Pursuant to the order of Justice Walker made on June 25, 2025

No. S-243389

Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN BANKRUPTCY AND INSOLVENCY

IN THE MATTER OF THE RECEIVERSHIP OF ECOASIS DEVELOPMENTS LLP AND OTHERS

BETWEEN

SANOVEST HOLDINGS LTD.

PETITIONER

AND

**ECOASIS DEVELOPMENTS LLP,
ECOASIS BEAR MOUNTAIN DEVELOPMENTS LTD.,
ECOASIS RESORT AND GOLF LLP,
0884185 B.C. LTD., 0884188 B.C. LTD.,
0884190 B.C. LTD., 0884194 B.C. LTD.,
BM 81/82 LANDS LTD., BM 83 LANDS LTD.,
BM 84 LANDS LTD., BM CAPELLA LANDS LTD.,
BM HIGHLANDS GOLF COURSE LTD.,
BM HIGHLANDS LANDS LTD.,
BM MOUNTAIN GOLF COURSE LTD., and
BEAR MOUNTAIN ADVENTURES LTD.**

RESPONDENTS

SECOND REPORT OF THE RECEIVER

ALVAREZ & MARSAL CANADA INC.

December 2, 2024

ALVAREZ & MARSAL

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Appendices

1.0 INTRODUCTION

1.1 On September 18, 2024, upon the application of Sanovest Holdings Ltd. (the "**Petitioner**") in the Supreme Court of British Columbia (the "**Court**") Action No. S-243389, Vancouver Registry, the Court granted an order (the "**Receivership Order**") pursuant to section 243(1) of the *Bankruptcy and Insolvency Act,* R.S.C. 1985, c. B-3, as amended (the "**BIA**") and section 39 of the *Law and Equity Act,* R.S.B.C. 1996 c. 253, as amended appointing Alvarez & Marsal Canada Inc. as receiver and manager (in such capacity, the **"Receiver**") without security, of certain lands of the Respondent Bear Mountain Adventures Ltd. **("BMA**"), any interests in real property of Ecoasis Resort and Golf LLP **("Resorts**") and all of the assets, undertakings and property of the Respondents Ecoasis Developments LLP **("EDL**"), Ecoasis Bear Mountain Developments Ltd. ("**EBMD**"), 0884185 B.C. Ltd., 0884188 B.C. Ltd., 0884190 B.C. Ltd., 0884194 B.C. Ltd., BM 81/82 Lands Ltd., BM 83 Lands Ltd., BM 84 Lands Ltd., BM Capella Lands Ltd., BM Highlands Golf Course Ltd., BM Highlands Lands Ltd. and BM Mountain Golf Course Ltd. (collectively, "**Developments**" and together with BMA and Resorts, the "**Ecoasis Entities**"). Developments and Resorts are hereinafter referred to as "**Ecoasis**" and these proceedings are referred to as the "**Receivership Proceedings**".

1.2 Pursuant to paragraph 2(b) of the Receivership Order, Resorts' operations and business (the "**Resorts Business**"), subject to further order of this Court, shall continue to be managed by EBMD, provided that EBMD and Resorts are required to provide access and cooperation to the Receiver pursuant to paragraphs 7 to 10 of the Receivership Order, including in respect of Resorts and the Resorts Business. For greater clarity, the Resorts Business does not include the ownership, disposition or encumbrance of any interests in real property.

1.3 Pursuant to paragraph 4 of the Receivership Order, the Receiver is to deliver, on or before October 25, 2024, a report (the "**Resorts Report**") and recommendation regarding Resorts, including the inclusion of other assets, undertakings and properties of Resorts, management by EBMD of the Resorts Business and whether EBMD ought to continue to manage the Resorts Business and, if so, on what terms, if any. Accordingly, on October 25, 2024, the Receiver delivered the Resorts Report to 599315 B.C. Ltd. ("**599**") and Mr. Daniel Matthews, and Sanovest Holdings Ltd. ("**Sanovest**"), and their respective legal counsel. Certain requests for redactions of the Resorts Report were received on November 12, 2024, from Lawson Lundell LLP ("**Lawson**"), counsel to 599 and Mr. Matthews. The requested redactions were shared with counsel for Sanovest. As of the date of this report redactions to the Resorts Report have not been finalized and the Resorts Report has not been filed with the Court.

1.4 Pursuant to paragraph 5 of the Receivership Order, a hearing for the Receiver's counsel to speak to the Resorts Report, and for any applications resulting from the Resorts Report or any ancillary relief, was to be held at the Court at 10am on the 6th day of November 2024, or such other date as the Court may order. No applications or ancillary relief were sought and accordingly, on November 4, 2024, the Receiver filed a requisition to Court to adjourn the hearing scheduled for November 6, 2024 (the "**November 6 Hearing**"). The November 6 Hearing was adjourned.

1.5 At the request of the Court, a Judicial Management Conference was held on November 15, 2024.

1.6 Pursuant to paragraph 6 of the Receivership Order, the Receiver shall deliver, on or before December 2, 2024, or such other date as the Court may order, a report (the "**Developments Report**") in respect of a marketing and sales process, to be approved by the Court, and shall only market or sell the Property or business in accordance with that marketing and sale process, except for the sale of Property within the limits in paragraph 3(l)(i) of the Receivership Order.

1.7 The Receivership Order, along with other materials filed with the Court in these Receivership Proceedings (the "**Filed Materials**") are available on the Receiver's website (the "**Receiver's Website**") at www.alvarezandmarsal.com/ecoasisdevelopments.

