



COURT FILE NO. B-260250
VANCOUVER REGISTRY
ESTATE NO. 11-3352394

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN THE BANKRUPTCY AND INSOLVENCY ACT

**IN THE MATTER OF THE NOTICE OF INTENTION
TO MAKE A PROPOSAL OF 1281805 B.C. LTD.**

SECOND REPORT OF THE PROPOSAL TRUSTEE

MAY 29, 2026

INTRODUCTION

1. This report (“**Second Report**”) has been prepared by FTI Consulting Canada Inc. (“**FTI**”) in its capacity as the Trustee (the “**Proposal Trustee**”) under a Notice of Intention to File a Proposal (“**NOI**”) filed by 1281805 B.C. Ltd. (“**1805**” or the “**Company**”) dated March 26, 2026 pursuant to Part III, Division I of the Bankruptcy and Insolvency Act, R.S.C. 1985, c. B-3, as amended (the “**BIA**”).
2. As noted in the First Report, 1805 was founded in December 2020 for the purpose of developing lands located at 23697 Fern Crescent in Maple Ridge, B.C. into a residential development known as the Everwood Project (“**Everwood**”).
3. Everwood is a gated community comprising 35 townhomes, each with 3 or 4 bedrooms, a side-by-side garage, private patio and backyard.
4. The legal title to Everwood is held by the Company, which is part of an unincorporated joint venture between 1805, Wood Lock Developments Ltd. (“**Wood Lock**”) and 1281826 B.C. Ltd.
5. Construction of Everwood is substantially advanced, with 11 of the Phase I units already sold and closed, resulting in 10 units remaining unsold in Phase I. As of the date of the NOI, five of the remaining unsold units were subject to pre-sale agreements with an additional one pre-sale agreement pending removal of subjects.
6. The Company experienced unanticipated construction delays resulting in cost overruns, including additional interest costs. Despite the Company’s efforts to secure additional funding, trade creditors started to lien the site, stifling the Company’s ability to attract additional financing.
7. Accordingly, on March 26, 2026, 1805 filed an NOI which was accepted by the Office of the Superintendent of Bankruptcy (the “**OSB**”) as of the same date.
8. The reports of the Proposal Trustee and other information in respect of these proceedings are posted on the Proposal Trustee’s website at <http://cfcanada.fticonsulting.com/1281805BC/>.

PURPOSE

9. The purpose of this Second Report is to provide this Honourable Court with an update on the following:
 - (a) The activities of the Company since the First Report dated April 20, 2026;
 - (b) A summary of the Company's receipts and disbursements since the commencement of the NOI;
 - (c) The Company's cash flow projection for the period of the stay of proceedings extension being sought (the "**Cash Flow Projection**");
 - (d) The Company's request for approval of a Vesting Order;
 - (e) A summary of the claims received pursuant to the Claims Process Order; and
 - (f) The Company's request for an extension of the current stay of proceedings under the NOI from June 9, 2026, to July 24, 2026.

TERMS OF REFERENCE

10. In preparing this report, the Proposal Trustee has relied upon unaudited financial information, other information available to the Proposal Trustee and, where appropriate, the Company's books and records and discussions with various parties (collectively, the "**Information**").

11. Except as described in this Second Report:
 - (a) The Proposal Trustee has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Generally Accepted Assurance Standards pursuant to the Canadian Institute of Chartered Accountants Handbook; and
 - (b) The Proposal Trustee has not examined or reviewed financial forecasts and projections referred to in this report in a manner that would comply with the procedures described in the Canadian Institute of Chartered Accountants Handbook.
12. Future oriented financial information reported or relied on in preparing this report is based on assumptions regarding future events; actual results may vary from forecast and such variations may be material.
13. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars.

UPDATE ON THE COMPANY'S ACTIVITIES

14. As indicated in the First Report, the Company's primary focus subsequent to the filing of its NOI was securing interim financing to complete the construction of the Phase I units.
15. Pursuant to an order of the Court dated April 20, 2026, a debtor-in-possession loan in the amount of \$2.4 million (the "**DIP Facility**") from the Company's existing secured lender was approved.
16. Subsequent to the approval of the DIP Facility, the Company has re-engaged with its trades and is using the funding to get the trade suppliers back on site with a view to completing construction of the Phase I units.
17. On March 27, 2026, the Company filed its amended disclosure statement pursuant to the Real Estate Development Marketing Act, advising of the NOI filing.
18. Prior to the commencement of the NOI proceedings, the Company retained the services of Breakside Real Estate Group ("**Breakside**") as its exclusive sales and marketing company for Everwood.
19. Breakside is a marketing firm specializing in new home developments, with a focus on condominiums and townhomes across the Fraser Valley and has sold more than \$2 billion in real estate projects since its inception in 2020.
20. Subsequent to the NOI filing, Breakside restarted its marketing and sales initiatives in consultation with the Company.
21. The Company has continued to communicate with its trade creditors and other stakeholders soliciting their on-going support to finalize construction on the Phase I units so that a proposal can be formulated for consideration by its creditors.

