva's SSISP that will result in a full payout of Domain and some recovery to the Junior Lenders. If an expedited approach does not achieve the desired result, then a full re-start and new SISP that offers interested parties more time in improved market conditions will be required.

PROFESSIONAL FEES AND DISBURSEMENTS

73. On July 11, 2022 the Monitor filed a motion (the "**Fee Approval Motion**") with this Honourable Court seeking the approval the fees and disbursements of the Monitor and its counsel, Blakes, Cassels & Graydon LLP (the "**Monitor's Counsel**").

74. The Fee Approval Motion is supported by affidavits of Mr. Bell of the Monitor and Mr. Rubin of the Monitor's Counsel. The affidavits include detailed summaries with respect to hours spent by each employee and are attached to the Fee Approval Motion.

75. The table below provides a summary of the Monitor's fees for this period:

Ernst & Young Inc.								
Invoice No.	**Date**	**Period Covered**	**Fees**	**Expenses**	**Subtotal**	**Taxes**	**Total**	**Hours**
C500005324	Jun 26 '20	Apr 27 – May 28	54,595	-	54,595	2,,730	57,325	115
C500005738	Sep 30 '20	May 29 – Jun 30	85,553	118	85,671	4,284	89,954	173
C500005741	Sep 30 '20	May 29 – Jun 30	48,076	-	48,076	2,403	50,479	113
C500005836	Oct 15 '20	Jul 1 – Jul 31	59,548	6,485	66,033	3,302	69,335	121
C500005837	Oct 15 '20	Jul 1 – Jul 31	43,041	-	43,041	2,152	45,193	95
C500005843	Oct 16 '20	Aug 1 – Aug 31	32,700	757	33,456	1,673	35,129	70
C500005844	Oct 15 '20	Aug 1 – Aug 31	6,897	-	6,897	345	7,241	14
C500005845	Oct 16 '20	Sep 1 – Sep 30	24,536	-	24,536	1,227	25,763	44
C500005846	Oct 16 '20	Sep 1 – Sep 30	4,768	-	4,768	238	5,006	10
C500006709	May 25 '21	Oct 1 – Oct 31	37,340	-	37,340	1,867	39,207	77
C500006710	May 25 '21	Nov 1 – Nov 30	31,961	-	31,961	1,598	33,559	65
C500006711	May 25 '21	Dec 1 – Dec 31	26,308	-	26,308	1,315	27,623	60
C500006712	May 25 '21	Jan 1 – Jan 31	31,808	-	31,808	1,590	33,398	67
C500006713	May 25 '21	Feb 1 – Feb 28	36,130	559	36,689	1,834	38,524	72
C500006714	May 25 '21	Mar 1 – Mar 31	49,437	-	49,437	2,472	51,909	103
C500006715	May 24 '21	Apr 1 – Apr 30	40,014	-	40,014	2,001	42,015	81
C500007212	Sep 29 '21	May 1 – May 31	62,775	-	62,775	3,139	65,914	132
C500007213	Sep 29 '21	Jun 1 – Jun 30	56,630	-	56,630	2,831	59,461	105
C500007214	Sep 29 '21	Jul 1 – Jul 31	22,223	-	22,223	1,111	23,334	43
C500007527	Dec 15 '21	Aug 1 – Aug 31	23,810	-	23,810	1,190	25,000	67
C500007528	Dec 15 '21	Sep 1 – Sep 30	23,810	-	23,810	1,190	25,000	72
C500007605	Jan 12 '22	Oct 1 – Oct 31	23,810	-	23,810	1,190	25,000	68
C500007606	Jan 12 '22	Nov 1 – Nov 30	20,000	-	20,000	1,000	21,000	56
C500007836	Mar 11 '22	Dec 1 – Dec 31	25,000	-	25,000	1,250	26,250	64
C500007837	Mar 11 '22	Jan 1 – Jan 31	17,000	-	17,000	850	17,850	44
C5xx (Draft)	Jul 6 '22	Feb 1 – Jun 30	74,653	-	74,653	3,733	78,385	152
			$962,423	**$7,919**	**$970,341**	**$48,517**	**$1,018,859**	**2,083**

76. From May 29, 2020 to July 1, 2022, the Monitor incurred approximately 2,083 hours and billed fees and disbursements of $962,423 (exclusive of GST). The activities of the Monitor are documents in the Reports filed throughout these CCAA Proceedings and in Mr. Bell's affidavit included within the Fee Approval Motion.

77. The work completed by the Monitor was delegated to the appropriate professionals in the Monitor's organization based on seniority and hourly rates. The Monitor's fees are consistent with the fees charged by similar firms in British Columbia with the capacity to handle a file of comparable size and complexity.

78. The table below provides a summary of the Monitor's Counsel's fees for this period:

Blakes, Cassels & Graydon LLP							
Invoice No.	**Date**	**Period Covered**	**Fees**	**Expenses**	**Subtotal**	**Taxes**	**Total**
2191959	Jul 9 '20	May 14 – Jun 30	10,898	7	10,905	1,308	12,212
2196743	Aug 8 '20	Jun 30 – Jul 31	19,694	21	19,715	2,364	22,079
2202371	Sep 14 '20	Aug 1 – Aug 31	5,681	-	5,681	682	6,362
2213718	Nov 17 '20	Sep 1 – Oct 31	600	-	600	72	672
2217462	Dec 8 '20	Nov 1 – Nov 30	2,475	7	2,482	297	2,779
2226493	Dec 31 '20	Dec 1 – Dec 31	900	99	999	113	1,112
2235756	Mar 12 '21	Feb 1 – Feb 28	7,050	-	7,050	846	7,896
2241747	Apr 19 '21	Mar 1 – Mar 31	50,102	97	50,199	6,016	56,215
2245693	May 7 '21	Apr 1 – Apr 30	22,423	89	22,511	2,695	25,206
2252400	Jun 16 '21	May 1 – May 30	21,400	-	21,400	2,568	23,968
2257328	Jul 16 '21	Jun 1 – Jun 30	42,013	9	42,022	5,042	47,063
2262736	Aug 16 '21	Jul 1 – Jul 31	12,998	7	13,005	1,560	14,565
2267709	Sep 16 '21	Aug 1 – Aug 31	35,399	6	35,405	4,248	39,653
2271873	Oct 12 '21	Sep 1 – Sep 30	69,450	7	69,457	8,334	77,791
2278007	Nov 15 '21	Oct 1 – Oct 31	18,200	-	18,200	2,184	20,384
2282676	Dec 9 '21	Nov 1 – Nov 30	5,279	-	5,279	633	5,912
2289376	Dec 31 '21	Dec 1 – Dec 31	11,755	50	11,805	1,413	13,218
2295394	Feb 16 '22	Jan 1 – Jan 31	3,300	-	3,300	396	3,696
2299859	Mar 10 '22	Feb 1 – Feb 28	5,400	-	5,400	648	6,048
2305756	Apr 12 '22	Mar 1 – Mar 31	3,975	-	3,975	477	4,452
2311815	May 13 '22	Apr 1 – Apr 30	4,950	-	4,950	594	5,544
2317283	Jun 15 '22	May 1 – May 30	6,975	-	6,975	837	7,812
			$360,917	**$399**	**$361,315**	**$43,327**	**$404,639**

79. During this period, the Monitor's Counsel billed approximately 550 hours, representing fees and disbursements of approximately $360,917 (exclusive of GST and PST). The Monitor has reviewed all accounts rendered by the Monitor's Counsel in this period and confirms that all services described in the accounts of the Monitor's Counsel were rendered to the Monitor by the Monitor's Counsel, and that the Monitor believes that all charges in the accounts are fair, reasonable and consistent with the market for such legal services in British Columbia.