2.0 PURPOSE OF THE SECOND REPORT

2.1 This second report (the "**Second Report**") has been prepared to provide the following information:

a) a summary of the activities of the Receiver since October 25, 2024;
b) an interim statement of the cash receipts and disbursements for the period from September 18 to November 22, 2024;
c) the second cash flow forecast (the "**Second Cash Flow Forecast**") for the period from November 23, 2024, to April 4, 2025;
d) the Developments Report as required pursuant to paragraph 6 of the Receivership Order; and
e) the Receiver's concluding comments and recommendations relating to the above.

3.0 TERMS OF REFERENCE

3.1 In preparing the Second Report, the Receiver has relied upon the representations of certain management ("**Management**") and employees of Developments as well as unaudited financial information contained in the books and records of Developments.

3.2 The Receiver has undertaken preliminary reviews and investigations in respect of the assets and liabilities of Developments; however, it has not performed an audit, review or otherwise substantiated the completeness or accuracy of the financial position of Developments that would wholly or partially

comply with the Canadian Auditing Standards ("**CASs**") pursuant to the Chartered Professional Accountants Canada Handbook, and accordingly, the Receiver expresses no opinion or other form of assurance contemplated under CASs in respect of the information.

3.3 This Second Report has been prepared to provide an update on the development of a marketing and sale process and accordingly, the reader is cautioned that this Second Report may not be appropriate for any other purpose.

3.4 Capitalized terms not defined in this Second Report have the meanings ascribed to them in the Receivership Order, the Resorts Report, and the Filed Materials.

3.5 All monetary amounts in the Second Report are expressed in Canadian dollars unless stated otherwise.

4.0 ACTIVITIES OF THE RECEIVER

4.1 Since October 25, 2024, the activities of the Receiver have included, among other things, the following:

a) engaging Placemark Design Studio Inc. ("**Placemark**" or the "**Development Consultant**") on October 28, 2024, to prepare an assessment of the assets underlying Bear Mountain Resort (subsequently defined) in support of the sales and marketing process that is to be developed by the Receiver;
b) attending a site visit at Bear Mountain Resort on October 31, 2024, with Developments Staff (as subsequently defined) and representatives of Placemark;
c) directing and coordinating with Developments Staff to provide information to Placemark and attending to internal reviews of said documentation;
d) holding meetings with Placemark;
e) coordinating and attending a meeting with Placemark and Mr. Kusumoto;
f) coordinating and attending a meeting with Placemark and Mr. Matthews;
g) attending numerous meetings with 599 and Mr. Matthews, and their legal counsel, to discuss various matters related to the Receivership Proceedings;
h) attending to various emails and telephone correspondence with Developments Staff to gather information and understand historical marketing and sale strategies of the Developments Business;
i) reviewing appraisals and other documents prepared in respect of the Developments Business;

j) attending to correspondence, discussions and meetings with the Receiver's legal counsel, Blake, Cassels and Graydon LLP ("**Blakes**"), and seeking advice in respect of a number of matters;

k) attending to correspondence with the respective counsel to Sanovest and 599 regarding access to documents in respect of the Hotel Arbitration (as defined in the Resorts Report) hearings;

l) in consultation with the Receiver's legal counsel, reviewing and considering redactions to the Resorts Report requested by counsel to 599 and Mr. Matthews;

m) reviewing payroll and accounts payables and issuing payments in respect of same;

n) responding to creditor inquiries and attending to other ad-hoc enquiries and matters, in consultation with Blakes, as required; and

o) preparing this Second Report.

5.0 RECEIVER'S INTERIM STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS

5.1 The Receiver's interim statement of cash receipts and disbursements for the period from September 18, 2024, to November 22, 2024 (the "**Reporting Period**") is summarized in the table below:

Ecoasis Developments LLP et al. Receiver's Interim Statement of Cash Receipts and Disbursements For the Period September 18, 2024 to November 22, 2024	
Receipts	
Receiver's certificates	$ 250,000
Pinehurst administration fee	1,575
Interest on Deposits	755
Total Receipts	**252,330**
Disbursements	
Payroll costs	123,615
Computer, subscriptions and IT	1,582
Leases	921
Statutory	80
Office supplies, cleaning and other misc.	1,056
Utilities	1,156
Bank fees	15
Bear Mountain Legacy Homes	4,794
Total Disbursements	**133,219**
Cash on hand in trust	**$ 119,111**

5.2 As at November 22, 2024, cash held in trust by the Receiver totaled $119,111.

5.3 Total receipts during the Reporting Period totaled $252,330 and consisted primarily of the Receiver's borrowings of $250,000.

5.4 Total disbursements during the Reporting Period totaled $133,219 consisting primarily of payroll costs for Developments Staff (inclusive of regular wages and salaries, source deductions and third-party payroll provider fees) totaling $123,615 and payments in respect of Bear Mountain Legacy Homes totaling $4,794 for site security, insurance and storage in respect of two partially completed duplexes in the residential neighborhood 'Cypress Gates'. No professional fees have been funded up to the date of this report.

