



No. S-217202

Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN

THE BANK OF NOVA SCOTIA

PETITIONER

AND

COMMUNITY MARINE CONCEPTS LTD.,

VICTORIA INTERNATIONAL MARINA LTD.,

ETERNALAND YUHENG INVESTMENT HOLDING LTD., AND 0736657 B.C. LTD.

RESPONDENTS

FIRST REPORT OF THE RECEIVER

ALVAREZ & MARSAL CANADA INC.

April 11, 2022

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1.0 INTRODUCTION

- 1.1 On December 13, 2021 (the “**Receivership Date**”), upon application of the Bank of Nova Scotia (“**BNS**”), Alvarez & Marsal Canada Inc. (“**A&M**”) was appointed as Receiver (the “**Receiver**”) pursuant to a consent receivership order (the “**Receivership Order**”) granted by the Honourable Justice Groves on November 1, 2021, in respect of all the assets, undertakings and property of Community Marine Concepts Ltd. (“**CMC**”), Victoria International Marina Ltd. (“**VIM**”), Eternaland Yuheng Investment Holding Ltd. (“**Eternaland**”), and 0736657 B.C. Ltd. (“**073**”, collectively with CMC, VIM and Eternaland, the “**Company**”). This matter is hereinafter referred to more generally as, the “**Receivership Proceedings**”.
- 1.2 The Company’s head office is located in Victoria, British Columbia. As at the date of the Receivership Proceedings, the Company’s principal line of business involved operating a luxury yacht center in the Victoria inner harbour on Vancouver Island known as the Victoria International Marina (the “**Marina**”).
- 1.3 The Receivership Order along with select application materials and other documents filed in the Receivership Proceedings are available for review by interested parties and posted on the Receiver’s website at www.alvarezandmarsal.com/communitymarine.

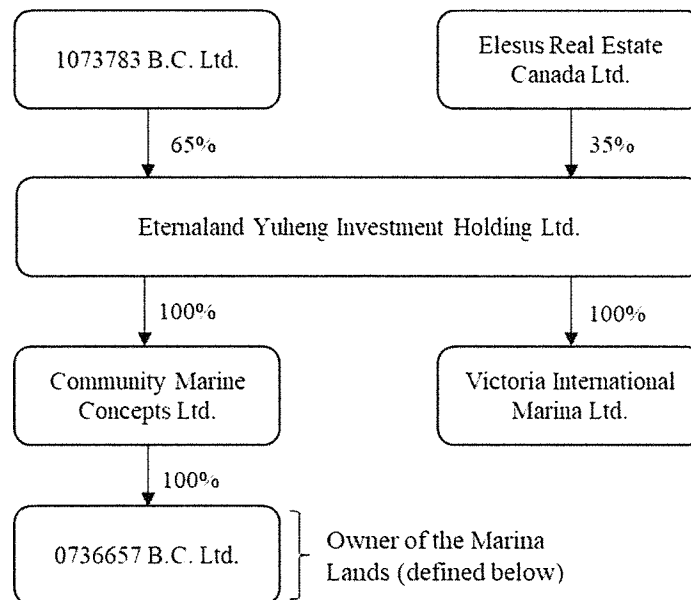
2.0 PURPOSE OF THE FIRST REPORT

- 2.1 This is the first report of the Receiver (the “**First Report**”) and has been prepared to provide this Honourable Court with information regarding the following:
- a) background with respect to the Company, the Marina and related operations;
 - b) an update on the activities of the Receiver since commencement of the Receivership Proceedings;
 - c) the Receiver’s interim statement of cash receipts and disbursements for the period December 13, 2021 to April 1, 2022;
 - d) the particulars and status of the sales process undertaken to solicit offers to purchase the Company’s assets;
 - e) the Company’s shareholder group’s (the “**Shareholder**”) refinancing efforts and proposed payout to BNS and discharge of the Receiver;
 - f) proposed distributions to certain of the Company’s priority creditors;
 - g) the fees and disbursements of the Receiver and its independent legal counsel; and
 - h) the recommendations of the Receiver.