80. Contemplated within the Fee Approval Motion are a combined approximate $100,000 in professional fees that remain unpaid by the Petitioners to the Monitor and the Monitor's Counsel. This amount does not include approximately $80,000 (after use of retainer held) that remains unpaid by the Petitioners to the Petitioners' Counsel, which when combined with the

professional fees that remain unpaid to the Monitor and the Monitor's Counsel, is in excess of the Administrative Charge of $100,000.

81. The Monitor requests this Honourable Court's approval of the fees and disbursements of the Monitor and the Monitor's Counsel, as described in the Fee Approval Motion and its supporting affidavits.

All of which is respectfully submitted this 11th day of July, 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

Signed Irrevocable Direction for Deposits Held at Denton's

	Unit #		$'s
1	801	Luz Consuelo Reyes	$ 2,800,000
2	1001	1192706 B.C. Ltd.	$ 1,155,000
3	CRU	1208596 B.C. Ltd.	$ 975,201
4	901	1301981 B.C. Ltd.	$ 1,162,500
5	403	1207867 B.C. Ltd.	$ 645,000
6	503	Robert Davis	$ 592,500
7	401	Simon Wong	$ 675,000
		TOTAL:	**$ 8,005,201**

IRREVOCABLE DIRECTION TO PAY

TO: **Dentons Canada LLP**
20th Floor, 250 Howe Street
Vancouver, British Columbia
V6C 3R8

Re: **Funds held in trust for Deposits for Terrace House Units**

Evergreen House Development Limited Partnership (the "**Old LP**") by its general partner, Port Capital Development (EV) Inc. (the "**Old GP**") pursued the development of a project located at 1250 West Pender Street, Vancouver, BC (the "**Terrace House Project**"). The undersigned has provided a deposit (the "**Deposit**") that is currently held in trust with Dentons Canada LLP ("**Dentons**") to acquire a unit in the Terrace House Project, the details of which are set out below.

CMLS Financial Ltd ("**CMLS**") was the Terrace House Project's construction lender pursuant to a commitment letter dated July 4, 2019 (the "**CMLS Loan**") as amended. The CMLS Loan is secured by, among other things, a first ranking mortgage against the Terrace House Project. The indebtedness on the CMLS Loan was approximately $20.1 million at the commencement of the CCAA Proceedings in 2020.

On May 29, 2020, Ernst & Young Inc. ("**EY**") was appointed as the monitor of the Terrace House Project pursuant to a court order of the BC Supreme Court (the "**CCAA Proceedings**"). The court also approved a debtor in possession loan (the "**DIP Loan**") in favour of Desjardins Financial Security Life Assurance Company ("**Desjardins**" or the "**DIP Lender**"). The indebtedness on the DIP Loan is projected to be $1.5 million as at April 30, 2021.

1296371 B.C. Ltd. (the "**Junior Lender**") has been created to participate in the acquisition of the CMLS Loan and the DIP Loan. Domain Mortgage Corp. and/or Bankers Mortgage Corp. doing business as Domain Funding (Domain Mortgage Corp. and Bankers Mortgage Corp., individually or collectively are "**Domain Funding**") as the new funder (the "**Senior Lender**") has agreed to provide the sum of $16M and Domain Funding has or will establish a new entity ("**Newco**") controlled by Domain Funding to acquire the CMLS Mortgage and the DIP Loan. The Senior Lender will have the first position of repayment under the acquired CMLS Mortgage and DIP Loan and the Junior Lender will have second position of repayment under the CMLS Mortgage pursuant to an interlender or co-lender agreement as between the Senior Lender and the Junior Lender. The CMLS Loan and DIP Loan will remain as charges on the real estate related to the Terrace House Project with the expectation that the Senior Lender would be repaid once new construction financing (the "**Construction Financing**") is obtained. The Construction Financing will be used to repay the Senior Lender and may be used as part of a plan to exit CCAA on terms to be determined. On the registration of the Construction Financing on the Terrace House Project, the Junior Lender would release the funds back into the Terrace House Project to be used as equity with each of the lenders to the Junior Lender being credited with a deposit against a unit in the Terrance House Project.

This Direction is intended to reflect the general agreement of the undersigned to the use of the Deposit on the terms herein, subject only to the consents (the "**Consents**") required to obtain the release of the Deposit from the trust account of Dentons being (1) the consent of the Monitor (on behalf of the developer), (2) the consent of CMLS and agreement to sell and assign the CMLS Loan, and (3) the consent of the DIP Lender and agreement to sell and assign the DIP Loan. The additional conditions (the "**Conditions**") to the release of the Deposit are that CMLS, the DIP Lender and Newco finalize and sign a purchase agreement to allow Newco to acquire the CMLS Loan and the DIP Loan as well as the necessary Court approvals in the CCAA Proceedings.

Please accept this as your irrevocable authority and direction to, once you have obtained the Consents and the Conditions have been satisfied, to transfer the Deposit to 1296371 B.C. Ltd. in order to facilitate the loan by the Junior Lender to Newco so that Newco can acquire the CMLS Loan and the DIP Loan. This irrevocable authority and direction will terminate on August 31, 2021, unless extended by the undersigned in writing.

Name of Deposit Holder: Luz Consuelo Reyes
Deposit Amount Held in Trust at Dentons: $2,800,000.00
Unit: 801

Dated this 13th day of April, 2021.

THE UNDERSIGNED HAS HAD THIS IRREVOCABLE DIRECTION TO PAY WITNESSED AND COMPLETED BY A LAWYER WHO HAS PROVIDED INDPEPENDENT LEGAL ADVICE TO THE UNDERSIGNED.

WITNESSED BY:

Witness Signature

WENDY TAN LIM
Printed Name of Witness

#702-6240 MCKAY AVE, BURNABY, BC V5H4L8
Witness Address

LAWYER
Witness Occupation

LUZ CONSUELO REYES

Seal

IRREVOCABLE DIRECTION TO PAY

TO: **Dentons Canada LLP**
20th Floor, 250 Howe Street
Vancouver, British Columbia
V6C 3R8

Re: **Funds held in trust for Deposits for Terrace House Units**

Evergreen House Development Limited Partnership (the "**Old LP**") by its general partner, Port Capital Development (EV) Inc. (the "**Old GP**") pursued the development of a project located at 1250 West Pender Street, Vancouver, BC (the "**Terrace House Project**"). The undersigned has provided a deposit (the "**Deposit**") that is currently held in trust with Dentons Canada LLP ("**Dentons**") to acquire a unit in the Terrace House Project, the details of which are set out below.

CMLS Financial Ltd ("**CMLS**") was the Terrace House Project's construction lender pursuant to a commitment letter dated July 4, 2019 (the "**CMLS Loan**") as amended. The CMLS Loan is secured by, among other things, a first ranking mortgage against the Terrace House Project. The indebtedness on the CMLS Loan was approximately $20.1 million at the commencement of the CCAA Proceedings in 2020.