6.0 SECOND CASH FLOW FORECAST

6.1 The Receiver has prepared the Second Cash Flow Forecast for the period from November 23, 2024, to April 4, 2025 ("**Forecast Period**"). The Second Cash Flow Forecast is appended herewith as **Appendix "A"** and is summarized in the table below:

Ecoasis Developments LLP et al. **Second Cash Flow Forecast** **For the 19-week period November 23, 2024 to April 4, 2025** ***$CAD'000s***	
Cash operating receipts	
Receiver's certificates	$ 1,250
Reimbursement from Resorts	9
	1,259
Cash operating disbursements	
Payroll costs	153
Repairs and maintenance	2
Utilities	6
Insurance	13
Computer, subscriptions and IT	23
Office supplies, cleaning and other misc.	5
Regulatory compliance	5
Bear Mountain Legacy Homes	5
	212
Net operating cash flow	**1,047**
Other cash disbursements	
Professional fees - Receiver, counsel	866
Other professional fees	212
	1,078
Net cash flow (deficit)	**$ (31)**
Cash continuity	
Opening cash balance	$ 119
Net cash flow (deficit)	(31)
Ending cash balance	**$ 88**
Receiver's borrowings	
Opening balance	250
Receiver's borrowings (repayments)	1,250
Ending Receiver's borrowings	**$ 1,500**

6.2 Net cash outflows of $31,000 are expected during the Forecast Period and a closing cash balance of approximately $88,000 is forecast as at April 4, 2025.

6.3 Key assumptions in respect of the Second Cash Flow Forecast include the following:

a) cash receipts totaling $1.26 million primarily consist of Receiver's borrowings;
b) cash operating disbursements totaling $212,000 consists primarily of payroll costs for Developments Staff ($153,000) and other routine operating expenses such as insurance, utilities, IT, and repairs and maintenance, among other things; and
c) other cash disbursements totaling $1.1 million consists of the Receiver's and its legal counsel's fees ($866,000) and other consulting fees ($212,000).

6.4 The Receiver's borrowings are estimated to total $1.5 million at the end of the Forecast Period. Pursuant to paragraph 28 of the Receivership Order, the Receiver is permitted to borrow up to $2.5 million in these Receivership Proceedings.

7.0 REPORT ON SALES AND MARKETING STRATEGY

7.1 As described in section 1.6, pursuant to paragraph 6 of the Receivership Order, the December Report is intended to provide the Receiver's views in respect of a sales and marketing process (the "**Sales Process**").

7.2 Prior to recommending the terms of the Sales Process, the Receiver considered it critical to engage a development consultant so as to gain an understanding, and independent professional view, of (i) the existing real estate and lands of Bear Mountain Resort; (ii) the challenges Bear Mountain Resort may face with respect to overall development and real estate sales; (iii) what developments are feasible and achievable on the developable lands; and (iv) how the aforementioned factors affect one another to promote overall value of Bear Mountain Resort. Currently, the underlying value of the real estate assets that might be developed in the future remains uncertain and as such, a realization process to extract the highest value absent a deliberate and thoughtful development plan (one that fully considers phasing, implementation and development offering with planned investments into the Resorts Business, and the impact on the community and pre-existing developments), would, in the Receiver's view, not be fiscally prudent or commercially reasonable.

7.3 Accordingly, the Receiver has engaged the Development Consultant to inform the Receiver's development of the Sales Process. Engaging the Development Consultant was not intended for the Receiver to act as developer of the Bear Mountain Resort but rather, to provide a plan and approach with respect of a Sales Process subject to future approval of the Court. This Second Report will serve to provide background information and recommendations on next steps to be taken in order to further develop and finalize the Sales Process.

7.4 The Receiver has received feedback from 599 and Mr. Matthews since the commencement of the Receivership Proceedings that the Receiver should consider a near-term sales and marketing strategy to sell certain (unspecified) land parcels to paydown secured debt and reduce the potential erosion to equity from accruing interest. In the Receiver's view, as expressed to Mr. Matthews, without the benefit of a deliberate development plan it is very possible that near-term parcel sales may be detrimental to overall value if bulk sales are not completed in a strategic and coordinated fashion and/or the potential for an en bloc sale of Bear Mountain Resort is not adequately considered and planned. This view is shared by Placemark.

7.5 The Receiver has prepared a summary of known creditor claims and its understanding of the equity waterfall in the event of full repayment to creditors, all as noted in the table below:

Ecoasis Developments LLP et al
Preliminary Creditor Claims and Equity Waterfall
$CAD'000s

Creditor claims			**Notes**
Property taxes	$	1,743	1
Secured creditors		62,318	2
Unsecured creditors		2,487	3
Total creditor claims	**$**	**64,805**	
Royalty		**1,800**	4
Ecoasis Developments LLP Equity Waterfall:			
First Tranche - pari passu basis to Sanovest & 599	$	15,000	5
Second Tranche - to Sanovest		30,000	5
Third Tranche - remainder 0.001% to EBMD and 99.999% pro rata to Sanovest and 599		TBD	5
		TBD	

Notes:

1. Represents the estimated property taxes owing in respect of the Ecoasis Entities (excluding BMA).
2. Represents Sanovest claim amount indicated in paragraph 33 of the Response to Petition filed June 17, 2024. The quantum of the claim is disputed by 599.
3. Represents the unsecured amounts owed by Developments noted on the Notice and Statement of the Receiver dated September 27, 2024.
4. Represents the estimated balance of the Participation Security in respect of the Bear Mountain Land Holdings Ltd. Participation Agreement dated October 8, 2013.
5. Represents the allocation of net income pursuant to paragraph 11.1 of the Ecoasis Developments LPP partnership agreement dated September 24, 2013.

Background

7.6 Ecoasis collectively owns 28 parcels of land, ranging from undeveloped to fully developed, and operates two golf courses and a golf practice facility, a tennis club, a pro shop as well as food and beverage services in a semi-private urban resort community ("**Bear Mountain Resort**") which straddles the City of Langford and the District of Highlands on Vancouver Island, B.C.