SUMMARY OF THE RECEIPTS AND DISBURSEMENTS

22. The following summarizes the actual receipts and disbursements of the Company since the commencement of these proceedings to May 29, 2026:

Month Ending	Week 1 - 5		Variance (\$)	Variance (%)
	May-26 Actual	Mar-26 Forecast		
Receipts				
Cash on Hand	\$ 2,898	\$ 2,898	\$ -	-
Total Receipts	2,898	2,898	-	-
Operating Disbursements				
Building 8 - Hard Costs	(69,815)	(28,325)	(41,490)	(146)%
Building 1 - Hard Costs	(338,673)	(108,726)	(229,946)	(211)%
Common Areas - Hard Costs	(89,778)	(8,567)	(81,211)	(948)%
Deficiencies - Hard Costs	(27,643)	(31,349)	3,705	12%
Upgrades - Hard Costs	(21,439)	-	(21,439)	(100)%
Consultants - Soft Costs	(78,914)	(137,759)	58,845	43%
Project Management	(40,000)	(35,000)	(5,000)	(14)%
Insurance	(17,994)	(6,200)	(11,794)	(190)%
Utilities	(7,877)	(2,850)	(5,027)	(176)%
Property Tax	-	-	-	-
Strata	(41,763)	(22,603)	(19,160)	(85)%
Other Legal, Finance & Accounting	(20,958)	(13,000)	(7,958)	(61)%
GST Remittance	-	-	-	-
Total Operating Costs	(754,854)	(394,379)	(360,474)	(91)%
Net Change in Cash from Operations	(751,956)	(391,481)	(360,474)	(92)%
Non-Operating Disbursements				
Restructuring Professional Fees	(109,946)	(40,000)	(69,946)	(175)%
Other Non-Operating Fees	(25,000)	(39,438)	14,438	37%
Uncashed Cheques	34,660	-	34,660	100%
Net Change in Cash from Non-Operating Items	(100,285)	(79,438)	(20,847)	(26)%
Net Change in Cash	(852,241)	(470,919)	(381,322)	(81)%
Opening Cash	-	-	-	-
Ending Cash before Financing	(852,241)	(470,919)	(381,322)	-81%
Financing Costs				
Envision DIP Draw	946,546	600,000	346,546	(58)%
Commitment Fees	(55,000)	-	(55,000)	(100)%
Interest Fees	-	-	-	-
Other Fees	(39,305)	-	(39,305)	(100)%
Envision DIP Repayment	-	-	-	-
Ending Cash after Financing	-	129,081	(129,081)	(100)%

23. The variance is based on the difference between the receipts and approved disbursement runs, as prepared by the Company and approved by the Proposal Trustee, and the receipts and disbursements indicated in the cash flow statement filed as Appendix C to the First Report (the “**Original Forecast**”).
24. Due to the delay in the expected timing of Court approval for the DIP Facility, the actual receipts and disbursements have been compared against the March 2026 column in the Original Forecast, which is when the Company expected construction to re-commence.
25. The Original Forecast assumed that the DIP Facility was to be provided by Maynbridge Capital. However, as detailed in the First Report, the existing secured lender, Envision Financial, provided the court-approved DIP Facility which had more favourable borrowing terms.
26. As a result of the change from Maynbridge Capital to Envision Financial, the company incurred an additional commitment fee of \$55,000 which was not included in the Original Forecast.
27. In addition, the Original Forecast did not include a provision for legal fees incurred by the DIP lender or for Maynbridge Capital’s non-refundable commitment fee.
28. The Company advised that trades have generally agreed to complete post-filing work under prepayment terms. Higher than anticipated upfront cash disbursements reflect this payment plan.
29. The Proposal Trustee reviewed the variances with Company management who advise that they are timing differences and expected to reverse during the subsequent weeks, assuming the Court grants the extension of the stay of proceedings being sought.

30. The Proposal Trustee is advised that management considers the total costs included in the Original Forecast to still be sufficient to complete the construction of the Phase I units.
31. As at May 29, 2026, the Company held no cash and is expected to request an additional advance pursuant to this DIP Facility in the next week.

