No. S-264260
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 A PLAN OF COMPROMISE AND ARRANGEMENT OF 464 EAGLECREST DRIVE LIMITED PARTNERSHIP, TCD DEVELOPMENTS (GIBSONS) LTD. AND 464 EAGLECREST DRIVE PROPERTIES LTD.

PETITIONERS

SECOND REPORT OF THE MONITOR

September 4, 2026

SECOND REPORT OF THE MONITOR

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INTRODUCTION

1. On June 8, 2026, 464 Eaglecrest Drive Limited Partnership ("**464 LP**" or the "**Company**"), TCD Developments (Gibsons) Ltd. ("**TCD**") and 464 Eaglecrest Drive Properties Ltd. ("**464 Ltd.**", and collectively, "**Eaglecrest"** or the "**Petitioners**") made an application for and were granted an initial order (the "**Initial Order**") to commence proceedings (the "**CCAA Proceedings**") under the Companies' Creditors Arrangement Act, R.S.C. 1985, c. C-36, as amended (the "**CCAA**").

2. The Petitioners are a real estate development group which have spent the past several years developing and constructing a residential complex in Gibsons, British Columbia known as Eagle View Heights (the "**Project**").

3. The Initial Order provides for, among other things:

    a. A stay of proceedings against the Petitioners (the "**Stay of Proceedings**") until June 18, 2026;

    b. The appointment of FTI Consulting Canada Inc. as the Monitor of the Petitioners (the "**Monitor**");

    c. The approval of an interim financing facility (the "**DIP Facility**") to be advanced by Tru Cooperative Bank, formerly known as First West Credit Union (the "**Interim Lender**") and a charge in favour of the Interim Lender to the maximum amount of the DIP Facility (the "**Interim Lender's Charge**"); and

    d. The approval of a charge in favour of the Petitioners' legal counsel, the Monitor and the Monitor's legal counsel (the "**Administration Charge**") for an aggregate amount not to exceed $200,000.

4. On June 18, 2026, the Petitioners sought and obtained an amended and restated initial order (the "**ARIO**") extending the Stay of Proceedings to September 8, 2026.

5. On September 4, 2026, the Monitor filed an application for an order extending the Stay of Proceedings until and including January 15, 2027.

PURPOSE

6. The purpose of this report is to provide this Honourable Court and the Petitioners' stakeholders with information regarding the following:

    a. The activities undertaken by the Monitor since the granting of the ARIO;

    b. A stop work order issued by the Town of Gibsons (the "**Town**") in relation to a specific area of the Project.

    c. An update on the Monitor's efforts to evaluate, select and engage a general contractor to complete construction of the Project;

    d. An interim statement of receipts and disbursements for the period ended August 28, 2026;

    e. An updated cash flow forecast for the period September 1, 2026 to January 15, 2027 (the "**Second Cash Flow Statement**");

    f. The proposed extension of the Stay of Proceedings; and

    g. The Monitor's conclusions and recommendations.

TERMS OF REFERENCE

7. In preparing this report, the Monitor has relied upon certain information (the "**Information**") including the Petitioners' unaudited financial information, books and records and discussions with senior management of the Petitioners ("**Management**").

8. Except as described in this report, the Monitor 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 Chartered Professional Accountants of Canada Handbook.

9. The Monitor 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 Chartered Professional Accountants of Canada Handbook.

10. Future-oriented financial information reported to be relied on in preparing this report is based on Management's assumptions regarding future events. Actual results may vary from forecast and such variations may be material.

11. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars.

ACTIVITIES OF THE MONITOR

12. Since the granting of the ARIO, the Monitor's activities have been primarily focused on:

    a. engaging a general contractor to complete the outstanding construction of the Project;

    b. investigating the circumstances giving rise to a stop work order (the "**SWO**") issued by the Town in respect of a specific area of the Project; and

    c. working with the Petitioners' real estate counsel to facilitate the registration of the Project's strata plan to allow for the closing of unit sales.

13. Each of these are discussed in detail in subsequent sections of this report.

14. In addition to the foregoing, the Monitor's activities have included:

   a. Meetings with Management to discuss the status of the Project and approach to completion;

   b. Meetings with the Interim Lender to discuss, among other things, the status of the project, funding requirements and the selection of a general contractor;

   c. Engaging with the Project's New Home Warranty and deposit protection insurance provider, the Town, the marketing and sales agent for the project, consultants, trade suppliers and certain pre-sale purchasers;

   d. Managing the Petitioners' cash receipts and disbursements through accounts controlled by the Monitor;

   e. Overseeing the preparation and issuance of an amended disclosure statement pursuant to the provisions of the *Real Estate and Development Marketing Act* ("**REDMA**");

   f. Consulting with legal counsel regarding real estate and restructuring matters;

   g. Responding to stakeholder enquiries; and

   h. Preparing this Second Report of the Monitor.