3.0 BACKGROUND

Corporate Ownership

- 3.1 CMC, VIM, Eternaland and 073 are all incorporated in British Columbia, and share the same registered address at 2959 Kingsway, Vancouver, B.C. Eternaland owns 100% of CMC and VIM, and 073 is wholly owned by CMC.
- 3.2 Eternaland is jointly owned by 1073783 B.C. Ltd. (“**1073**”) and Elesus Real Estate Canada Ltd. (“**Elesus**”). 1073 is ultimately owned by Huai Yin Zhang, and Elesus is ultimately owned by Dongxia Zhang. The individuals referenced above as well as 1073 and Elesus are not parties to the Receivership Proceedings.
- 3.3 The corporate structure of the Company is depicted in the chart below:



Properties and Operations

- 3.4 The properties owned by the Company (the “**Marina Properties**”) consist of the following:
- a) two parcels of property located on West Song Way, Victoria BC (“**Marina Lands**”);
 - a. Lot 3, District Lot 119, Esquimalt District, Plan 47008, PID 011-570-253; and
 - b. Lot 4, District Lot 119, Esquimalt District, Plan 47008, PID 011-570-270;
 - b) the Marina, a facility providing moorage for 28 marine craft 65 feet in length and greater or total moorage of 2,800 linear feet, located on the Marina Lands. One of the Marina’s designated yacht slips is licensed to an individual on a long-term basis and the remaining 27 slips are available for daily, monthly and annual moorage;

- c) two commercial waterfront buildings, including a marina office building (the “**Marina Building**”) and a restaurant (the “**Restaurant**”) leased to Boom and Batten Restaurant and Café Ltd., both of which are located on the Marina Lands;
 - d) 48 underground parking spots secured pursuant to a 200-year pre-paid lease (the “**Parking Lease**”) from Pacific National Developments Ltd., located on Cooperage and Paul Kane Streets, Victoria, B.C.;
 - e) a foreshore lease granted by the Province of British Columbia (the “**Provincial Lease**”) and a foreshore lease granted by the Government of Canada (the “**Federal Lease**”). The Provincial Lease and the Federal Lease have remaining terms of 37 and 15 years, respectively.
- 3.5 073 is the owner of the Marina Lands, lessor of the Restaurant, and the lessee of the Parking Lease, Provincial Lease and the Federal Lease. VIM is the operator of the Marina.
- 3.6 VIM, as operator and manager of the Marina, and CMC employed six full time and part time employees and two contractors as at the Receivership Date.
- 3.7 Prior to the Receivership Date, the Marina was managed by Mr. Feng Bing Li who is related to the Shareholder. While the Receiver understands that Mr. Li’s title was “CFO”, he was not a designated corporate Director, Officer, or employee of the Company. Since the commencement of the Receivership Proceedings, Mr. Li has been the contact person in relation to Shareholder matters.

Senior Secured Term Loan and Other Liabilities

- 3.8 In February 2017, CMC and BNS entered into a commitment letter whereby BNS provided a non-revolving term loan (the “**Term Loan**”) to the Company in the amount of \$14,000,000, with a 15-month term. The loan was subsequently increased to \$17,080,000 in October 2018, with a repayment date of April 30, 2019, or on demand, whichever came first. The maturity date of the Term Loan was eventually extended to April 30, 2020.
- 3.9 CMC’s obligations under the Term Loan are guaranteed by VIM, Eternaland, and 073, Hao Ran Zhang (related to Ms. Huai Yin Zhang) and Dongxia Zhang (with VIM, Eternaland, and 073 the “**Guarantors**”).
- 3.10 In addition to the Term Loan, BNS also provided a standby Letter of Credit of \$100,000 and a VISA business credit card, with \$50,000 as authorized credit, to CMC. The credit card was terminated by BNS in March 2021. BNS also provided two Canadian Emergency Business Account loans of \$40,000 each to CMC and VIM in or around May 2020.