7.7 Since 2013, the Bear Mountain Resort has been owned and operated by Sanovest, 599 and EBMD through a limited liability partnership known as Ecoasis Developments LLP.

7.8 Bear Mountain Resort consists of 1,170 acres of land, of which approximately 750 acres of land, owned by Developments and Resorts, are used for the Resorts Business or are undeveloped to partially developed and have undergone varying stages of sales and marketing over the past 20 years. Approximately 3,000 residents reside at Bear Mountain Resort's approximately 1,500 single-family residences, townhomes and condominiums.

7.9 Developments' oversaw all development and real estate transactions (the "**Developments Business**") while historically being managed by EBMD, and Mr. Kusumoto and Mr. Matthews acting as CFO and CEO, respectively. The Developments Business employs three individuals (the "**Developments Staff**").

7.10 The Developments Business' assets include the lands from which the Resorts Business operates and all the developable land, which have been divided into six major distinct sites (the "**Development Sites**") including: (i) the Village; (ii) Victoria Peak; (iii) Cypress; (iv) Augusta; (v) Players Drive; and (vi) Highlands.

7.11 The most recent real estate and land transactions closed in 2021 for (i) the 209-unit condominium tower 'One Bear Mountain' and (ii) 'Westhaven' (formerly Turnberry Corner). It is the Receiver's understanding that One Bear Mountain has completed construction and is approximately 90% occupied, whereas Westhaven is zoned for 150 units of future development. The Developments Business has not conducted any other real estate transactions since 2021 due to, among other things, a number of shareholder disputes and a lack of shared vision between the shareholders.

7.12 [redacted]

[redacted]

7.13 It is the Receiver's understanding that the shareholders were not aligned on sales methodology; one shareholder sought to subdivide, bundle and sell certain lands, which was not supported by the other shareholder. Shareholder differences included disagreements on the reliability of certain consultant appraisals, underlying asset values and development strategy, which precluded advancement of the interest summarized above.

Placemark Report

7.14 Management confirmed that an engineering parcelization for Bear Mountain Resort was developed in or around 2006 and last updated in 2010 [redacted]

7.15 In early October 2024, the Receiver solicited proposals from five consultants with experience in design, consultation and implementation of master planned communities. Three proposals were submitted to the Receiver and on October 28, 2024, the Receiver engaged Placemark to assess the development assets of Bear Mountain Resort and design a masterplan vision refresh, which is intended to aid in the development of the Sales Process and related market approach. In November 2024, the Receiver shared a copy of Placemark's engagement letter with Sanovest, 599 and Mr. Matthews.

7.16 Placemark is a multi-disciplinary design and development studio, specializing in community planning, urban design, land development and resort design. Placemark's principals collectively have more than 30 years of experience in the private and public sector with clients across Canada, the United States and Asia.

7.17 Placemark and its predecessor's notable projects include the following:

a) Predator Ridge – a 1,360-acre golf resort and community in the Okanagan Valley, BC and similar to Bear Mountain Resort, includes a 36-hole golf course, accommodations, amenities and a mixture of residential neighborhoods with over 2,100 homes;
b) Burke Mountain – a 1,200 acre community in Coquitlam, BC with over 7,500 homes; and
c) Tobiano – a 1,000 acre golf resort and community located in Kamloops, BC consisting of a practice facility, accommodations, amenities and plans for over 1,500 homes.

7.18 In part due to the timeframes established in the Receivership Order, the Development Consultant's scope of work has been phased as summarized in the table below:

Phase	Scope of Work	Estimated Timeline
Phase 1	Project Development Assessment including: i. the project status, land assets, zoned entitlements, infrastructure and servicing plans; ii. a digital modelling and mapping base; iii. a community summary build-out; iv. a real estate market scan; v. a project summary of past development metrics, product offerings and price points; and vi. summary recommendations for a go-forward development plan.	On or before December 2, 2024
Phase 2	Masterplan Vision Refresh including: i. a development analysis to inform residential and retail allocation, form and character; ii. feasible development layouts, housing mix, amenities offerings, among other things; iii. an implementation roll-out with sequential phasing and build-out strategy; and iv. a cash flow proforma to inform project valuation and residual land value.	Three months

7.19 On December 2, 2024, Placemark submitted its Phase one report ("**Phase 1 Report**") to the Receiver. A copy of Phase 1 Report is attached herewith as **Appendix "B"**.

8.0 KEY FINDINGS OF PLACEMARK

8.1 Key observations noted in the Phase 1 Report regarding Bear Mountain Resort's current state are summarized below:

a) Bear Mountain Resort is bordered by Goldstream Provincial Park to its west and occupies 710 acres within the City of Langford ("**Langford**") and 460 acres within the valleys in the District of Highlands ("**Highlands**") for a total site area of 1,170 acres, as summarized in the table below: [update table with – "Total Bear mountain Resort (Combined)" is cut off]

Ecoasis Developments LLP et al.
Land Base and Unit Entitlements

	Acres of Land	%	No. of Unit Entitlements	%
City of Langford				
Developed (*)	504.5	71%	1,494	33%
Sold to third party	73.7	10%	760	17%
Undeveloped (**)	131.8	19%	2,217	50%
Total Langford	**710.0**	**100%**	**4,471**	**100%**
District of Highlands				
Developed (*)	291.2	63%	n/a	0%
Sold to third party	-	0%	-	0%
Undeveloped (**)	168.8	37%	150	100%
Total Highlands	**460.0**	**100%**	**150**	**100%**
Bear Mountain Resort (Combined)				
Developed	795.7	68%	1,494	32%
Sold to third party	73.7	6%	760	16%
Undeveloped	300.6	26%	2,367	51%
Total Bear Mountain Resort (Combined)	**1,170.0**	**100%**	**4,621**	**100%**

(*) Developed lands in Langford include residential, recreational and commercial. Developed lands in Highlands include recreational.

