COURT FILE NO. B-260250
VANCOUVER REGISTRY

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.

THIRD REPORT OF THE PROPOSAL TRUSTEE

JULY 23, 2026

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INTRODUCTION

1. This report ("**Third 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 the majority of its Phase I units either already sold and closed or subject to purchase agreements pending closing.

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 Third Report is to provide this Honourable Court with an update on the following:

   (a) The activities of the Company since the Second Report dated May 29, 2026;

   (b) A summary of the Company's receipts and disbursements since the commencement of the NOI;

   (c) A summary of the proceeds held by the Proposal Trustee from purchase agreements closed subsequent to the filing of the NOI;

   (d) The Company's cash flow projection for the period covering the stay of proceedings extension being sought (the "**Third Cash Flow Projection**");

   (e) The Company's request for approval of further Vesting Orders in respect of purchase agreements;

   (f) A summary of the results from the Claims Process conducted by the Proposal Trustee; and

   (g) The Company's request for an extension of the current stay of proceedings under the NOI from July 24, 2026 to September 4, 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 Third 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 by this Honourable Court.

16. Subsequent to the issuance of the Second Report, the Company has been focused on working with its trade suppliers to complete construction of the Phase I units.

17. In addition, the Company has been supporting the Proposal Trustee in its review of proofs of claim submitted pursuant to the Claims Process Order granted by this Honourable Court on April 27, 2026.

18. Subsequent to the issuance of the Second Report, the Company's sales and marketing firm, Breakside Real Estate Group ("**Breakside**") continued its marketing and sales initiatives and in consultation with the Company sold the remaining three units in Phase I. However, one of the agreements is subject to conditions which are required to be removed on or before July 24, 2026.

19. As detailed in a subsequent section of this report, the Company is now seeking the Court's approval for these sales and the granting of a vesting order so that the Company can convey its title to the purchaser free and clear of any existing encumbrances.

20. The Company has continued to communicate with its senior secured lender, 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

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

Month Ending	Week 1 - 13 Jul-26 Actual	Jul-26 Forecast	Variance ($)	Variance (%)
Receipts				
Cash on Hand	$ 143	$ 2,898	$ (2,755)	(95)%
Other Receipts	57,816	-	57,816	-
Total Receipts	**57,959**	**2,898**	**55,061**	1900%
Operating Disbursements				
Building 8 - Hard Costs	(107,959)	(99,729)	(8,230)	(8)%
Building 1 - Hard Costs	(524,791)	(521,434)	(3,357)	(1)%
Common Areas - Hard Costs	(299,942)	(222,806)	(77,136)	(35)%
Deficiencies - Hard Costs	(40,206)	(40,893)	686	2%
Upgrades - Hard Costs	(67,432)	(53,988)	(13,444)	(20)%
Consultants - Soft Costs	(175,263)	(234,662)	59,399	25%
Project Management	(135,000)	(130,000)	(5,000)	(4)%
Insurance	(27,690)	(27,198)	(492)	(2)%
Utilities	(9,256)	(11,992)	2,736	23%
Property Tax	(50,000)	(50,000)	-	-
Strata	(41,763)	(42,856)	1,093	3%
Other Legal, Finance & Accounting	(29,205)	(32,992)	3,787	11%
Bank Service Charge	(148)	-	(148)	-
Total Operating Costs	**(1,508,654)**	**(1,468,550)**	**(40,105)**	(3)%
Net Change in Cash from Operations	**(1,450,695)**	**(1,465,652)**	**14,957**	**1%**
Non-Operating Disbursements				
Restructuring Professional Fees	(219,789)	(341,989)	122,201	36%
Other Non-Operating and Contingency Fees	(181,133)	(122,623)	(58,510)	(48)%
Net Change in Cash from Non-Operating Items	**(400,922)**	**(464,612)**	**63,690**	14%
Net Change in Cash	(1,851,617)	(1,930,264)	78,647	4%
Opening Cash	-	-	-	-
Ending Cash before Financing	**(1,851,617)**	**(1,930,264)**	**78,647**	**4%**
Financing Costs				
Envision DIP Draw	2,066,327	2,041,420	24,907	(1)%
Commitment Fees	(55,500)	(55,000)	(500)	(1)%
Interest Fees	(101,400)	(16,851)	(84,549)	(502)%
Other Fees	-	(39,305)	39,305	-
Envision DIP Repayment	-	-	-	-
Ending Cash after Financing	**57,810**	-	**57,810**	-
Sale Receipts				
Sales Proceeds	4,099,183	5,592,270	(1,493,087)	(27)%
GST Remittance	(102,945)	-	(102,945)	-
Ending Cash held by the Proposal Trustee	**3,996,238**	**5,592,270**	**(1,538,222)**	**29%**