- 3.11 CMC has been in default of its payment obligations under the Term Loan since April 30, 2020. Since then, BNS has been in discussions with the Company to formulate a path for the repayment of the outstanding loans, including but not limited to, the execution of a forbearance agreement (the **“Forbearance Agreement”**) between BNS and CMC and the Guarantors on or about October 27, 2020.
- 3.12 The Forbearance Agreement expired on January 31, 2021, at which time CMC was unable to repay BNS in full. Further correspondence and discussions were subsequently held between BNS and CMC, leading to BNS’ engagement of A&M as BNS’ financial advisor in or around April 2021.
- 3.13 In August 2021, BNS made an application to this Honourable Court to appoint A&M as the Receiver of the Company and its assets and undertakings. The application was adjourned on several occasions, and a Court hearing was held on November 1, 2021 at which time a Consent Receivership Order was granted effective December 13, 2021, should the Company not pay the indebtedness of BNS in full by December 11, 2021.
- 3.14 CMC did not repay BNS as of December 11, 2021, and consequently, the Company was placed into receivership on the Receivership Date (December 13, 2021).
- 3.15 As of the Receivership Date, the Company had a total of approximately \$16.5 million of liabilities comprised as follows:

Community Marine Concepts Ltd., et al Liabilities as at December 13, 2021 Per Company's records S'000	
Creditor Type	Claim Amount
Secured creditors	\$15,835
Unsecured creditors	672
Total	\$16,506

- 3.16 In addition to the liabilities of the Company indicated in the table above, Blue Water Systems Ltd. (**“BWS”**), an engineering firm, had filed a builder’s lien against the Marina Building and the Restaurant, in the amount of approximately \$3.2 million. Settlement discussions were underway prior to the Receivership Date, and the Company had placed \$2.55 million into a trust account with Cox Taylor Lawyers (litigation counsel to CMC, **“Cox Taylor”**) on or around June 2020 in relation to a proposed settlement.

4.0 ACTIVITIES OF THE RECEIVER SINCE ITS APPOINTMENT

- 4.1 Since the Receivership Date and up to and including the date of this First Report, the Receiver’s activities have included the following:

Possession, Preservation and Marketing of Assets

- a) attending the Company's head office, during the week of December 13, 2021, at 1 Cooperage Place, Victoria, British Columbia;
- b) reviewing the access and security protocols in respect of the Marina and ensuring on site access is limited to authorized contractors and employees, customers and the Receiver;
- c) suspending all virtual accesses (including emails and cloud drives) of the Shareholder from Company management information systems;
- d) issuing notices to various financial institutions to freeze accounts and transfer balances to the Receiver's trust accounts;
- e) securing possession and preparing an inventory of the Company's assets;
- f) opening new utility accounts;
- g) setting up the Receiver's website and updating it with pertinent information relating to the Receivership Proceedings;
- h) providing the Company's insurance broker with a copy of the Receivership Order and upon review of the property and liability cover, directing the insurance broker to have the Receiver added as first named insured and loss payee on the Company's insurance policies;
- i) notifying the restaurant lessee, moorage customers and marina office sub-tenants of the Receivership Order and arranging for payments of rent to the Receiver;
- j) obtaining an appraisal from Altus Group of the Company's Marina and related properties;
- k) retaining CBRE Limited ("CBRE") to market the Marina Properties and gathering due diligence and marketing materials for CBRE to be included in a brochure and in a virtual data room;

Management, Employees and Contractors

- l) conducting an initial meeting with on-site management and employees on December 13, 2021, to advise them of the Receivership Order and related matters;
- m) retaining six former employees and two former contractors of the Company on a contract basis to assist with the ongoing operations at the Marina and administration of the Receivership;
- n) responding to employee queries regarding severance pay and the *Wage Earner Protection Program Act* ("WEPPA");

Receiver's Borrowings and Receiver's Cash Receipts and Disbursements

- o) borrowing \$100,000 from BNS under a Receiver's Certificate pursuant to paragraph 21 of the Receivership Order;

- p) reviewing invoices, making necessary payments and maintaining a ledger of cash receipts and disbursements;