[redacted]

i. existing developments (residential, commercial and amenities) have been constructed primarily on Langford lands since the establishment of Bear Mountain Resort;

ii. existing unit entitlements in Langford total 4,471 units. Of the total units, 1,494 units have already been built and 760 unit entitlements have been sold to third party developers. Accordingly, there remains of 2,217 units (approximately 50%) available for build-out; and

iii. Highlands remains primarily undeveloped except for the Valley golf course, tennis courts and a multi-use trail network. Highlands is currently zoned for 150-unit entitlements and is considered to have significant potential for resort expansion and increased community density;

b) Langford and Highlands have delineated certain Land Use Designations within Bear Mountain Resort, which are summarized below:

Ecoasis Developments LLP et al. Land Use Designations	
Langford	**Highlands**
Village Centre - shopping, services and amenities with range of high and moderate density housing. **Neighborhood Centre** - predominantly residential supporting range of medium and high density housing. **Hillside or Shoreline** - residential precinct supporting clustered low, medium and high desntiy hillside developments.	**Bear Mountain Comprehensive Development** - specific land use with mixed development opportunities including single family and multi-family homes, recreational golf facilities and hotel, resort, and commercial development.

c) Langford has established infrastructure and complete servicing inventory consisting of:

   i a main arterial road providing two access points into the community as well as connector roads within the communities and amenities;

   ii a complete water system with three sufficient pressure zones, two reservoirs and extensive water main system;

   iii a complete sanitary infrastructure to manage wastewater and support residential, recreational and commercial developments; and

   iv a complete stormwater drainage system directing runoff into the golf course ponds which act as attenuation basins to store rainwater;

d) the majority of development at Bear Mountain Resort was constructed from 2003 to 2012 at an average rate of 71 units per year for a total of 1066 units over the 9-year period. In comparison, the average rate of development from 2013 to 2024 totaled approximately 20 units per year (excluding One Bear Mountain which was a completion of a project commenced pre-2013) for a total of 219 units illustrating a decline in development activity in recent years;

e) Bear Mountain Resort achieved historic price premiums for single-family home sales ranging from 27% in 2011 to 93% in 2020 as compared to Langford, B.C.; and

f) the current neighborhood housing mix at Bear Mountain Resort consists of single-family residences (50%), apartments (44%) and townhomes (6%), as summarized in the table below:

Ecoasis Developments LLP et al.
Current Neighborhood Housing Mix

	Single Family	Townhome	Apartment	Total
No. of Units	750	85	659	1,494
%	50%	6%	44%	100%

8.2 Key favorable attributes to support development opportunities at Bear Mountain Resort have been identified to include the following:

a) Highlands is largely undeveloped and represents significant potential value with land use delineations to support development of residential, recreational and commercial establishments. There also is an opportunity to increase density beyond 150 units to expand Bear Mountain Resort's residential and commercial community;
b) Langford has fully serviced infrastructure with roadways, a water system (two reservoirs and three pumping stations), sanitary and drainage systems, which collectively support a full expansion and build-out in Langford. The sanitary system from Langford also extends across the municipal boundary into Highlands and the ability to utilize golf course features for rainwater attenuation provides a unique benefit of fulfilling servicing needs;
c) Langford's remaining development parcels are significant and well distributed, each with sufficient entitlements, flexibility, unique attributes and a scale that would add cumulative value to Bear Mountain Resort;
d) resort amenities include the only 36-hole Nicklaus design golf course in Canada establishing Bear Mountain Resort as a one-of-a-kind golf resort;
e) historical residential pricing demonstrates that Bear Mountain Resort has consistently sold at a premium compared to the Westshore communities consisting of Langford, Highlands, View Royal, Colwood and Mechosin; and
f) the existing housing mix (presented in section 8.1(f)) demonstrates an opportunity to develop more varied offerings including particularly townhomes (currently representing 6% of the housing mix) for growth and diversification.

8.3 [redacted]

[redacted]

8.4 Key recommendations in the Phase 1 Report include the following:

a) complete Phase 2 of Placemark's scope which includes, among other things:
   i. undertaking a thorough development analysis informing allocations of housing forms and retail densities;
   ii. assessing feasible development layouts, housing mix and amenity offerings;
   iii. engaging third party site owners (with 760 entitlements) to understand anticipated development plans and timelines;
   iv. confirming development feasibility of Highlands including confirmation of entitlements and servicing requirements;
   v. preparing a cash flow pro-forma to inform project valuation and residual land value; and
   vi. developing a phasing plan and build-out strategy of Bear Mountain Resort;
b) resolution of Cypress Gates according to the original site plan (as further discussed below); and
c) develop the Sales Process that is supported by Phase 2 results, which may contemplate an en bloc unified ownership for Bear Mountain Resort to carry out a controlled build-out of a masterplan vision along with parallel near-term sales options for select parcels that can be transacted subject to certain development frameworks being established.

9.0 INTERIM SALES AND DEVELOPMENT CONSIDERATIONS

9.1 Based on feedback from Management and Placemark, it is the Receiver's understanding that certain development sites may benefit from near-term sale activity, which could present a symbolic new start and contribute to reestablishing market confidence, as well as adding to the overall value of Bear Mountain Resort, without having a material negative impact overall.