On May 29, 2020, Ernst & Young Inc. ("**EY**") was appointed as the monitor of the Terrace House Project pursuant to a court order of the BC Supreme Court (the "**CCAA Proceedings**"). The court also approved a debtor in possession loan (the "**DIP Loan**") in favour of Desjardins Financial Security Life Assurance Company ("**Desjardins**" or the "**DIP Lender**"). The indebtedness on the DIP Loan is projected to be $1.5 million as at April 30, 2021.

1296371 B.C. Ltd. (the "**Junior Lender**") has been created to participate in the acquisition of the CMLS Loan and the DIP Loan. Domain Mortgage Corp. and/or Bankers Mortgage Corp. doing business as Domain Funding (Domain Mortgage Corp. and Bankers Mortgage Corp., individually or collectively are "**Domain Funding**") as the new funder (the "**Senior Lender**") has agreed to provide the sum of $16M and Domain Funding has or will establish a new entity ("**Newco**") controlled by Domain Funding to acquire the CMLS Mortgage and the DIP Loan. The Senior Lender will have the first position of repayment under the acquired CMLS Mortgage and DIP Loan and the Junior Lender will have second position of repayment under the CMLS Mortgage pursuant to an interlender or co-lender agreement as between the Senior Lender and the Junior Lender. The CMLS Loan and DIP Loan will remain as charges on the real estate related to the Terrace House Project with the expectation that the Senior Lender would be repaid once new construction financing (the "**Construction Financing**") is obtained. The Construction Financing will be used to repay the Senior Lender and may be used as part of a plan to exit CCAA on terms to be determined. On the registration of the Construction Financing on the Terrace House Project, the Junior Lender would release the funds, including the Deposit, back into the Terrace House Project to be used as equity with each of the lenders to the Junior Lender, including the undersigned, being credited with a deposit against a unit in the Terrance House Project (the "**Transaction**").

This Direction is intended to reflect the general agreement of the undersigned to the use of the Deposit on the terms herein, subject to the consents (the "**Consents**") required to obtain the release of the Deposit from the trust account of Dentons being (1) the consent of the Monitor (on behalf of the developer), (2) the consent of CMLS and agreement to sell and assign the CMLS Loan, (3) the consent of the DIP Lender and agreement to sell and assign the DIP Loan, and (4) the consent of the undersigned to release the Deposit after undersigned's counsel has reviewed the definitive documents required to effect the Transaction. The additional conditions (the "**Conditions**") to the release of the Deposit are that CMLS, the DIP Lender and Newco finalize and sign a purchase agreement to allow Newco to acquire the CMLS Loan and the DIP Loan as well as the necessary Court approvals in the CCAA Proceedings.

S. A.

Please accept this as your irrevocable authority and direction to, once you have obtained the Consents and the Conditions have been satisfied, to transfer the Deposit to 1296371 B.C. Ltd. in order to facilitate the loan by the Junior Lender to Newco so that Newco can acquire the CMLS Loan and the DIP Loan. This irrevocable authority and direction will terminate on August 31, 2021, unless extended by the undersigned in writing.

Name of Deposit Holder: 1192706 B.C. Ltd.
Deposit Amount Held in Trust at Dentons: $1,155,000.00
Unit: 1001

Dated this 18th day of April, 2021.

THE UNDERSIGNED HAS HAD THIS IRREVOCABLE DIRECTION TO PAY WITNESSED REMOTELY BY VIDEO CONFERENCE AND COMPLETED BY A LAWYER WHO HAS PROVIDED INDEPENDENT LEGAL ADVICE TO THE UNDERSIGNED.

WITNESSED BY:	
Witness Signature	**1192706 B.C. LTD.**
Nicholas J. Carlson	Seal
Printed Name of Witness	
900 - 885 West Georgia St., Vancouver, BC	**Authorized Signatory**
Witness Address	
Lawyer	
Witness Occupation	

S.A.

IRREVOCABLE DIRECTION TO PAY

TO: **Dentons Canada LLP**
20th Floor, 250 Howe Street
Vancouver, British Columbia
V6C 3R8

Re: **Funds held in trust for Deposits for Terrace House Units**

Evergreen House Development Limited Partnership (the "**Old LP**") by its general partner, Port Capital Development (EV) Inc. (the "**Old GP**") pursued the development of a project located at 1250 West Pender Street, Vancouver, BC (the "**Terrace House Project**"). The undersigned has provided a deposit (the "**Deposit**") that is currently held in trust with Dentons Canada LLP ("**Dentons**") to acquire a unit in the Terrace House Project, the details of which are set out below.

CMLS Financial Ltd ("**CMLS**") was the Terrace House Project's construction lender pursuant to a commitment letter dated July 4, 2019 (the "**CMLS Loan**") as amended. The CMLS Loan is secured by, among other things, a first ranking mortgage against the Terrace House Project. The indebtedness on the CMLS Loan was approximately $20.1 million at the commencement of the CCAA Proceedings in 2020.

On May 29, 2020, Ernst & Young Inc. ("**EY**") was appointed as the monitor of the Terrace House Project pursuant to a court order of the BC Supreme Court (the "**CCAA Proceedings**"). The court also approved a debtor in possession loan (the "**DIP Loan**") in favour of Desjardins Financial Security Life Assurance Company ("**Desjardins**" or the "**DIP Lender**"). The indebtedness on the DIP Loan is projected to be $1.5 million as at April 30, 2021.

1296371 B.C. Ltd. (the "**Junior Lender**") has been created to participate in the acquisition of the CMLS Loan and the DIP Loan. Domain Mortgage Corp. and/or Bankers Mortgage Corp. doing business as Domain Funding (Domain Mortgage Corp. and Bankers Mortgage Corp., individually or collectively are "**Domain Funding**") as the new funder (the "**Senior Lender**") has agreed to provide the sum of $16M and Domain Funding has or will establish a new entity ("**Newco**") controlled by Domain Funding to acquire the CMLS Mortgage and the DIP Loan. The Senior Lender will have the first position of repayment under the acquired CMLS Mortgage and DIP Loan and the Junior Lender will have second position of repayment under the CMLS Mortgage pursuant to an interlender or co-lender agreement as between the Senior Lender and the Junior Lender. The CMLS Loan and DIP Loan will remain as charges on the real estate related to the Terrace House Project with the expectation that the Senior Lender would be repaid once new construction financing (the "**Construction Financing**") is obtained. The Construction Financing will be used to repay the Senior Lender and may be used as part of a plan to exit CCAA on terms to be determined. On the registration of the Construction Financing on the Terrace House Project, the Junior Lender would release the funds, including the Deposit, back into the Terrace House Project to be used as equity with each of the lenders to the Junior Lender, including the undersigned, being credited with a deposit against a unit in the Terrance House Project (the "**Transaction**").

This Direction is intended to reflect the general agreement of the undersigned to the use of the Deposit on the terms herein, subject to the consents (the "**Consents**") required to obtain the release of the Deposit from the trust account of Dentons being (1) the consent of the Monitor (on behalf of the developer), (2) the consent of CMLS and agreement to sell and assign the CMLS Loan, (3) the consent of the DIP Lender and agreement to sell and assign the DIP Loan, and (4) the consent of the undersigned to release the Deposit after undersigned's counsel has reviewed the definitive documents required to effect the Transaction. The additional conditions (the "**Conditions**") to the release of the Deposit are that CMLS, the DIP Lender and Newco finalize and sign a purchase agreement to allow Newco to acquire the CMLS Loan and the DIP Loan as well as the necessary Court approvals in the CCAA Proceedings.