STOP WORK ORDER

15. Subsequent to its appointment, the Monitor became aware of the SWO issued by the Town with respect to the area of the development located adjacent to the residential units and designated as the park (the "**Park**").

16. Earlier this year, following suspension of construction activities by the incumbent general contractor, Kindred Construction Ltd. ("**Kindred**"), representatives of the Petitioners retained a trade contractor to perform grading work within the Park without the involvement or oversight of the Project's engineering consultants. The Monitor understands that the Petitioners provided out-dated landscaping plans to the trade contractor, resulting in grading work that exceeded the slopes that had been approved by the Town. As a result, the Town issued the SWO.

17. The Monitor convened a meeting with representatives of the Petitioners and the project's civil, landscape and geo-technical engineers to address the SWO. During that meeting, it was agreed that the engineering consultants would attend the site to assess the extent of the grading issues and develop a remediation plan to address the Town's concerns.

18. Following the site review, the engineering consultants reached an agreement on a remediation plan intended to correct the grading deficiencies and bring the Park into compliance with the plans previously approved by the Town.

19. The Monitor understands that the remediation plan developed by the engineering consultants has been submitted to the Town for review and approval with a view to having the SWO lifted.

ENGAGEMENT OF A GENERAL CONTRACTOR

20. As noted in the First Report of the Monitor, the Monitor met with representatives of Kindred immediately following the granting of the Initial Order. During that meeting, the Monitor requested that Kindred prepare a budget and schedule for the completion of the Project.

21. Kindred subsequently provided the Monitor with a proposed completion budget (the "**Kindred Proposal**") which was based on the remaining amounts payable under its existing agreements with trade contractors.

22. Concurrently, representatives of 464 LP advised the Monitor that they were developing an alternative proposal to deploy their own staff and partner with a new general contractor. Under that proposal, the new general contractor would either retain the existing trade contractors or, where satisfactory arrangements could not be agreed upon, engage replacement trades to complete the remaining work (the "**KiND Proposal**").

23. The two proposals include significantly diverging assumptions and cost estimates in a number of areas. As a result, the Monitor retained M3 Development Management ("**M3**"), a consulting firm specializing in project management and quantity surveying, to review the two proposals and provide recommendations.

24. M3 delivered a report to the Monitor on July 17, 2026. While M3 noted that the KiND Proposal appeared to be moderately less expensive in respect of hard costs, it also concluded that the Kindred budget was substantiated by detailed, credible, third-party documentation to backup the largest identified line item discrepancies as between the Kindred Proposal and the KiND Proposal.

25. However, as at the date of the Initial Order, Kindred was owed approximately $3.8 million (the "**Arrears**") by the Petitioners. Under the Kindred Proposal, Kindred sought repayment of the Arrears in priority to the claims of other secured creditors including the Interim Lender. M3 flagged this condition as likely being problematic.

26. In light of M3's conclusions, the Monitor consulted with the sales and marketing agent for the project, Dexter Realty ("**Dexter**") with respect to their impression of the state of mind of the pre-sale purchasers and whether a change in general contractor would affect their interest and willingness to close the transactions for their respective pre-sale purchase agreements. Dexter advised that many of the pre-sale purchasers signed their purchase agreements several years ago and have been awaiting completion of the project for an extended period. In

Dexter's view, replacing the general contractor at this stage could negatively affect purchasers' willingness to close on their pre-sale agreements.

27. In assessing viability of, and possible alternatives to, the Kindred Proposal, the Monitor is mindful that the payment of any portion of the Arrears, if necessary to secure Kindred's continued participation in the Project, needs to be balanced against the potential risks associated with engaging a replacement contractor, including:

    a. The potential impact on pre-sale purchasers; and

    b. The potential impact on warranties provided by subcontractors.

28. The Monitor also notes that paragraph 6(b) of the ARIO authorizes the Petitioners, with the consent of the Monitor, to pay certain pre-filing claims up to the maximum amount of $1,000,000.