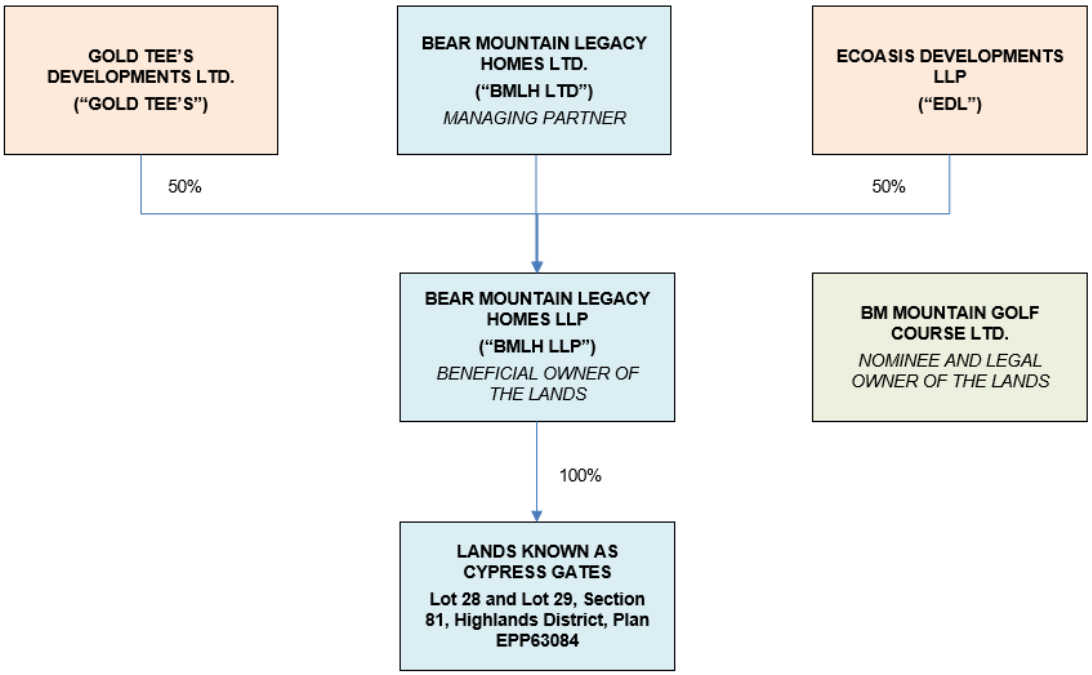
Cypress Gates

9.2 Cypress Gates is a 2.89 acre residential duplex site that ceased construction of its phase one duplexes in 2018 after which only four out of six units were completed. Subsequently, strata fees have gone unpaid for a period of time and legal proceedings were commenced between the former builder and the owners of Cypress Gates.

9.3 Cypress Gates' beneficial owner is Bear Mountain Legacy Homes LLP ("**BMLH LLP**"). BMLH LLP is owned, subject to litigation claims, equally by Gold Tee's Ltd. ("**Gold Tee's**") and EDL. BMLH LLP is not included in the Receivership Proceedings.

9.4 Gold Tee's' principal and Mr. Matthews are directors of BMLH LLP. Island West Coast Developments ("**IWCD**"), who was hired by BMLH LLP to manage the development of Cypress Gates, shares common ownership with Gold Tee's.

9.5 The ownership structure of Cypress Gates (which is subject to litigation) is presented in the figure below:



9.6 Cypress Gates includes a three-phase residential project (the "**Cypress Gates Villas**") that commenced in 2016 and envisioned an 18-duplex project in the form of nine duplex buildings. Each phase contemplated six duplex units (i.e. three duplex buildings), which were to adhere to four discrete floor plans.

9.7 The first four units of phase one were pre-sold (the "**Phase 1 Pre-sale Units**") during the period from January 1, 2017 through to April 30, 2017. Management confirmed that in or around November 2018, IWCD ceased construction due to cost overruns and shareholder disagreements. At that time, IWCD had (i) completed construction of the Phase 1 Pre-sale Units; (ii) partially completed construction of the remaining two phase one units (the "**Phase 1 Incomplete Units**"); and (iii) commenced constructing the foundation for the phase two units.

9.8 Management confirmed that in or around September 2020, Developments engaged a construction management firm to prepare a tender cost to solicit offers from developers and other interested parties that may be able to complete construction of the Phase 1 Incomplete Units as well as phase two and phase three. Two offers were received from developers between 2021 and 2024; however, no transaction was effectuated with either party due to disagreements in respect of certain terms and conditions.

9.9 The Receiver understands there may be claims outstanding against BMLH LLP exceeding at least $1.8 million, which primarily consist of construction claims and partnership-related claims, but no claims process has been undertaken to date to fully assess the quantum of potential claims.

Proposed Next Steps

9.10 Allowing Cypress Gates Villas to continue in its current state is not additive to the value of Bear Mountain Resort and only serves to raise concerns from impacted stakeholders and other parties. Consequently, in consideration of the Receiver's apparent 'equity' holder status in the Cypress Gates Villas the Receiver considers the following steps as reasonable to advance the near-term resolution of Cypress Gates, including:

a) the Receiver obtaining an appraisal from a qualified independent appraiser in respect of the Cypress Gates Villas;
b) the Receiver further reviewing the outstanding claims and to commence discussions with significant creditors and litigants as to potential options to resolve outstanding claims;
c) the Receiver obtaining proposals from qualified real estate brokers to list Cypress Gates; and
d) subject to the Receiver advancing a) to c), the Receiver considering methods to effect a transaction involving Cypress Gates Villas.