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22. The variance column is based on the difference between the actual receipts and approved disbursements, 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 A to the Second Report (the "**Second Cash Flow Forecast**").

23. Other Receipts include interest income earned on the Proposal Trustee's trust accounts and the proceeds from an insurance claim paid to 1281805 B.C. Ltd. in respect of a previously damaged unit.

24. Total Operating Costs and Non-Operating Items are largely consistent with the Second Cash Flow Forecast, with a net variance of $23.5 thousand primarily driven by timing differences. Management remains of the view that the total costs included in the Second Cash Flow Forecast is sufficient to complete construction of the Phase I units.

25. Sale Proceeds relate to the net proceeds collected from the closings of strata lots 12, 13, 14 and 15 (the "**Block 8 Units**"). The variance reflects the closing of one additional Block 8 Unit that was not included in the Second Cash Flow Forecast and the deferral of the closing of three Block 1 units from end of July 2026 to early August 2026.

26. The Proposal Trustee in discussion with the Company, intends to use the proceeds being held in trust by the Proposal Trustee, to remit the GST collected on the unit sales to the Canada Revenue Agency and repay the DIP Facility so that interest costs can be minimized.

27. Envision Financial incorrectly withdrew funds from the first draw on the DIP Facility for the existing mortgage for Phase I. The error has since been corrected, and the amount has been restored to the available DIP facility. In addition, the Third Cash Flow Forecast has been updated to reflect the corrected drawdown of the $101,400 interest reserve required under the DIP Facility terms.

28. The GST collected from the closing of purchase agreements in the amount of $102,945 was not contemplated in the Second Cash Flow Forecast as the sales were presented net of GST.

29. As at July 21, 2026, the Proposal Trustee and Company hold approximately $4.05 million. This balance assumes that the recent approved disbursement run and uncashed cheques clear the Company's accounts in the coming weeks.

30. As the majority of the cash on hand is related to sales proceeds, held by the Proposal Trustee, the Company expects to request an additional advance for the remaining availability under the DIP Facility within the next two weeks.

PROJECTED CASH FLOW

31. The Third Cash Flow Forecast prepared by the Company that extends to September 30, 2026, is attached as Appendix A to this report.

32. The cash flow assumes the stay of proceedings being sought by the Company to September 4, 2026, is approved by this Honourable Court.

33. The cash flow statement indicates a further draw request of $333,673 from the DIP Facility which will bring the total advances pursuant to the DIP Facility to $2.4 million.

34. 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 Third Cash Flow 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 Third Cash Flow Forecast, given the hypothetical assumptions; or

(c) The Third Cash Flow Forecast does not reflect the probable and hypothetical assumptions.

35. Since the Third Cash Flow 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 Third Cash Flow Forecast will be achieved.

36. The Third Cash Flow Forecast has been prepared solely for the purpose described in the notes to the Third Cash Flow and readers are cautioned that it may not be appropriate for other purposes.