S.A.

Please accept this as your irrevocable authority and direction to, once you have obtained the Consents and the Conditions have been satisfied, to transfer the Deposit to 1296371 B.C. Ltd. in order to facilitate the loan by the Junior Lender to Newco so that Newco can acquire the CMLS Loan and the DIP Loan. This irrevocable authority and direction will terminate on August 31, 2021, unless extended by the undersigned in writing.

Name of Deposit Holder: 1208596 B.C. Ltd.
Deposit Amount Held in Trust at Dentons: $417,057.00 and $558,144.00
Unit: CRU#1 and CRU#2

Dated this 18th day of April, 2021.

THE UNDERSIGNED HAS HAD THIS IRREVOCABLE DIRECTION TO PAY WITNESSED REMOTELY BY VIDEO CONFERENCE AND COMPLETED BY A LAWYER WHO HAS PROVIDED INDEPENDENT LEGAL ADVICE TO THE UNDERSIGNED.

WITNESSED BY:

Witness Signature

Nicholas J. Carlson

Printed Name of Witness

900 - 885 West Georgia St., Vancouver, BC

Witness Address

Lawyer

Witness Occupation

1208596 B.C. LTD.

Authorized Signatory

NATDOCS\53962538\V-3

S. A.

IRREVOCABLE DIRECTION TO PAY

TO: **Dentons Canada LLP**
20th Floor, 250 Howe Street
Vancouver, British Columbia
V6C 3R8

Re: **Funds held in trust for Deposits for Terrace House Units**

Evergreen House Development Limited Partnership (the "**Old LP**") by its general partner, Port Capital Development (EV) Inc. (the "**Old GP**") pursued the development of a project located at 1250 West Pender Street, Vancouver, BC (the "**Terrace House Project**"). The undersigned has provided a deposit (the "**Deposit**") that is currently held in trust with Dentons Canada LLP ("**Dentons**") to acquire a unit in the Terrace House Project, the details of which are set out below.

CMLS Financial Ltd ("**CMLS**") was the Terrace House Project's construction lender pursuant to a commitment letter dated July 4, 2019 (the "**CMLS Loan**") as amended. The CMLS Loan is secured by, among other things, a first ranking mortgage against the Terrace House Project. The indebtedness on the CMLS Loan was approximately $20.1 million at the commencement of the CCAA Proceedings in 2020.

On May 29, 2020, Ernst & Young Inc. ("**EY**") was appointed as the monitor of the Terrace House Project pursuant to a court order of the BC Supreme Court (the "**CCAA Proceedings**"). The court also approved a debtor in possession loan (the "**DIP Loan**") in favour of Desjardins Financial Security Life Assurance Company ("**Desjardins**" or the "**DIP Lender**"). The indebtedness on the DIP Loan is projected to be $1.5 million as at April 30, 2021.

1296371 B.C. Ltd. (the "**Junior Lender**") has been created to participate in the acquisition of the CMLS Loan and the DIP Loan. Domain Mortgage Corp. and/or Bankers Mortgage Corp. doing business as Domain Funding (Domain Mortgage Corp. and Bankers Mortgage Corp., individually or collectively are "**Domain Funding**") as the new funder (the "**Senior Lender**") has agreed to provide the sum of $16M and Domain Funding has or will establish a new entity ("**Newco**") controlled by Domain Funding to acquire the CMLS Mortgage and the DIP Loan. The Senior Lender will have the first position of repayment under the acquired CMLS Mortgage and DIP Loan and the Junior Lender will have second position of repayment under the CMLS Mortgage pursuant to an interlender or co-lender agreement as between the Senior Lender and the Junior Lender. The CMLS Loan and DIP Loan will remain as charges on the real estate related to the Terrace House Project with the expectation that the Senior Lender would be repaid once new construction financing (the "**Construction Financing**") is obtained. The Construction Financing will be used to repay the Senior Lender and may be used as part of a plan to exit CCAA on terms to be determined. On the registration of the Construction Financing on the Terrace House Project, the Junior Lender would release the funds back into the Terrace House Project to be used as equity with each of the lenders to the Junior Lender being credited with a deposit against a unit in the Terrance House Project.

This Direction is intended to reflect the general agreement of the undersigned to the use of the Deposit on the terms herein, subject only to the consents (the "**Consents**") required to obtain the release of the Deposit from the trust account of Dentons being (1) the consent of the Monitor (on behalf of the developer), (2) the consent of CMLS and agreement to sell and assign the CMLS Loan, and (3) the consent of the DIP Lender and agreement to sell and assign the DIP Loan. The additional conditions (the "**Conditions**") to the release of the Deposit are that CMLS, the DIP Lender and Newco finalize and sign a purchase agreement to allow Newco to acquire the CMLS Loan and the DIP Loan as well as the necessary Court approvals in the CCAA Proceedings.

Please accept this as your irrevocable authority and direction to, once you have obtained the Consents and the Conditions have been satisfied, to transfer the Deposit to 1296371 B.C. Ltd. in order to facilitate the loan by the Junior Lender to Newco so that Newco can acquire the CMLS Loan and the DIP Loan. This irrevocable authority and direction will terminate on August 31, 2021, unless extended by the undersigned in writing.

Name of Deposit Holder: 1301981 B.C. Ltd.
Deposit Amount Held in Trust at Dentons: $1,162,500.00
Unit: 901

Dated this 6 day of May, 2021.

THE UNDERSIGNED HAS HAD THIS IRREVOCABLE DIRECTION TO PAY WITNESSED.

WITNESSED BY:	)	
Witness Signature	)	1301981 B.C. LTD.
Joseph Scott Printed Name of Witness	)	
935 Salsbury Dr. Van. BC Witness Address	)	**Authorized Signatory**
Property Manager Witness Occupation	)	

Seal

CONFIRMATION and AUTHORIZATION

Hudani Investment Corp. ("**Hudani**") confirms that the deposit in the amount of $1,162,500.00 and held by Dentons Canada LLP in trust for the purchase of Unit 901 of the Terrace House Project is hereby irrevocably assigned by it to 1301981 B.C. Ltd. ("**981 Ltd.**") in consideration for 981 Ltd. agreeing to fulfill the terms and conditions of the purchase contract for the Unit 901, as amended, and arranging for or causing the release of Hudani from such purchase.

Hudani irrevocably authorizes Dentons Canada LLP to accept instructions from 981 Ltd. regarding the deposit and its use for 981 Ltd.

HUDANI INVESTMENT CORP.

Per: ____________________
Print Name: Imtiyaz Hudani (CEO)

Date: May 6, 2021, 2021

____
Signature of Witness

A. Rave
Print Name of Witness

Acknowledged by:

1301981 B.C. LTD.

Per: ____________________
Print Name: AUTHORIZED SIGNATORY

Date: May 6, 2021

IRREVOCABLE DIRECTION TO PAY

TO: **Dentons Canada LLP**
20th Floor, 250 Howe Street
Vancouver, British Columbia
V6C 3R8

Re: **Funds held in trust for Deposits for Terrace House Units**

Evergreen House Development Limited Partnership (the "**Old LP**") by its general partner, Port Capital Development (EV) Inc. (the "**Old GP**") pursued the development of a project located at 1250 West Pender Street, Vancouver, BC (the "**Terrace House Project**"). The undersigned has provided a deposit (the "**Deposit**") that is currently held in trust with Dentons Canada LLP ("**Dentons**") to acquire a unit in the Terrace House Project, the details of which are set out below.