PROJECTED CASH FLOW

32. Attached as Appendix A to this report is a cash flow statement (the “**New NOI Forecast**”) prepared by the Company that extends to September 30, 2026.
33. The cash flow assumes the stay of proceedings being sought by the Company to July 24, 2026 is approved by this Honourable Court.
34. The cash flow statement indicates a cash need of \$1.42 million in addition to the initial DIP Facility advance which is within the total approved DIP Facility of \$2.4 million.
35. Except for what is set out in the summary of receipts and disbursement, nothing has come to the attention of the Proposal Trustee that causes it to believe that, in all material respects:
 - (a) The hypothetical assumptions are not consistent with the purpose of the New NOI Forecast;
 - (b) As at the date of this report, the probable assumptions developed by the Company are not suitably supported and consistent with the plans of the Company or do not provide a reasonable basis for the New NOI Forecast, given the hypothetical assumptions; or

- (c) The New NOI Forecast does not reflect the probable and hypothetical assumptions.
36. Since the New NOI Forecast is based on assumptions regarding future events, actual results will vary from the information presented, even if the hypothetical assumptions occur, and the variations may be material. Accordingly, the Proposal Trustee expresses no assurance as to whether the New NOI Forecast will be achieved.
37. The New NOI Forecast has been prepared solely for the purpose described in the notes to the New NOI Forecast and readers are cautioned that it may not be appropriate for other purposes.

UPDATE ON THE COMPANY'S CLAIMS PROCESS

38. At the previous Court hearing held on April 20, 2026, a Claims Process Order was granted by this Honourable Court.
39. Pursuant to the Claims Process Order, on April 27, 2026 the Proposal Trustee caused the Claims Package (as defined in the order) to be sent to all known creditors of the Company by ordinary mail.
40. The Claims Package was forwarded to 42 creditors by ordinary mail and an additional 23 parties were notified by email.
41. The Proposal Trustee also posted the Claims Package on the Proposal Trustee's website.
42. Pursuant to the terms of the Claims Process Order, the Claims Bar Date was May 27, 2026.
43. As at May 27, 2026, 64 proofs of claim were received by the Proposal Trustee.

44. Given the claims bar date was May 27, 2026 at 5:00 PM PT, the Proposal Trustee has not yet determined the total quantum of claims and will provide an update in a its next report.
45. The Proposal Trustee has forwarded copies of all proofs of claim to the Company and is now working with its management to review their validity.

COMPANY'S REQUEST FOR A VESTING ORDER

46. The Proposal Trustee understands that the Company is seeking approval of a vesting order such that title to the units subject to pre-sale agreements, may be conveyed on closing free and clear of all encumbrances registered on the property.
47. As indicated previously, aside from Envision Financial who holds a mortgage over the Everwood property, there are several construction contractors that have registered liens against the property.
48. The Proposal Trustee is of the view that without the lien creditors voluntarily removing their liens, a vesting order is necessary to protect the pre-sale agreements and provide the Company with the ability to convey its interest in the property.
49. The Proposal Trustee understands that notice of the Company's intention to seek a vesting order was provided to all parties that have filed liens or encumbrances on Everwood's land title.
50. The Proposal Trustee notes that the provision of the vesting order requiring the proceeds from closing the pre-sale agreements is to be held in trust by the Proposal Trustee in the stead of the physical asset.
51. The Proposal Trustee notes that 6 of the 7 pre-sale agreements for which a vesting order is being sought were entered into prior to the NOI filing.

52. The Company has retained the services of Breakside to market and sell the units and the Proposal Trustee has been advised by Breakside that the pricing is in line with current real estate pricing in Maple Ridge.
53. The Proposal Trustee is of the view that if the units subject to pre-sale agreements were to be re-marketed, the value may be subject to negative variations which would be detrimental to the interests of the stakeholders.
54. Based on all of the above, the Proposal Trustee is supportive of the approval of the vesting order being sought by the Company.

COMPANY'S REQUEST FOR AN EXTENSION OF THE STAY OF PROCEEDINGS

55. The Company is seeking an extension of the stay of proceedings to July 24, 2026. Absent an extension, the stay of proceedings would expire on June 9, 2026. The Company is seeking an extension for the following reasons:
 - (a) To provide the Company with the time required to complete construction of the Phase I units so that additional units may be offered for sale;
 - (b) To provide the Proposal Trustee and the Company the time required to review the claims received pursuant to the Claims Process Order; and
 - (c) To provide the Company with the time required to secure construction financing for Phase II in order to formulate the basis for a proposal to its creditors.
56. The Proposal Trustee supports the Company's request for an extension of its stay of proceedings based on the following:

- (a) The Proposal Trustee has observed that the Company has acted in good faith and with due diligence; and
- (b) The Company needs time to complete the construction of its Phase I units so that additional units may be sold which will advance the Company's ability to secure additional funding to complete the construction of its Phase II units and allow the Company to make a proposal to its creditors.

All of which is respectfully submitted this 29th day of May, 2026.