UPDATE ON THE COMPANY'S CLAIMS PROCESS

37. As detailed in the Second Report of the Proposal Trustee, a Claims Process Order (the "**Claims Process Order**") was granted by this Honourable Court on April 27, 2026. The Proposal Trustee subsequently administered the claims process in accordance with the Claims Process Order.

38. As indicated in the following table, as of the Claims Bar Date (as defined in the Claims Process Order), 64 proofs of claim were received by the Proposal Trustee totaling approximately $4.8 million.

Claim Summary *CAD*		Creditors with Filed Liens		Unsecured Creditors		Total
Claims Received		20		44		64
Value of Claims Received	$	2,176,640	$	2,592,700	$	4,769,339
Claims Revised		5		16		21
Value of Claims Revised	$	(74,652)	$	(1,689,246)	$	(1,763,898)
Claims Accepted		20		41		61
Value of Claims Accepted	$	2,101,988	$	903,454	$	3,005,441

39. From the total of 64 proofs of claim received, 20 were from creditors that either provided evidence of a registered lien or identified by the Company as having filed a lien (the "**Lien Creditors**").

40. The remaining 44 proofs of claim were from ordinary unsecured creditors.

41. The claims were reviewed by the Proposal Trustee in conjunction with the Company. Pursuant to the Claims Process Order, any differences noted between the amount claimed and what was recorded in the Company's books and records were sent a Notice of Revision or Disallowance ("**NoRD**").

42. As detailed in the table, 21 NoRD's were forwarded to creditors to revise the amount indicated in the proof of claim. In addition, all of the Lien Creditors were provided with a NoRD advising that their secured status had been disallowed at this time until the value of the assets is established.

43. No dispute notices were subsequently received and as a result, the 61 proofs of claim were accepted as proven claims in the aggregate amount of approximately $3.0 million.

COMPANY'S REQUEST FOR VESTING ORDERS

44. At the last hearing, the Company sought and obtained seven vesting orders to allow for the closing of pre-sale purchase agreements and for title to be conveyed to the purchaser free and clear of all encumbrances registered against the Everwood property.

45. The Proposal Trustee understands that the Company is now seeking approval of additional vesting orders for agreements of purchase and sale that were entered into by the Company subsequent to the filing of the NOI.

46. 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.

47. The Proposal Trustee is of the view that without the lien creditors voluntarily removing their liens, a vesting order is necessary to provide the Company with the ability to convey its interest to the purchaser free and clear of any encumbrances.

48. The Proposal Trustee understands that notice of the Company's intention to seek vesting orders was provided to all parties that have filed liens or encumbrances on title of the Everwood property.

49. The Proposal Trustee notes that a provision of the vesting order requires the proceeds from closing the purchase agreements to be held in trust by the Proposal Trustee in the stead of the physical asset.

50. As indicated in the Second Report of the Proposal Trustee, the Company has retained the services of Breakside Real Estate Group ("**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.

51. Based on all of the above, the Proposal Trustee is supportive of the approval and vesting orders being sought by the Company.

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

52. The Company is seeking an extension of its stay of proceedings and the time to file a proposal to September 4, 2026. Absent an extension, the stay of proceedings would expire on July 24, 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 the units subject to purchase agreements can be closed; and

    (b) 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.

53. 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 is acting in good faith and with due diligence; and

    (b) The Company needs time to complete the construction of its Phase I units so that the purchase agreements for the remaining Phase I units can be closed 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.

54. The Proposal Trustee notes that it has retained independent legal counsel to review the mortgage security of Envision Financial.

55. Subject to that review being completed, the Proposal Trustee understands that the Company expects to be back before this Honourable Court in the next few weeks to seek an order allowing the Proposal Trustee to pay any surplus funds from the closing of purchase agreements to Envision Financial such that the mortgage balance may be reduced and interest costs minimized for the benefit of all stakeholders.