29. As a result, the Monitor engaged in a series of discussions with Kindred to negotiate the amount of Arrears payment for Kindred to resume work on the project.

30. Following several rounds of discussions, Kindred presented a revised proposal (the "**Revised Kindred Proposal**") pursuant to which it would receive a payment for a portion of the Arrears that is sufficient to satisfy outstanding amounts owing to key trade contractors, with the balance of the Arrears remaining subordinated to the mortgage granted in favor of the Interim Lender.

31. The Monitor subsequently provided the Interim Lender with a report summarizing the KiND Proposal, the Revised Kindred Proposal and M3's recommendations in order to solicit the Interim Lender's views regarding each completion strategy and Kindred's request for payment of arrears.

32. The Monitor also advised the Interim Lender that, consistent with a recommendation from M3, it had solicited an independent construction budget from an additional general contractor

to assist with assessing the reasonableness of the budgets included in the Revised Kindred Proposal and the KiND Proposal.

33. At the request of the Interim Lender, the Monitor arranged separate videoconference meetings with representatives of the Interim Lender and Kindred, and representatives of the Interim Lender and the general contractor proposed in the KiND Proposal ("**Panorama**") which meetings took place during the week of August 24, 2026.

34. The Interim Lender expressed concerns to both parties regarding the historical cost overruns and therefore its desire for increased certainty around costs to complete. As a result, both parties were asked to provide fixed cost budgets with respect to the remaining construction.

35. Both Kindred and Panorama submitted fixed price budgets which have been reviewed by the Monitor and the Interim Lender.

36. At the date of this report, the Monitor understands that the Interim Lender has completed its internal review and is consulting with its executive management and will provide the Monitor with its feedback on the proposals submitted by each of Kindred and Panorama shortly.

37. The Monitor anticipates that it will be in a position to render a decision very shortly, following which the Monitor intends to engage with the selected general contractor regarding the terms of an agreement for completion of the remaining construction work.

SUBMISSION OF THE STRATA PLAN

38. In consultation with its legal counsel, the Monitor determined that it would be more cost effective to continue using the services of the Petitioner's real estate counsel, Gowling WLG (Canada) LLP ("**Gowling**") for any legal matters relating to REDMA compliance, unit sales, and the registration of the strata plan for the Project.

39. The Monitor contacted Gowling to obtain an update regarding the status of the Petitioners' pre-sale agreements, compliance with the requirements of REDMA and the status of the Project's strata plan.

40. In accordance with the REDMA requirements, Gowling prepared an amendment to the Project's disclosure statement which was provided to the Project's sales representative for delivery to pre-sale purchasers.

41. The Monitor also arranged a meeting with representatives of the Petitioners and the Town. During that meeting, the Monitor was informed of the existence of the SWO, as discussed above, the steps required to obtain approval of the strata plan and the Town's willingness to work with the Monitor to achieve occupancy permits on a staged basis.

42. With respect to the strata plan, the Town advised the Monitor that it required completion of at least 50% of the work relating to the Park, or for the Petitioners to post security in an amount equal to half of the estimated cost of the remaining Park work. Given the current SWO in respect of the Park, the Monitor, in consultation with the Interim Lender, arranged for the posting of a security bond with the Town.

43. Upon receipt of the security bond, the Town released the approved strata plan (the "**Plan**") to Management and Gowling.

44. Gowling has submitted the Plan to the Land Titles Office for registration. As of the date of this report, confirmation of registration has not yet been received.

45. The Monitor anticipates that, following registration of the Plan by the Land Titles Office, it will seek a Sale Approval and Vesting Order from this Honourable Court to facilitate the closing of unit sales for the pre-sale agreements, and vest title to the unit in the respective pre-sale purchasers, free and clear of all charges and encumbrances (except for any permitted encumbrances).

DIP FACILITY

46. As described in the First Report of the Monitor, the Initial Order approved the DIP Facility in an amount up to $6.75 million.

47. The Monitor requested an initial draw of $1.8 million under the DIP Facility, which was deposited into the Monitor's account, net of certain holdbacks and deductions. As construction activity has not yet resumed, no further draws have been requested since the initial advance.

48. The fixed price construction budgets discussed above (i.e. the KiND Proposal and the Revised Kindred Proposal) each exceed the construction costs forecast in the Cash Flow Statement appended to the First Report of the Monitor.