FTI Consulting Canada Inc.,
in its capacity as Proposal Trustee under a NOI
filed by 1281805 B.C. Ltd.



Name: Craig Munro
Title: Managing Director,
FTI Consulting Canada Inc.

Appendix A
New NOI Forecast

1281805 B.C. Ltd. - EVERWOOD PHASE 1
Cash Flow Statement
For the period ending September 31, 2026

Month Ending	Notes	Week 1 - 5					Total
		May-26 Actual	Jun-26 Forecast	Jul-26 Forecast	Aug-26 Forecast	Sep-26 Forecast	
Receipts							
Cash on Hand	[1]	\$ 2,898	\$ -	\$ -	\$ -	\$ -	\$ 2,898
Total Receipts		2,898	-	-	-	-	2,898
Operating Disbursements							
Building 8 - Hard Costs		(69,815)	(29,914)	-	-	-	(99,729)
Building 1 - Hard Costs		(338,673)	(91,381)	(91,381)	(91,381)	-	(612,815)
Common Areas - Hard Costs		(89,778)	(66,514)	(66,514)	(66,514)	-	(289,320)
Deficiencies - Hard Costs		(27,643)	(6,625)	(6,625)	(6,625)	-	(47,517)
Upgrades - Hard Costs		(21,439)	(14,762)	(17,788)	(17,861)	-	(71,849)
Consultants - Soft Costs		(78,914)	(77,874)	(77,874)	(8,197)	-	(242,859)
Project Management		(40,000)	(45,000)	(45,000)	(45,000)	-	(175,000)
Insurance		(17,994)	(4,602)	(4,602)	(4,602)	-	(31,800)
Utilities		(7,877)	(2,058)	(2,058)	(2,058)	-	(14,050)
Property Tax		-	(50,000)	-	-	-	(50,000)
Strata		(41,763)	(547)	(547)	(547)	-	(43,403)
Other Legal, Finance & Accounting		(20,958)	(6,017)	(6,017)	(3,008)	-	(36,000)
GST Remittance		-	-	-	-	-	-
Total Operating Costs	[2]	(754,854)	(395,292)	(318,404)	(245,793)	-	(1,714,343)
Net Change in Cash from Operations		(751,956)	(395,292)	(318,404)	(245,793)	-	(1,711,445)
Non-Operating Disbursements							
Restructuring Professional Fees		(109,946)	(130,525)	(101,519)	(58,011)	-	(400,000)
Other Non-Operating Fees	[3]	(25,000)	(48,811)	(48,811)	(25,456)	-	(148,079)
Net Change in Cash from Non-Operating Items		(134,946)	(179,336)	(150,330)	(83,467)	-	(548,079)
Net Change in Cash		(886,901)	(574,628)	(468,735)	(329,260)	-	(2,259,524)
Opening Cash		-	(886,901)	(1,461,529)	(1,930,264)	(2,259,524)	-
Ending Cash before Financing		(886,901)	(1,461,529)	(1,930,264)	(2,259,524)	(2,259,524)	(2,259,524)
Financing Costs							
Envision DIP Draw		981,207	581,128	479,085	342,785	15,795	2,400,000
Commitment Fees		(55,000)	-	-	-	-	(55,000)
Interest Fees	[4]	-	(6,500)	(10,350)	(13,524)	(15,795)	(46,171)
Other Fees	[5]	(39,305)	-	-	-	-	(39,305)
Envision DIP Repayment	[6]	-	-	-	-	(2,400,000)	(2,400,000)
Ending Cash after Financing		1	0	0	0	(2,400,000)	(2,400,000)
Sale Receipts							
Sales Proceeds - Pre-Sale	[7]	-	2,879,220	2,713,050	-	-	5,592,270
Ending Cash after Financing and after Sales Receipts		1	2,879,220	5,592,270	5,592,271	3,192,271	3,192,270

Notes:

The Cash Flow Statement is based on the probable and hypothetical assumptions detailed below. Actual results will likely vary from performance projected and such variations may be material.

[1] Royal Bank of Canada bank balance as at March 31, 2026, as provided by management.

[2] Operating costs have been prepared by management with the assistance of the project manager based on review of supplier contracts.

[3] Consists of \$25,000 non refundable commitment fee to Maynbridge.

[4] Interest on Envisions DIP Facility is paid one month in arrears. Prime + 3.50%. Variable Rate of 4.45%.

[5] Unforecasted DIP lender professional fees auto-drawn from initial DIP advance.

[6] This forecast assume full repayment of DIP principal in September 2026.

[7] This section is included for illustrative purposes and assumes that the pre-sale agreements close as anticipated. Based on this assumption, the June and July pre-sale proceeds would be sufficient to repay the DIP Facility in full.