Consultation and Communications with Stakeholders and Other Parties

- q) attending various meetings with the Shareholder and their legal counsel in relation to the initial receivership appointment, operational updates regarding the Marina and the Shareholder's refinancing efforts;
- r) communicating and consultation with the Esquimalt Nation and the Songhees First Nation;
- s) communicating with the Canada Revenue Agency, Minister of Finance, Minister of National Defense, the Commander Canadian Forces Base Esquimalt and other regulatory bodies and fulfilling various statutory regulatory requirements;

Retention of Legal Counsel

- t) retaining Dentons Canada LLP ("**Dentons**") as the Receiver's independent legal counsel and instructing Dentons to assist with various matters, including but not limited to the sale process, assessing the BWS builders' lien matter and litigation and discussions with Cox Taylor regarding same;
- u) instructing Dentons to review and assess the Provincial Lease and the Federal Lease, review storage agreement regarding a totem pole on Federal lands, the builders' lien matter, and the Shareholder's refinancing efforts;
- v) retaining Cox Taylor as the Receiver's counsel in dealing with matters surrounding the builders' lien registered by BWS against the Marina;

Statutory Duties

- w) attending to various statutory notices pursuant to the *Bankruptcy and Insolvency Act* and *Personal Property Security Act* (British Columbia) including mailing a Notice and Statement of Receiver to approximately 50 creditors identified in the books and records of the Company, posting a copy on the Receiver's Website and publishing the Notice of Appointment of Receiver of Property in the Victoria Times Colonist on December 21, 2021;
- x) preparing and mailing notices to four former employees pursuant to the WEPPA, submitting Trustee Information Forms to Service Canada and attending to correspondence with former employees and Service Canada; and
- y) dealing with government reporting matters, including determining status of the Company's payroll remittances, GST and other filings and notifying Worksafe BC in respect of the Receivership Proceedings.

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 December 13, 2021 to April 1, 2022 is summarized in the table below:

Community Marine Concepts Ltd. et al.	
Receiver's Interim Statement of Cash Receipts and Disbursements	
For the period December 13, 2021 to April 1, 2022	
Receipts	
Shareholder deposit	\$ 5,948,324
Pre-filing bank balances	341,120
Restaurant lease	109,325
Receiver's certificate	100,000
Moorage	73,883
Shore power	21,153
Office leases	18,725
Events	16,511
Other revenue	14,218
Parking	12,773
Interest	961
Total receipts	\$ 6,656,994
Disbursements	
Professional fees - Receiver	\$ 234,701
Contractors	185,852
Professional fees - Legal	50,740
Insurance	49,712
General and administrative costs	44,995
Repairs, maintenance and other operating costs	23,778
Pre-receivership payroll	19,942
Appraisal	17,850
Credit card fees	9,601
Security	7,873
Events	2,421
Total disbursements	\$ 647,466
Cash on hand in trust	\$ 6,009,528

6.0 SALES PROCESS

6.1 Prior to the Receivership Proceedings, the Company had retained CBRE in December 2020 to widely market the Marina Properties. While certain indications of interest and/or offers were received, none of the received offers were deemed acceptable to the Shareholder.

6.2 Upon the Receiver's appointment, the Receiver initiated discussions with CBRE and sought a proposal for a marketing process within the Receivership Proceedings. As part of the Receiver's review and consideration, it also obtained marketing proposals from two other recognized realty brokerage firms with experience in the marina segment.

- 6.3 The Receiver considered the marketing proposals received from the various realty brokerage firms in consultation with BNS. After considering the terms of the competitive proposals, the Receiver retained CBRE on February 1, 2022, to market the Marina Properties. CBRE promptly set up a data room containing due diligence materials, which were made available to potential purchasers subsequent to executing a Non-Disclosure Agreement (“**NDA**”).
- 6.4 The CBRE marketing/sales process commenced on February 1, 2022 with an initial bid deadline set at March 21, 2022. During the marketing process, CBRE was in contact with a total of 36 parties. 17 of whom signed NDAs and accessed the data room.
- 6.5 As the marketing process concluded on or around March 21, 2022, five offers were received from interested parties.
- 6.6 As of the date of this First Report, the Receiver has not accepted or pursued any of the offers received from the interest parties due to the advancement of the Shareholder’s efforts to refinance the BNS senior secured debt.