9.11 A separate sale process for Cypress Gates Villas may be appropriate for the following reasons:

a) all infrastructure and underground electrical and water systems are in place which minimizes the higher risk and cost that is associated with servicing lots;
b) floor plans and design layouts have been developed and a buyer would need only adhere to existing designs without the need to develop their own. Subject to review of the plans and layouts with the Development Consultant, and ensuring that design controls are in place, limited effort is required to advance this portion of any purchase and sale agreement;
c) Management and the Development Consultant are aligned and supportive of the sale of the Cypress Gates Villas and view advancement towards completing construction would improve community perception of Bear Mountain Resort and support maximizing value;

d) residents of the Phase 1 Pre-sale Units have communicated support for advancing completion of construction of the Phase 1 Incomplete Units;

e) proceeds from the sale of Cypress Gates Villas may provide temporary liquidity relief to Ecoasis; and

f) advancing activities to sell Cypress Gates can be performed in parallel to developing a complete Sales Process for Bear Mountain Resort.

9.12 Accordingly, the Receiver is of the view that advancing a transaction, which may include a sale process, to sell Cypress Gates Villas would be in the best interest of stakeholders and add near-term value to Bear Mountain Resort. The Receiver expects that the shareholders would be generally supportive of such efforts to advance resolution of Cypress Gates Villas.

Other Development Parcels

9.13 As noted in the Phase 1 Report it is not prudent to advance parcel sales in advance of completion of Phase 2. However, any Sales Process that considers an en bloc sale of Bear Mountain Resorts may not be concluded in a short time period. Accordingly, it is possible that alternative bulk sales may be pursued under the Sales Process in parallel to en bloc sales with a view to jump starting development and addressing certain secured indebtedness of Developments.

10.0 RECEIVER'S CONCLUSIONS

10.1 [redacted]

[redacted]

10.2 Ultimately, it is the Receiver's view that there appear to be three primary paths forward:

a) Scenario 1 – market and sell Development Sites immediately without advancing a Phase 2 report with the Development Consultant;

b) Scenario 2 – direct Placemark to complete a Phase 2 report which would inform and support the marketing and sales process, which may include select bulk sales and an en bloc offering; or

c) Scenario 3 – immediately market and sell certain bulk Development Sites and, in parallel, direct Placemark to complete the Phase 2 report.

11.0 RECEIVER'S RECOMMENDATIONS

11.1 In the Receiver's view there is substantial value in Bear Mountain Resort, which includes the Development Sites, but is at risk of value erosion without further diligence and planning. To advance near-term bulk sales outside of a thoughtful and considered development framework risks impacting overall value and Bear Mountain Resort's historical market premium. There are certain immediate near-term actions that can be taken to reestablish confidence in Bear Mountain Resort while providing Ecoasis with some liquidity runway while the Sales Process and market approach continue to be developed.

11.2 The Receiver respectfully recommends the following actions be advanced:

a) proceeding with Phase 2 with Placemark to understand feasibility of housing and land forms and obtain a framework for development possibilities;

b) proceeding with the above-noted steps to seek a resolution of Cypress Gates Villas including obtaining an appraisal, reviewing and working with claimants and seeking proposals from brokers; and

c) continuing to monitor the Resorts Business' progress in addressing the Receiver's recommendations in the Resorts Report and its overall stability.

11.3 It is the Receiver's intention to deliver a follow-up to this Developments Report following receipt and consideration of the Phase 2 report from the Developments Consultant to make further recommendations in respect of the Sales Process.

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All of which is respectfully submitted to this Honourable Court this 2nd day of December, 2024.

Alvarez & Marsal Canada Inc.,
in its capacity as Receiver of Developments
and not in its personal capacity

Per: Anthony Tillman
Senior Vice President

Appendix A – Second Cash Flow Forecast for the Period from November 23, 2024, to April 4, 2025

Ecoasis Developments LLP et al.
Second Cash Flow Forecast
For the period November 23, 2024 to April 4, 2025
$CAD'000s