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1296371 B.C. Ltd. (the "**Junior Lender**") has been created to participate in the acquisition of the CMLS Loan and the DIP Loan. Domain Mortgage Corp. and/or Bankers Mortgage Corp. doing business as Domain Funding (Domain Mortgage Corp. and Bankers Mortgage Corp., individually or collectively are "**Domain Funding**") as the new funder (the "**Senior Lender**") has agreed to provide the sum of $16M and Domain Funding has or will establish a new entity ("**Newco**") controlled by Domain Funding to acquire the CMLS Mortgage and the DIP Loan. The Senior Lender will have the first position of repayment under the acquired CMLS Mortgage and DIP Loan and the Junior Lender will have second position of repayment under the CMLS Mortgage pursuant to an interlender or co-lender agreement as between the Senior Lender and the Junior Lender. The CMLS Loan and DIP Loan will remain as charges on the real estate related to the Terrace House Project with the expectation that the Senior Lender would be repaid once new construction financing (the "**Construction Financing**") is obtained. The Construction Financing will be used to repay the Senior Lender and may be used as part of a plan to exit CCAA on terms to be determined. On the registration of the Construction Financing on the Terrace House Project, the Junior Lender would release the funds back into the Terrace House Project to be used as equity with each of the lenders to the Junior Lender being credited with a deposit against a unit in the Terrance House Project.

This Direction is intended to reflect the general agreement of the undersigned to the use of the Deposit on the terms herein, subject only to the consents (the "**Consents**") required to obtain the release of the Deposit from the trust account of Dentons being (1) the consent of the Monitor (on behalf of the developer), (2) the consent of CMLS and agreement to sell and assign the CMLS Loan, and (3) the consent of the DIP Lender and agreement to sell and assign the DIP Loan. The additional conditions (the "**Conditions**") to the release of the Deposit are that CMLS, the DIP Lender and Newco finalize and sign a purchase agreement to allow Newco to acquire the CMLS Loan and the DIP Loan as well as the necessary Court approvals in the CCAA Proceedings.

Please accept this as your irrevocable authority and direction to, once you have obtained the Consents and the Conditions have been satisfied, to transfer the Deposit to 1296371 B.C. Ltd. in order to facilitate the loan by the Junior Lender to Newco so that Newco can acquire the CMLS Loan and the DIP Loan. This irrevocable authority and direction will terminate on August 31, 2021, unless extended by the undersigned in writing.

Name of Deposit Holder: 1207867 B.C. Ltd.
Deposit Amount Held in Trust at Dentons: $645,000.00
Unit: 403

Dated this 30th day of April, 2021.

THE UNDERSIGNED HAS HAD THIS IRREVOCABLE DIRECTION TO PAY WITNESSED AND COMPLETED BY A LAWYER WHO HAS PROVIDED INDPEPENDENT LEGAL ADVICE TO THE UNDERSIGNED.

WITNESSED BY:

Witness Signature

Carol Gregg
Printed Name of Witness

415 N High Ave, High Point NC
Witness Address

Furniture Designer
Witness Occupation

1207867 B.C. LTD.

Authorized Signatory

Seal

IRREVOCABLE DIRECTION TO PAY

TO: **Dentons Canada LLP**
20th Floor, 250 Howe Street
Vancouver, British Columbia
V6C 3R8

Re: **Funds held in trust for Deposits for Terrace House Units**

Evergreen House Development Limited Partnership (the "**Old LP**") by its general partner, Port Capital Development (EV) Inc. (the "**Old GP**") pursued the development of a project located at 1250 West [illegible]er Street, Vancouver, BC (the "**Terrace House Project**"). The undersigned has provided a deposit (the "**Deposit**") that is currently held in trust with Dentons Canada LLP ("**Dentons**") to acquire a unit in the Terrace House Project, the details of which are set out below.

CMLS Financial Ltd ("**CMLS**") was the Terrace House Project's construction lender pursuant to a commitment letter dated July 4, 2019 (the "**CMLS Loan**") as amended. The CMLS Loan is secured by, among other things, a first ranking mortgage against the Terrace House Project. The indebtedness on the CMLS Loan was approximately $20.1 million at the commencement of the CCAA Proceedings in 2020.

On May 29, 2020, Ernst & Young Inc. ("**EY**") was appointed as the monitor of the Terrace House Project pursuant to a court order of the BC Supreme Court (the "**CCAA Proceedings**"). The court also approved a debtor in possession loan (the "**DIP Loan**") in favour of Desjardins Financial Security Life Assurance Company ("**Desjardins**" or the "**DIP Lender**"). The indebtedness on the DIP Loan is projected to be $1.5 million as at April 30, 2021.

1296371 B.C. Ltd. (the "**Junior Lender**") has been created to participate in the acquisition of the CMLS Loan and the DIP Loan. Domain Mortgage Corp. and/or Bankers Mortgage Corp. doing business as Domain Funding (Domain Mortgage Corp. and Bankers Mortgage Corp., individually or collectively are "**Domain Funding**") as the new funder (the "**Senior Lender**") has agreed to provide the sum of $16M and Domain Funding has or will establish a new entity ("**Newco**") controlled by Domain Funding to acquire the CMLS Mortgage and the DIP Loan. The Senior Lender will have the first position of repayment under the acquired CMLS Mortgage and DIP Loan and the Junior Lender will have second position of repayment under the CMLS Mortgage pursuant to an interlender or co-lender agreement between the Senior Lender and the Junior Lender. The CMLS Loan and DIP Loan will remain as charges on the real estate related to the Terrace House Project with the expectation that the Senior Lender would be repaid once new construction financing (the "**Construction Financing**") is obtained. The Construction Financing will be used to repay the Senior Lender and may be used as part of a plan to exit CCAA on terms to be determined. On the registration of the Construction Financing on the Terrace House Project, the Junior Lender would release the funds back into the Terrace House Project to be used as equity with each of the lenders to the Junior Lender being credited with a deposit against a unit in the Terrance House Project.

This Direction is intended to reflect the general agreement of the undersigned to the use of the Deposit on the terms herein, subject only to the consents (the "**Consents**") required to obtain the release of the Deposit from the trust account of Dentons being (1) the consent of the Monitor (on behalf of the developer), (2) the consent of CMLS and agreement to sell and assign the CMLS Loan, and (3) the consent of the DIP Lender and agreement to sell and assign the DIP Loan. The additional conditions (the "**Conditions**") to the release of the Deposit are that CMLS, the DIP Lender and Newco finalize and sign a purchase agreement to allow Newco to acquire the CMLS Loan and the DIP Loan as well as the necessary Court approvals in the CCAA Proceedings.

Please accept this as your irrevocable authority and direction to, once you have obtained the Consents and the Conditions have been satisfied, to transfer the Deposit to 1296371 B.C. Ltd. in order to facilitate the loan by the Junior Lender to Newco so that Newco can acquire the CMLS Loan and the DIP Loan. This irrevocable authority and direction will terminate on August 31, 2021, unless extended by the undersigned in writing.