7.0 SHAREHOLDER’S REFINANCING EFFORTS

- 7.1 The Receiver understands that, prior to the Receivership Date (i.e. December 13, 2021), the Shareholder was working with a third party financier (or a broker) to arrange for financing to repay BNS in full.
- 7.2 Since the appointment of the Receiver, the Shareholder has expressed their intention to repay the BNS Loans and re-gain control of the Company and its operations. As part of their efforts to refinance BNS, the Shareholder deposited approximately \$5.95 million into CMC’s BNS account on December 14, 2021 (i.e., the day after the Receivership Date, the “**CMC Deposit**”).
- 7.3 Subsequently, in February 2022, the Shareholder delivered a bank draft drawn on a Canadian chartered bank in the amount of \$6.0 million (the “**Bank Draft**”) to a BNS branch located in Vancouver, B.C. At around the same time as the delivery of the Bank Draft, the Receiver was provided with a loan agreement (the “**Yeakon Loan Agreement**”) between CMC, as a borrower (signed by Ms. Huai Yin Zhang), and Yeakon Minoru Blvd Holdings Ltd., the lender (“**Yeakon**”), for a loan of \$6.0 million, and was advised that the loan documented by the Yeakon Loan Agreement was the source of funds for the Bank Draft. The Yeakon Loan Agreement was ultimately revised to replace CMC with Ms. Huai Yin Zhang and Ms. Dongxia Zhang as borrowers, as Ms. Zhang did not have the corporate capacity to execute the Yeakon Loan Agreement on CMC’s behalf, due to CMC’s receivership status.

- 7.4 After the delivery of the Bank Draft, BNS issued a letter to the Shareholder requesting additional information regarding the Bank Draft before BNS could apply the funds to its indebtedness. It is the Receiver's understanding that, as of the date of this First Report, the Bank Draft has not yet been applied by BNS against the loan indebtedness of the Company.
- 7.5 On April 7, 2022, the Shareholder filed an application in the Receivership Proceedings for an order from this Honourable Court to have the Bank Draft applied to the BNS Loans as a partial payment against the BNS indebtedness.
- 7.6 Apart from the CMC Deposit and the Bank Draft, the Shareholder has also provided the Receiver with copies of commitment letters (the "**Commitment Letters**") from 1129057 B.C. Ltd. (the "**First Lender**") and Amber Mortgage Investment Corp. (the "**Second Lender**"), each with a commitment of \$5 million (i.e. totaling \$10 million, the "**New Loans**"), to CMC and 073.
- 7.7 The Receiver has been in discussion with the Shareholder, BNS, the First Lender, and the Second Lender regarding the New Loans, and understands that the First Lender and the Second Lender are in a position to advance the New Loans, provided that the Commitment Letters and other documents required under the Commitment Letters are executed by CMC and 073, and provided that other conditions precedent are satisfied.
- 7.8 The Shareholder is also seeking this Honorable Court's authorization for Ms. Huai Yin Zhang to execute the Commitment Letters and other related documents on behalf of the Company.

8.0 PROPOSED DISTRIBUTION OF THE CMC DEPOSIT AND BANK DRAFT

- 8.1 Based on the Shareholder's efforts, it appears that they have either deposited or obtained sufficient third party financing to repay the BNS Loans in full. Pursuant to a draft payout letter from BNS dated January 21, 2022 (the "**Draft Payout**"), the outstanding loan amount as at January 24, 2022 totaled \$16,139,715.70, with interest at \$1,225.09 per diem.
- 8.2 It appears that the funds and/or financing that may be available to pay obligations of the Company, including the BNS Loans, total approximately \$21.9 million, and include:
- a) the CMC Deposit of \$5.9 million;
 - b) the Bank Draft of \$6.0 million; and
 - c) the New Loans totaling \$10.0 million.
- 8.3 In addition to authorization to execute the Commitment Letters and direction to apply the Bank Draft to the BNS Loans, the Shareholder is also seeking to have this Honourable Court authorize

and direct the Receiver to apply a portion of the CMC Deposit to the BNS Loans and to have the Receiver discharged (collectively, the “**Shareholder’s Application**”).