49. However, the Monitor does not believe that an increase to the DIP Facility will be required. The Monitor expects that the anticipated timing of unit completions and associated closing of pre-sale transactions will generate sufficient liquidity to negate the need for additional interim financing.

STATEMENT OF RECEIPTS AND DISBURSEMENTS

50. The following table summarizes the cash receipts and disbursements since the date of the Initial Order to August 28, 2026 in addition to a comparison against the Cash Flow Statement appended to the First Report of the Monitor:

($CAD)

	13-Weeks Ended August 28, 2026			
	Actual	Forecast	Variance ($)	Variance (%)
Receipts				
Sales Proceeds	$ -	$ -	$ -	0%
Other Receipts	2,017	-	2,017	100%
Total Receipts	2,017	-	2,017	100%
Operating Disbursements				
Hard Costs	(162,015)	(3,626,397)	3,464,382	96%
Consultants	(27,227)	(90,500)	63,273	70%
Insurance	(281,277)	(416,437)	135,160	32%
Property Taxes	(292,739)	(295,657)	2,918	1%
Cash Collateral for Park Bond	(297,398)	(298,000)	602	0%
Other Soft Costs	(124,550)	(638,330)	513,780	80%
Restructuring Professional Fees	(114,473)	(675,000)	560,527	83%
Interim Lender Professional Fees	(14,643)	(125,000)	110,357	88%
Total Operating Disbursements	(1,314,322)	(6,165,321)	4,850,998	79%
Interim Financing				
Advances	1,800,000	6,750,000	(4,950,000)	-73%
Payment of Fees and Interest	(260,000)	(260,000)	-	0%
Payment of Principal	-	-	-	0%
Total Interim Financing	1,540,000	6,490,000	(4,950,000)	-76%
Net Cash Flow	227,694	324,679	(96,985)	-30%
Cash				
Beginning Balance	-	-	-	0%
Net Cash Flow	227,694	324,679	(96,985)	-30%
Ending Balance	**$ 227,694**	**$ 324,679**	**$ (96,985)**	**-30%**

51. As indicated previously, the majority of the differences are primarily due to timing and expected to reverse once construction activity resumes on site.

52. The significant expenditures consist of:

   a. Payment to the Interim Lender for its protective advance made prior to the Initial Order in relation to the Petitioners insurance coverage;

   b. Cash collateral for the security bond issued to the Town with respect to the security bond as detailed previously;

   c. Payment of outstanding property taxes which need to be brought current in order to eventually convey title to pre-sale purchasers; and

d. Payment of the Interim Lender's fee and interest reserve related to the DIP Facility, consulting fees for the engineers and some general labour costs related to site clean up.

53. As noted in the summary, the Monitor is holding approximately $228,000 as at August 28, 2026.

SECOND CASH FLOW STATEMENT

54. A cash flow forecast setting out the liquidity requirements of the Petitioners for the period to January 15, 2027 prepared on a monthly basis (the "**Second Cash Flow Statement**") is attached as Appendix "A".

55. The Second Cash Flow Statement is based on the assumption that construction activity will resume in September and unit sales will be in a position to close in November, consistent with the construction timelines suggested in the proposals submitted by the proposed general contractors.

56. The Second Cash Flow Statement assumes closings of pre-sale agreements commencing in November 2026 for blocks 1 to 4 of the Project. The proceeds are based on the unit sale price less deposit amounts subject to Deposit Protection Insurance and already utilized by the Petitioners and less the estimated closing costs including real estate commissions, legal fees and property taxes.

57. Although additional pre-sale agreements are secured for blocks 5 to 12, they have not been included in the Second Cash Flow Statement due to uncertainty around timing. In any event, the closings of unit sales in blocks 1 to 4 would negate the need for additional draws under the DIP Facility.

58. The timing of unit closings for blocks 1 to 4 is in line with the expected construction timelines indicate in the KiND Proposal and Revised Kindred Proposal.

59. The hard costs forecasted in the Cash Flow Statement attached to the First Report of the Monitor have been updated to align with the fixed price budgets included in the KiND Proposal and the Revised Kindred Proposal.