Name of Deposit Holder: Robert Davis
Deposit Amount Held in Trust at Dentons: $592,500.00
Unit: 503

Dated this _____ day of April, 2021.

THE UNDERSIGNED HAS HAD THIS IRREVOCABLE DIRECTION TO PAY WITNESSED AND COMPLETED BY A LAWYER WHO HAS PROVIDED INDPEPENDENT LEGAL ADVICE TO THE UNDERSIGNED.

WITNESSED BY:

[signature]
Witness Signature

Jeffrey Welsh
Printed Name of Witness

9643 Amelloy Ave., Northridge CA 91325
Witness Address

Attorney
Witness Occupation

[signature]
ROBERT DAVIS

IRREVOCABLE DIRECTION TO PAY

TO: **Dentons Canada LLP**
20th Floor, 250 Howe Street
Vancouver, British Columbia
V6C 3R8

Re: **Funds held in trust for Deposits for Terrace House Units**

Evergreen House Development Limited Partnership (the "**Old LP**") by its general partner, Port Capital Development (EV) Inc. (the "**Old GP**") pursued the development of a project located at 1250 West Pender Street, Vancouver, BC (the "**Terrace House Project**"). The undersigned has provided a deposit (the "**Deposit**") that is currently held in trust with Dentons Canada LLP ("**Dentons**") to acquire a unit in the Terrace House Project, the details of which are set out below.

CMLS Financial Ltd ("**CMLS**") was the Terrace House Project's construction lender pursuant to a commitment letter dated July 4, 2019 (the "**CMLS Loan**") as amended. The CMLS Loan is secured by, among other things, a first ranking mortgage against the Terrace House Project. The indebtedness on the CMLS Loan was approximately $20.1 million at the commencement of the CCAA Proceedings in 2020.

On May 29, 2020, Ernst & Young Inc. ("**EY**") was appointed as the monitor of the Terrace House Project pursuant to a court order of the BC Supreme Court (the "**CCAA Proceedings**"). The court also approved a debtor in possession loan (the "**DIP Loan**") in favour of Desjardins Financial Security Life Assurance Company ("**Desjardins**" or the "**DIP Lender**"). The indebtedness on the DIP Loan is projected to be $1.5 million as at April 30, 2021.

1296371 B.C. Ltd. (the "**Junior Lender**") has been created to participate in the acquisition of the CMLS Loan and the DIP Loan. Domain Mortgage Corp. and/or Bankers Mortgage Corp. doing business as Domain Funding (Domain Mortgage Corp. and Bankers Mortgage Corp., individually or collectively are "**Domain Funding**") as the new funder (the "**Senior Lender**") has agreed to provide the sum of $16M and Domain Funding has or will establish a new entity ("**Newco**") controlled by Domain Funding to acquire the CMLS Mortgage and the DIP Loan. The Senior Lender will have the first position of repayment under the acquired CMLS Mortgage and DIP Loan and the Junior Lender will have second position of repayment under the CMLS Mortgage pursuant to an interlender or co-lender agreement as between the Senior Lender and the Junior Lender. The CMLS Loan and DIP Loan will remain as charges on the real estate related to the Terrace House Project with the expectation that the Senior Lender would be repaid once new construction financing (the "**Construction Financing**") is obtained. The Construction Financing will be used to repay the Senior Lender and may be used as part of a plan to exit CCAA on terms to be determined. On the registration of the Construction Financing on the Terrace House Project, the Junior Lender would release the funds back into the Terrace House Project to be used as equity with each of the lenders to the Junior Lender being credited with a deposit against a unit in the Terrance House Project.

This Direction is intended to reflect the general agreement of the undersigned to the use of the Deposit on the terms herein, subject only to the consents (the "**Consents**") required to obtain the release of the Deposit from the trust account of Dentons being (1) the consent of the Monitor (on behalf of the developer), (2) the consent of CMLS and agreement to sell and assign the CMLS Loan, and (3) the consent of the DIP Lender and agreement to sell and assign the DIP Loan. The additional conditions (the "**Conditions**") to the release of the Deposit are that CMLS, the DIP Lender and Newco finalize and sign a purchase agreement to allow Newco to acquire the CMLS Loan and the DIP Loan as well as the necessary Court approvals in the CCAA Proceedings.

Please accept this as your irrevocable authority and direction to, once you have obtained the Consents and the Conditions have been satisfied, to transfer the Deposit to 1296371 B.C. Ltd. in order to facilitate the loan by the Junior Lender to Newco so that Newco can acquire the CMLS Loan and the DIP Loan. This irrevocable authority and direction will terminate on August 31, 2021, unless extended by the undersigned in writing.

This irrevocable direction allows the use of the Deposit for participation into a loan to the Junior Lender secured against the purchased CMLS Loan mortgage. This direction does not convert this loan into equity. That would require a follow up equity conversion agreement. If no follow up agreement to convert into equity is accepted and signed by you, the Deposit would be repaid when the loan gets refinanced through the Construction Financing. If the Conditions are not met, then the Deposit will remain in trust at Dentons LLP.

Name of Deposit Holder: Simon Wong
Deposit Amount Held in Trust at Dentons: $675,000.00
Unit: 401

Dated this 7 day of May, 2021.

THE UNDERSIGNED HAS HAD THIS IRREVOCABLE DIRECTION TO PAY WITNESSED.

WITNESSED BY:

Mary Wong
Witness Signature

Mary Wong
Printed Name of Witness

987 Crystal Court Coq
Witness Address

housewife
Witness Occupation

SIMON WONG

Seal

NATDOCS\53962538\V-3

Appendix B

From:	Mike Bell (mike.bell@parthenon.ey.com)
Sent:	July 4, 2022 1:19 PM
To:	Dani Hendry; peter.rubin@blakes.com; Claire.hildebrand@blakes.com; Jason Eckford; colin.brousson@dlapiper.com; wroberts; jason.levine@justice.gc.ca; Vicki.Tickle@mcmillan.ca; phil@mckechnie.bc.ca; saepli@franclarchitecture.com; schua@workshopgroup.ca; ghods@pivoticproperties.com; ailin@linhaw.com; dorif.kh@gmail.com; athaver@banucapital.com; john.sandrelli@dentons.com; jordan.schultz@dentons.com; eamonn.watson@dentons.com; lee.ngo@dentons.com; avic.arenas@dentons.com; preardon@nst.ca; kjackson@fasken.com; gnesbitt@fasken.com; michael.williams@clydeco.ca; sstephens@owenbird.com; Philippe Mendelson; ateasdale@lawsonlundell.com; apienaar@mcewanpartners.com; kmcewan@mcewanpartners.com
Cc:	David Gruber; Keely Cameron
Subject:	In the Matter of the Companies Creditors Arrangement Act and In the Matter of a Plan of Compromise and Arrangement of Port Capital Development (EV) Inc. and Evergreen House Development Limited Partnership [BJ-WSLegal.FID5537572]

Dear Service List,

On May 12, 2022, the Court granted an order in the above matter which approved a $20 million refinancing (the "Proposed Mandate Loan") to, a) repay the Domain Facility, and b) provide the Petitioners with working capital to fund the ongoing CCAA Proceedings. The maturity date of the Domain Facility was July 1, 2022.

The Twelfth Report of the Monitor filed June 16, 2022 described that the Proposed Mandate Loan (which was expected to close the week ended May 20, 2022) had not yet closed and no funds had been advanced thereunder.