- 8.4 Given that the Shareholder’s Application is seeking discharge of the Receiver at or around the time of closing of the New Loans, the Receiver has been working, in consultation with BNS and the Shareholder, to ensure that Receivership matters can be properly completed prior to the Receiver’s discharge, including payment of obligations incurred over the course of the Receivership as well as certain amounts owing by the Company that are or may be senior in priority to the BNS indebtedness (collectively, the “**Priority Obligations**”).
- 8.5 The Receiver prepared a draft payout and holdback estimate to the Shareholder in early March 2022 (the “**Receiver’s Estimate**”), taking into account the Draft Payout, the CMC Deposit, the Bank Draft, anticipated disbursements under the receivership and an estimate of additional funds to hold back to cover unanticipated obligations. The Receiver’s Estimate was attached to the First Affidavit of Huai Yin Zhang sworn on April 4, 2022.
- 8.6 Subsequently, the Receiver and the Shareholder have agreed that the amount to be applied to BNS Loans from the CMC Deposit is to be set at \$4 million, with the remaining funds (approximately \$2.0 million) to be used by the Receiver to satisfy the Priority Obligations, including expenses in the receivership, and to retain as a holdback for unanticipated expenses (the “**Holdback**”). It is also agreed that any Holdback that are not utilized six (6) months after the discharge of the Receiver will be returned to the Company.
- 8.7 The Receiver has revised the Receiver’s Estimate based on additional information as of March 31, 2022. Summarized in the table below are the current estimated disbursements that will be made upon closing of the Shareholder’s refinancing of the BNS indebtedness:

Community Marine Concepts Ltd., et al Priority Obligations For the period April 1 to April 29, 2022		
\$'000		
Estimated funds on hand as at April 7, 2022 (after the proposed BNS distribution)	\$	2,010
<u>Priority Obligations</u>		
Priority payments		
CRA - Source deductions and GST		202
Ministry of BC - PST		1
City of Victoria - property taxes		299
Subtotal - priority payments		503
Professional fees - estimate to discharge		215
Sales agent fee (inclusive of GST)		263
Other operating expenses		210
Total Priority Obligations		1,191
Estimated Holdback amount	\$	819

- 8.8 Based on the above estimates, the Holdback available to the Receiver as of the Redemption Date would be approximately \$818,000.

Receiver's Comments on the Shareholder's Application

- 8.9 The Receiver is supportive of the Shareholder's Application, based on the following:
- a) the proposed form of order provides for the full repayment of the BNS Loans and the associated fees and costs;
 - b) the proposed form of order sought by the Shareholder contemplates that the Receiver will seek approval by this Honourable Court of distributions in respect of the Priority Obligations, as well as approval of its fees and activities, prior to discharge. The Receiver will be filing a separate application to seek approval of same in due course;
 - c) as the Bank Draft is not in the possession of the Receiver, the Receiver takes no position on how the funds should be applied. However, provided that the source of and interests in the Bank Draft is clarified and are satisfactory to BNS, the Receiver is not aware of any other concerns that would limit BNS's ability to apply such funds to the BNS Loans;
 - d) without the authorization of this Honourable Court, the Shareholder will not be in a position to execute the Commitment Letters on behalf of CMC. While the Receiver would not be in a position to execute the Commitment Letters on behalf of CMC, the Receiver believes it is reasonable for this Honourable Court to authorize the Shareholder to do so and allow the closing of the financing of the New Loans, which is integral in the Shareholder's efforts in getting BNS fully repaid;
 - e) the Receiver has considered the proposed distribution from the CMC Deposit of \$4.0 million and the Holdback, and believes both are reasonable; and
 - f) the Shareholder's Application has been discussed and negotiated between the Shareholder, BNS and the New Lenders, in consultation with the Receiver. The Receiver is generally supportive of the Shareholder's Application subject to the form of order sought taking into account of the concerns of the Receiver, BNS, the New Lenders, and other stakeholders in the Receivership Proceedings. The Receiver understands that negotiations are continuing as of the time of writing to address these concerns and maximize stakeholder support for the Shareholder's Application and minimize points of dispute prior to the hearing.