EXTENSION OF THE STAY OF PROCEEDINGS

60. The Petitioners are seeking to extend the Stay of Proceedings to January 15, 2027 (the "**Stay Extension**").

61. The Monitor's comments with respect to the Petitioners' application for the Stay Extension are as follows:

    a. The Second Cash Flow Statement forecasts that the DIP Facility will provide the Petitioners with sufficient liquidity to operate during the term of the Stay Extension;

    b. The Petitioners require the extension to work with the Interim Lender to select a preferred general contractor and complete construction of the Project;

    c. The Petitioners anticipate making an application to approve the pre-sale purchase agreements during the proposed Stay Extension;

    d. The Petitioners are acting in good faith and with due diligence and with the enhanced oversight of the Monitor; and

    e. The Petitioners' overall prospects of effecting a viable restructuring will be enhanced by the Stay Extension.

CONCLUSIONS AND RECOMMENDATIONS

62. The Stay Extension will provide the Petitioners with the time required to enter into an agreement with a general contractor to recommence construction such that the project can be

completed and finished units conveyed to pre-sale purchasers, to the benefit of all stakeholders.

63. Based on the foregoing, the Monitor respectfully recommends that this Honourable Court grant the Stay Extension.

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All of which is respectfully submitted this 4th day of September, 2026.

FTI Consulting Canada Inc.
in its capacity as Monitor of the Petitioners

For: Tom Powell
Senior Managing Director

Craig Munro
Managing Director

Appendix A

Second Cash Flow Statement

464 Eaglecrest Drive Limited Partnership, TCD Developments (Gibsons) Ltd., and 464 Eaglecrest Drive Properties Ltd. (collectively, the "Petitioners")

Consolidated Cash Flow Forecast of the Petitioners

(CAD)

Forecast Period		**30-Sep-26**	**31-Oct-26**	**30-Nov-26**	**31-Dec-26**	**15-Jan-27**	
Forecast Month	[1]	1	2	3	4	5	Total
Receipts							
Sales Proceeds		$ -	$ -	$ 6,800,000	$ -	$ -	$ 6,800,000
Other Receipts		-	-	-	-	-	-
Total Receipts	[2]	-	-	6,800,000	-	-	6,800,000
Operating Disbursements							
Hard Costs	[3]	(830,000)	(1,350,000)	(1,390,000)	(1,120,000)	(780,000)	(5,470,000)
Consultants	[4]	-	(68,000)	(23,000)	-	-	(91,000)
Insurance	[5]	-	(134,000)	-	-	-	(134,000)
Other Soft Costs	[6]	(213,000)	(109,000)	(67,000)	(42,500)	(18,250)	(449,750)
Restructuring Professional Fees	[7]	(225,000)	(175,000)	(100,000)	(100,000)	(100,000)	(700,000)
Interim Lender Professional Fees		(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(125,000)
Total Operating Disbursements		(1,293,000)	(1,861,000)	(1,605,000)	(1,287,500)	(923,250)	(6,969,750)
Interim Financing							
Advances		2,000,000	1,600,000	-	-	-	3,600,000
Payment of Fees and Interest	[8]	-	-	-	-	-	-
Payment of Principal		-	-	-	-	-	-
Total Interim Financing		2,000,000	1,600,000	-	-	-	3,600,000
Net Cash Flow		707,000	(261,000)	5,195,000	(1,287,500)	(923,250)	3,430,250
Cash							
Beginning Balance		227,694	934,694	673,694	5,868,694	4,581,194	227,694
Net Cash Flow		707,000	(261,000)	5,195,000	(1,287,500)	(923,250)	3,430,250
Ending Balance		**$ 934,694**	**$ 673,694**	**$ 5,868,694**	**$ 4,581,194**	**$ 3,657,944**	**$ 3,657,944**

Notes to the Consolidated Cash Flow Forecast:

[1] The purpose of the Cash Flow Forecast is to estimate the liquidity requirements of the Petitioners. The forecast above is presented in Canadian Dollars and has been forecasted on a cash basis.

[2] Forecast Total Receipts is presented with the anticipated sales of completed units for Blocks 1-4 during the forecast period, with estimated closing costs included.

[3] Forecast Hard Costs are based on recent project proposals with adjustments to certain items to reflect conservatism or contracted costs.

[4] Forecast Consultants costs are based on the estimated remaining costs to be incurred to achieve occupancy on all units.

[5] Forecast Insurance includes DPI and New Home Warranty premiums.

[6] Forecast Other Soft Costs includes miscellaneous costs as well as contingencies for unforeseen expenses.

[7] Forecast Restructuring Professional Fees includes the Company's legal counsel, the Monitor and the Monitor's legal counsel.

[8] Interim Lender is holding an interest reserve held back from the initial draw, and therefore the Cash Flow Forecast does not contemplate any cash payment of interest.