At a hearing on June 24, 2022, the Court directed the Monitor to report to stakeholders by July 4, 2022 on whether the Proposed Mandate Loan had closed prior to the maturity date of the Domain Facility. We write this email to confirm that the Proposed Mandate Loan has not closed and is not expected to close and the Petitioners are now in default on the Domain Facility.

The Petitioners advise the Monitor that they are in discussions with two parties with respect to a financing that will repay the Domain Facility. A hearing has been scheduled for July 13, 2022 to consider next steps. We anticipate that one or more of the Petitioners' Secured Creditors may seek relief at this hearing.

EY Parthenon

Mike Bell, CPA, CA, CIRP, LIT
Turnaround and Restructuring Strategy

Senior Vice President | Ernst & Young Inc.
Managing Director | EY-Parthenon
Direct: +1 604 899 3566 | Mobile: +1 604 786 8832 |
Email: mike.bell@parthenon.ey.com
Website: http://www.ey.com

Assistant: Katie Robertson | Ph: +1 604 891 8296 | Katie.J.Robertson@ca.ey.com

Appendix C

Open Invoice Register by Property

Port Capital Group of Companies **07/06/2022**

Property: 2020-00 Evergreen House Development LP

Invoice	Invoice Date	Payment Date	Description	Property Expense Acct	Original Amount	Discount Offered	Payments To Date	Balance
AKER01	**Bryan Akeroyd**							
2020-20220623	06/23/2022		2020-JUN23 INV TH	2020-00-0-1701	80.00	.00	.00	80.00
ALLI02	**Allied Crane Ltd**							
4933	04/01/2022		2020-CRANE RENTAL APR'22	2020-00-0-1701	8,085.00	.00	.00	8,085.00
4964	05/01/2022		2022-CRANE RENTAL MAY'22	2020-00-0-1701	8,085.00	.00	.00	8,085.00
5010	06/01/2022		2022-CRANE RENTAL JUN'22	2020-00-0-1701	8,085.00	.00	.00	8,085.00
5046	07/01/2022		2020-CRANE RENTAL JUL'22	2020-00-0-1701	8,085.00	.00	.00	8,085.00
				Vendor Totals	**32,340.00**	**.00**	**.00**	**32,340.00**
ALPIN01	**Alpine West Systems Electrical**							
F2381-029	06/25/2022		2020-RENTAL FEB-JUN'22	2020-00-0-1701	7,875.00	.00	.00	7,875.00
ARJI01	**Arjian Investments Corp**							
1270-22-04	04/01/2022		2020-MGMT APR'22	2020-00-0-1701	7,132.53	.00	.00	7,132.53
1270-22-05	05/01/2022		2020-MGMT MAY'22	2020-00-0-1701	7,132.53	.00	.00	7,132.53
1270-22-06	06/01/2022		2020-MGMT JUN'22	2020-00-0-1701	7,132.53	.00	.00	7,132.53
				Vendor Totals	**21,397.59**	**.00**	**.00**	**21,397.59**
BCHYDRO	**BC Hydro**							
2020-20220427	04/24/2022		2020-12002204 CONSTRUCTION	2020-00-0-1701	4,143.30	.00	.00	4,143.30
2020-20220531	05/31/2022		2020-11367304 MAY31	2020-00-0-1701	540.83	.00	.00	540.83
2020-20220602	06/02/2022		2020-11234075 JUN02	2020-00-0-1701	33.79	.00	.00	33.79
				Vendor Totals	**4,717.92**	**.00**	**.00**	**4,717.92**
BENN01	**BENNETT JONES LLP**							
1456057	06/08/2022		2020-090034.00003 JUN08	2020-00-0-1701	26,061.93	.00	.00	26,061.93
CITYVANCO	**City of Vancouver**							
2020-20220512	05/12/2022		2020-592117410000 2022	2020-00-0-1701	61,423.80	.00	.00	61,423.80
COAS01	**Coastlines Creative Group Inc.**							
8379	03/29/2022		2020-MAR INV	2020-00-0-1010	1,575.00	.00	.00	1,575.00

Open Invoice Register by Property

Property: 2020-00 Evergreen House Development LP

Invoice	Invoice Date	Payment Date	Description	Property Expense Acct	Original Amount	Discount Offered	Payments To Date	Balance
DOKA01	**Doka Canada Ltd.**							
441012439	09/30/2021		2020-RENTAL SEP 2021	2020-00-0-1701	7,309.27	.00	.00	7,309.27
441012508	09/30/2021		2020-RENTAL SEP 2021	2020-00-0-1701	7,309.27	.00	.00	7,309.27
441012734	10/31/2021		2020-RENTA: OCT 2021	2020-00-0-1701	15,105.87	.00	.00	15,105.87
441012895	11/30/2021		2020-RENTAL NOV 2021	2020-00-0-1701	14,618.64	.00	.00	14,618.64
441013036	12/31/2021		2020-RENTAL DEC 2021	2020-00-0-1701	15,105.87	.00	.00	15,105.87
441013233	01/31/2022		2020-RENTAL JAN 2022	2020-00-0-1701	15,105.87	.00	.00	15,105.87
441013351	02/28/2022		2020-RENTAL FEB 2022	2020-00-0-1701	13,644.01	.00	.00	13,644.01
441013585	03/31/2022		2020-RENTAL MAR 2022	2020-00-0-1701	15,105.87	.00	.00	15,105.87
441013878	04/30/2022		2020-RENTAL APR 2022	2020-00-0-1701	14,618.64	.00	.00	14,618.64
441014097	05/31/2022		2020-RENTAL MAY 2022	2020-00-0-1701	15,105.87	.00	.00	15,105.87
2020-20220531	05/31/2022		2020-DISPUTE SETTLE 80%	2020-00-0-1701	26,605.84-	.00	.00	26,605.84-
				Vendor Totals	**106,423.34**	**.00**	**.00**	**106,423.34**
FIRSTINS	**First Insurance**							
5303649-1	04/30/2022		2020-5303649 INSTALLMENT AP	2020-00-0-1701	31,457.00	.00	.00	31,457.00
5303649-2	05/30/2022		2020-5303649 INSTALLMENT MA	2020-00-0-1701	31,457.00	.00	.00	31,457.00
5303649-3	06/30/2022		2020-5303649 INSTALLMENT JU	2020-00-0-1701	31,457.00	.00	.00	31,457.00
				Vendor Totals	**94,371.00**	**.00**	**.00**	**94,371.00**
GEOPACONS	**GeoPacific Consultants**							
187227	02/28/2022		2020-SEDIMENT CONTROLS FEB	2020-00-0-1701	420.00	.00	.00	420.00
188682	03/31/2022		2020-SEDIMENT CONTROL MAR	2020-00-0-1701	210.00	.00	.00	210.00
191305	04/30/2022		2020-MONTHLY MONITOR APR IN	2020-00-0-1701	1,050.00	.00	.00	1,050.00
191750	04/30/2022		2020-SEDIMENT CONTROL APR	2020-00-0-1701	210.00	.00	.00	210.00