9.0 RECEIVER'S CERTIFICATE AND DISCHARGE

- 9.1 It is contemplated that the Receiver will be discharged upon the Receiver executing a certificate (the "**Receiver's Certificate**") , certifying that the following conditions have been met:

- a) the loan transactions for the New Loans have closed;
- b) the Company's obligations to BNS have been fully satisfied as confirmed in writing by BNS;
- c) the Receiver and its legal counsel have passed their accounts in accordance with Consent Receivership Order, and the activities of the Receiver have been approved; and
- d) the Receiver has made all distributions of funds authorized and directed by this Honourable Court prior to the date of the Receiver's Certificate, which the Receiver anticipates will include the Priority Obligations.

9.2 Upon the filing of the Receiver's Certificate,

- a) the Receiver shall be discharged as Receiver of the assets, undertaking and property of the Company;
- b) the stay of proceedings against or in respect of the Company shall terminate;
- c) Alvarez & Marsal Canada Inc. shall be released and discharged from any and all liability while acting in its capacity as Receiver, save and except for any liability resulting from gross negligence or willful misconduct; and
- d) the Company expressly assumes any and all claims or liabilities attributable to the Company, whether arising before or after the Receivership Date, to the extent such claims and liabilities have not been fully satisfied prior to filing of the Receiver's Certificate.

9.3 As previously discussed, the Holdback shall be retained by the Receiver for a period of six months upon the execution of the Receiver's Certificate, and any remaining Holdback will be returned to the Company thereafter.

9.4 It has been agreed between the Shareholder, BNS and the Receiver that the conditions presented in the Receiver's Certificate shall be fulfilled by no later than April 29, 2022 (the "**Redemption Date**"). The Redemption Date may be extended by written agreement of the applicant, BNS, and the Receiver, or by further order of the Court. In the event the Receiver's Certificate is not filed on or before the Redemption Date, the Receiver shall be at liberty to sell, convey, transfer or assign the Property or any part or parts thereof subject only to the approval of this Court.

10.0 PROFESSIONAL FEES

10.1 Detailed statements of account of the Receiver, its legal counsel, Dentons and Cox & Taylor will be included in affidavits filed by the respective representatives of the Receiver and its legal counsel (the "**Fee Affidavits**").

10.2 The Receiver has reviewed the statements of account to be included in the Fee Affidavits and is of the view that the fees incurred are fair and reasonable and were necessary for the effective

administration of the Receivership Proceedings, including but not limited to the day-to-day administration at the Marina, the conducting of the Sales Process, the correspondence with BWS in relation to the Liens, the continuous discussions and coordination between the Shareholder, BNS and the New Lenders in relation to the payout of the Loans, and various administrative matters as reported to this Honourable Court in the earlier section of this report.

- 10.3 The Fee Affidavits include estimates to closing of the New Loans and discharge of the Receiver. The Receiver is seeking approval of such amounts as fees and disbursements of the Receiver so that the New Loans can close and Receiver can be discharged in the timeline the Shareholder is trying to meet. The Receiver and its counsel will continue to account for their time in a detailed manner.
- 10.4 To the extent fees are incurred by the Receiver and its counsel that are greater than the amounts estimated, further approvals of the Receiver's activities and its fees would have to be sought from this Honourable Court.

11.0 RECEIVER'S CONCLUSION AND RECOMMENDATIONS

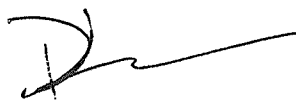
- 11.1 The Receiver respectfully recommends that this Honourable Court:
- a) approve the Shareholder's Application, including discharge of the Receiver;
 - b) approve the activities of the Receiver; and
 - c) approve distributions in respect of the Priority Obligations.

All of which is respectfully submitted to this Honourable Court this 11th day of April, 2022.

Alvarez & Marsal Canada Inc.,
in its capacity as Receiver of
Community Marine Concepts Ltd., Victoria International Marina Ltd.,
Eternaland Yuheng Investment Holding Ltd., and 0736657 B.C. Ltd.



Per: Todd M. Martin
Senior Vice President



Per: Pinky Law
Vice President