Week Week ending	Notes	Actual 18-Sep-24 to 22-Nov-24	Forecast Week 1 29-Nov-24	Forecast Week 2 06-Dec-24	Forecast Week 3 13-Dec-24	Forecast Week 4 20-Dec-24	Forecast Week 5 27-Dec-24	Forecast Week 6 03-Jan-25	Forecast Week 7 10-Jan-25	Forecast Week 8 17-Jan-25	Forecast Week 9 24-Jan-25	Forecast Week 10 31-Jan-25	Forecast Week 11 07-Feb-25	Forecast Week 12 14-Feb-25	Forecast Week 13 21-Feb-25	Forecast Week 14 28-Feb-25	Forecast Week 15 07-Mar-25	Forecast Week 16 14-Mar-25	Forecast Week 17 21-Mar-25	Forecast Week 18 28-Mar-25	Forecast Week 19 04-Apr-25	Total Forecast 23-Nov-24 to 04-Apr-25	Total 18-Sep-24 to 04-Apr-25
Cash operating receipts																							
Receiver's certificates		$ 250	$ -	$ 350	$ -	$ 250	$ -	$ -	$ -	$ -	$ 200	$ -	$ -	$ -	$ 250	$ -	$ -	$ 200	$ -	$ -	$ -	$ 1,250	$ 1,500
Reimbursement from Resorts	1	2	-	3	-	-	-	1	-	-	-	1	-	-	-	1	-	-	-	-	1	9	11
		252	**-**	**353**	**-**	**250**	**-**	**1**	**-**	**-**	**200**	**1**	**-**	**-**	**250**	**1**	**-**	**200**	**-**	**-**	**1**	**1,259**	**1,511**
Cash operating disbursements																							
Payroll costs	2	124	7	14	-	14	3	14	-	18	-	15	-	18	-	15	-	18	-	15	-	153	277
Repairs and maintenance		-	-	0	-	-	-	0	-	-	-	0	-	-	-	0	-	-	-	-	0	2	2
Utilities		1	-	1	-	-	-	1	-	-	-	1	-	-	-	1	-	-	-	-	1	6	7
Insurance	3	-	-	3	-	-	-	3	-	-	-	3	-	-	-	3	-	-	-	-	3	13	13
Computer, subscriptions and IT	4	3	-	1	9	0	-	4	-	-	-	1	2	-	-	1	2	-	-	-	3	23	25
Office supplies, cleaning and other misc.		1	-	1	-	-	-	1	0	-	-	1	0	-	-	1	0	-	-	-	1	5	6
Regulatory compliance	5	0	-	-	-	-	-	-	-	-	-	5	-	-	-	-	-	-	-	-	-	5	5
Bear Mountain Legacy Homes	6	5	-	0	-	-	-	-	-	-	-	2	-	-	-	2	-	-	-	-	2	5	10
		133	**7**	**21**	**9**	**14**	**3**	**23**	**0**	**18**	**-**	**28**	**2**	**18**	**-**	**23**	**2**	**18**	**-**	**15**	**10**	**212**	**345**
Net operating cash flow		**119**	**(7)**	**333**	**(9)**	**236**	**(3)**	**(21)**	**(0)**	**(18)**	**200**	**(26)**	**(2)**	**(18)**	**250**	**(22)**	**(2)**	**182**	**-**	**(15)**	**(8)**	**1,047**	**1,166**
Other cash disbursements																							
Professional fees - Receiver, counsel	7	-	-	321	-	150	-	-	-	-	150	-	-	-	135	-	-	-	110	-	-	866	866
Other professional fees	8	-	-	29	-	-	-	-	-	-	64	-	-	-	60	-	-	-	60	-	-	212	212
		-	**-**	**350**	**-**	**150**	**-**	**-**	**-**	**-**	**214**	**-**	**-**	**-**	**195**	**-**	**-**	**-**	**170**	**-**	**-**	**1,078**	**1,078**
Net cash flow (deficit)		**$ 119**	**$ (7)**	**$ (17)**	**$ (9)**	**$ 86**	**$ (3)**	**$ (21)**	**$ (0)**	**$ (18)**	**$ (14)**	**$ (26)**	**$ (2)**	**$ (18)**	**$ 55**	**$ (22)**	**$ (2)**	**$ 182**	**$ (170)**	**$ (15)**	**$ (8)**	**$ (31)**	**$ 88**
Cash continuity																							
Opening cash balance		$ -	$ 119	$ 112	$ 95	$ 85	$ 171	$ 168	$ 147	$ 147	$ 129	$ 115	$ 89	$ 87	$ 69	$ 124	$ 102	$ 100	$ 282	$ 112	$ 96	$ 119	$ -
Net cash flow (deficit)		119	(7)	(17)	(9)	86	(3)	(21)	(0)	(18)	(14)	(26)	(2)	(18)	55	(22)	(2)	182	(170)	(15)	(8)	(31)	88
Ending cash balance		**$ 119**	**$ 112**	**$ 95**	**$ 85**	**$ 171**	**$ 168**	**$ 147**	**$ 147**	**$ 129**	**$ 115**	**$ 89**	**$ 87**	**$ 69**	**$ 124**	**$ 102**	**$ 100**	**$ 282**	**$ 112**	**$ 96**	**$ 88**	**$ 88**	**$ 88**
Receiver's borrowings																							
Opening balance		-	250	250	600	600	850	850	850	850	850	1,050	1,050	1,050	1,050	1,300	1,300	1,300	1,500	1,500	1,500	250	-
Receiver's borrowings (repayments)		250	-	350	-	250	-	-	-	-	200	-	-	-	250	-	-	200	-	-	-	1,250	1,500
Ending Receiver's borrowings		**$ 250**	**$ 250**	**$ 600**	**$ 600**	**$ 850**	**$ 850**	**$ 850**	**$ 850**	**$ 850**	**$ 1,050**	**$ 1,050**	**$ 1,050**	**$ 1,050**	**$ 1,300**	**$ 1,300**	**$ 1,300**	**$ 1,500**	**$ 1,500**	**$ 1,500**	**$ 1,500**	**$ 1,500**	**$ 1,500**

Notes
1 Reimbursements from Resorts represents receipts for the Resorts Business's portion of certain operating disbursements initially paid by the Developments Business.
2 Payroll costs are for biweekly salaries and wages, source deductions and extended benefits to three Developments staff.
3 Insurance represents monthly instalments for general liability, property, umbrella, among other, policies.
4 Computer, subscriptions and IT services include storage of data and monthly costs for software and other licences.
5 Regulatory compliance is the cost for engineering services to satisfy water sampling requirements mandated by the City of Langford.
6 Bear Mountain Legacy Homes payments represent monthly fencing for security at Cypress Gates and related materials storage costs.
7 Professional fees represent the fees and disbursements of the Receiver and its legal counsel.
8 Other professional fees represent fees and disbursements related to the Devlopment Consultant.

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