Open Invoice Register by Property

Property: 2020-00 Evergreen House Development LP

Invoice	Invoice Date	Payment Date	Description	Property Expense Acct	Original Amount	Discount Offered	Payments To Date	Balance
GEOPACONSU	**GeoPacific Consultants**							
194863	05/31/2022		2020-MONTHLY MONITOR MAY IN	2020-00-0-1701	210.00	.00	.00	210.00
				Vendor Totals	**2,100.00**	**.00**	**.00**	**2,100.00**
GHLCONS	**GHL Consultants Ltd**							
63976	04/30/2022		2020-SERVICES APR'22	2020-00-0-1701	459.97	.00	.00	459.97
64323	05/30/2022		2020-SERVICES MAY'22	2020-00-0-1701	544.26	.00	.00	544.26
				Vendor Totals	**1,004.23**	**.00**	**.00**	**1,004.23**
GLAGLAZ	**Glastech Glazing Contractors**							
515229	04/25/2022		2020-APR'22 STORAGE	2020-00-0-1701	6,548.85	.00	.00	6,548.85
515265	05/24/2022		2020-MAY'22 STORAGE	2020-00-0-1701	6,548.85	.00	.00	6,548.85
515305	06/22/2022		2020-JUN'22 STORAGE	2020-00-0-1701	6,548.85	.00	.00	6,548.85
				Vendor Totals	**19,646.55**	**.00**	**.00**	**19,646.55**
JOESCOT	**Joel Scott**							
2020-20220318	03/18/2022		2020-EXPENSES MAR18 TH	2020-00-0-1701	1,944.75	.00	.00	1,944.75
2020-20220406	04/06/2022		2020-EXPENSES APR06 TH	2020-00-0-1701	66.91	.00	.00	66.91
2020-20220406	04/06/2022		2020-EXPENSES APR06 TH	2020-00-0-1701	100.00	.00	.00	100.00
2020-20220504	05/04/2022		2020-EXPENSE MAY04 TH	2020-00-0-1701	192.46	.00	.00	192.46
2020-20220504	05/04/2022		2020-EXPENSE MAY04 TH	2020-00-0-1701	85.93	.00	.00	85.93
				Vendor Totals	**2,390.05**	**.00**	**.00**	**2,390.05**
LION01	**Lionsgate Water Treatment Ltd.**							
18-3004.29	04/13/2022		2020-APR SEDIMENT CONTROL	2020-00-0-1701	1,792.00	.00	.00	1,792.00
18-3004.30	05/11/2022		2020-MAY SEDIMENT CONTROL	2020-00-0-1701	1,792.00	.00	.00	1,792.00
				Vendor Totals	**3,584.00**	**.00**	**.00**	**3,584.00**
LIVI05	**Living Beachside Development**							
1111-20220606	06/06/2022		2020-REIMBURSED BRYAN	2020-00-0-1010	1,531.05	.00	.00	1,531.05
MATA01	**Matakana Scaffolding B.C Inc.**							
39291	11/23/2021		2020-NOV23-DEC20 EQPMNT	2020-00-0-1010	1,461.60	.00	.00	1,461.60
40257	04/12/2022		2020-APR12-MAY09 EQPMNT	2020-00-0-1010	1,461.60	.00	.00	1,461.60

Open Invoice Register by Property

Property: 2020-00 Evergreen House Development LP

Invoice	Invoice Date	Payment Date	Description	Property Expense Acct	Original Amount	Discount Offered	Payments To Date	Balance
MATA01	**Matakana Scaffolding B.C Inc.**							
40325	04/22/2022		2020-APR22-MAY19 EQPMNT	2020-00-0-1010	459.20	.00	.00	459.20
40326	04/22/2022		2020-APR22-MAY19 EQPMNT	2020-00-0-1010	772.80	.00	.00	772.80
40474	05/10/2022		2020-MAY10-JUN06 EQPMNT	2020-00-0-1010	1,461.60	.00	.00	1,461.60
40549	05/20/2022		2020-MAY20-JUN16 EQPMNT	2020-00-0-1010	459.20	.00	.00	459.20
40550	05/20/2022		2020-MAY20-JUN16 EQPMNT	2020-00-0-1010	772.80	.00	.00	772.80
40700	06/07/2022		2020-JUN07-JUL04 EQPMNT	2020-00-0-1701	1,461.60	.00	.00	1,461.60
40764	06/17/2022		2020-JUN17-JUL14 EQPMNT	2020-00-0-1010	459.20	.00	.00	459.20
40765	06/17/2022		2020-JUN17-JUL14 EQPMNT	2020-00-0-1010	772.80	.00	.00	772.80
				Vendor Totals	**9,542.40**	**.00**	**.00**	**9,542.40**
PORT03	**PortLiving Development Corp.**							
2020-20220228	02/28/2022		2020-INTERCO	2020-00-0-1010	1,135.60	.00	.00	1,135.60
STUHOWA	**Stuart Howard Architects Inc**							
2022-099	04/30/2022		1800-APR INV	2020-00-0-1701	2,291.63	.00	.00	2,291.63
VANFIRE	**Vancouver Fire & Radius**							
450294	04/01/2022		2020-APR'22	2020-00-0-1701	3,056.55	.00	.00	3,056.55
453568	05/01/2022		2020-MAY'22	2020-00-0-1701	3,056.55	.00	.00	3,056.55
456909	06/01/2022		2020-JUN'22	2020-00-0-1701	3,056.55	.00	.00	3,056.55
461446	07/01/2022		2020-JUL'22	2020-00-0-1701	3,056.55	.00	.00	3,056.55
				Vendor Totals	**12,226.20**	**.00**	**.00**	**12,226.20**
YELL02	**Yellow Fence Rentals Inc**							
0000115108	03/31/2022		2020-MAR31'22 FENCE RENTAL	2020-00-0-1701	369.60	.00	.00	369.60
0000115832	04/30/2022		2020-APR28'22 FENCE RENTAL	2020-00-0-1701	369.60	.00	.00	369.60
0000116592	05/29/2022		2020-MAY26'22 FENCE RENTAL	2020-00-0-1701	369.60	.00	.00	369.60

Property: 2020-00 Evergreen House Development LP

Invoice	Invoice Date	Payment Date	Description	Property Expense Acct	Original Amount	Discount Offered	Payments To Date	Balance
YELL02	**Yellow Fence Rentals Inc**							
0000117376	06/26/2022		2020-JUN26'22 FENCE RENTAL	2020-00-0-1701	369.60	.00	.00	369.60
				Vendor Totals	**1,478.40**	**.00**	**.00**	**1,478.40**
				Property Totals	**413,195.69**	**.00**	**.00**	**413,195.69**
				Report Totals	**413,195.69**	**.00**	**.00**	**413,195.69**

Appendix D

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

THIS AGREEMENT is dated for reference ●, 2022 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:

●

(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 15 days after the granting of the Final Order.

(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) and 2.2(b).

(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, ●, 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 ● 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 ●**.**

(b) 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) $1.00 to the Shares; (ii) $● to the Lands and Buildings; and (iii) $1.00 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)● to the Lands and Buildings; and (ii) $1.00 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 or before 5:00 p.m. (Vancouver time) on the date that is fifteen (15) business days after the Execution Date, the Purchaser will have satisfied itself, in its sole discretion, of the site conditions of the Property;

(b) 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

(c) 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 the date that is 15 Business Days after the date that the condition precedent set out in Section 8.1(a) has been satisfied or waived, 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.

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 November 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 November 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:

●

with a further copy to the Purchaser's Solicitors:

●

(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 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.

•

By: ______________________________________
Name:
Title:

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