All of which is respectfully submitted this 23rd day of July 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
Third Cash Flow Forecast

1281805 B.C. Ltd. - EVERWOOD PHASE 1
Cash Flow Statement
For the period ending September 30, 2026

Period Ending	Notes	Week 1 - 13 24-Jul-26 Actual	Aug-26 Forecast	Sep-26 Forecast	Total
Receipts					
Cash on Hand	[1]	$ 143	$ -	$ -	$ 143
Other Receipts	[2]	57,816			57,816
Total Receipts		**57,959**	**-**	**-**	**57,959**
Operating Disbursements					
Building 8 - Hard Costs		(107,959)	-	-	(107,959)
Building 1 - Hard Costs		(524,791)	(77,775)	-	(602,566)
Common Areas - Hard Costs		(299,942)	-	-	(299,942)
Deficiencies - Hard Costs		(40,206)	-	-	(40,206)
Upgrades - Hard Costs		(67,432)	(15,555)	-	(82,987)
Consultants - Soft Costs		(175,263)	(23,332)	-	(198,595)
Project Management		(135,000)	(15,555)	-	(150,555)
Insurance		(27,690)	-	-	(27,690)
Utilities		(9,256)	-	-	(9,256)
Property Tax		(50,000)	-	-	(50,000)
Strata		(41,763)	-	-	(41,763)
Other Legal, Finance & Accounting		(29,205)	(23,332)	-	(52,537)
Bank Service Charge		(148)	-	-	(148)
Total Operating Costs	[3]	**(1,508,654)**	**(155,549)**	**-**	**(1,664,203)**
Net Change in Cash from Operations		**(1,450,695)**	**(155,549)**	**-**	**(1,606,244)**
Non-Operating Disbursements					
Restructuring Professional Fees		(219,789)	(90,106)	(90,106)	(400,000)
Other Non-Operating and Contingency Fees	[4]	(181,133)	-	-	(181,133)
Net Change in Cash from Non-Operating Items		**(400,921)**	**(90,106)**	**(90,106)**	**(581,133)**
Net Change in Cash		(1,851,616)	(245,655)	(90,106)	(2,187,377)
Opening Cash		-	(1,851,616)	(2,097,271)	-
Ending Cash before Financing		**(1,851,616)**	**(2,097,271)**	**(2,187,377)**	**(2,187,377)**
Financing Costs					
Envision DIP Draw	[5]	2,066,327	333,673	-	2,400,000
Commitment Fees		(55,500)	-	-	(55,500)
Interest Reserve	[6]	(101,400)	-	-	(101,400)
Ending Cash after Financing		**57,811**	**145,829**	**55,723**	**55,723**
Sales Receipts					
Sales Proceeds	[7]	4,099,183	4,633,654	875,281	9,608,118
GST Collected	[8]	(102,945)	(54,495)	(276,220)	(433,660)
Ending Cash held by the Proposal Trustee		**3,996,238**	**8,575,397**	**9,174,458**	**9,174,458**

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] Cash balance per Envision Financial accounts, as provided by management.
[2] Other receipts include interest received on deposit funds and insurance claim proceeds payable to 1281805 B.C. Ltd.
[3] Forecasted operating costs have been prepared by management, based on a review of the remaining work to be completed.
[4] Consists of a $25,000 non-refundable commitment fee paid to Maynbridge, along with operating disbursements that were not foreseeable when preparing the original budget and have been allocated to the contingency reserve.
[5] Envision Financial incorrectly drew interest from the DIP loan against the Phase 1 mortgage. This error has since been corrected.
[6] An interest reserve of $101,400 has been drawn by Envision Financial in accordance with the terms of the DIP Facility agreement.
[7] As of July 21, 2026, net proceeds, including GST, have been collected from the sale of 4 residential units, totaling $4.0 million. The remaining 6 units are expected to close as follows: 5 in early August and 1 in early September.
[8] GST collected on residential sale proceeds is filed and remitted to the Canada Revenue Agency in the month following each sale closing.