

March 10, 2025

**Attention: Greg Best, LIT for Smythe**

**RE: QRD, RICHARD LAWSON AND MATTHEW WEBER DEVELOPMENT PROJECT HISTORY**

As agreed, we have prepared this letter at the request of Smythe to lay out the history of all projects that Matthew Weber and Richard Lawson have been involved with starting from November 1st, 2022 onwards (this date was selected to align with a QRD year-end over two years ago).

The intent of this letter is to specifically reference the following for the projects:

1. how each project was sold, and/or that any upcoming sales will be at fair market values;
2. what happened on each project that led to its sale (if applicable);
3. how funds in QRD were spent over 2024;
4. how Richard Lawson and Matthew Weber paid themselves through their companies;
5. any disbursements to Matthew Weber and Richard Lawson from QRD; and
6. how projects were financed, appraised, and adjudicated.

**GENERAL NOTES**

The following are general notes that the reader of this letter should consider:

- All dollar amounts below are estimated (if not specifically noted otherwise) as we have not taken the time to update the cost bases, since they consist of, quite simply, massive losses due to the development market crash.
- Only one project below is in redemption. The rest have first lenders who have been granted conduct of sale, and we do not receive updated information any longer unless they are sold. Thus, we do not have exact sales dates for many of the projects, as we are not involved.
- We have done our best to summarize the information requested by Smythe, with the information we have on hand.
- This summary has been compelled and produced in compliance with our obligations under s. 158 of the Bankruptcy and Insolvency Act as directed by the Trustee.

**HISTORY OF QRD, RICHARD LAWSON AND MATTHEW WEBER**

As sent previously by email, the following is a breakdown of what generally happened on the projects.

The challenges facing QRD (and all the companies that QRD's Directors are involved with) have their origins in a combination of difficult and converging circumstances which took time to fully take hold. In the early days of the pandemic, high demand and supply chain disruptions raised costs across the board, especially for critical materials such as wood, concrete and steel as well as labor. As costs of living rose, to avoid raising property taxes, the Cities and Townships including Metro Vancouver raised their development cost charges (DCCs) adding to the overall cost of development and diminishing land values. At the same time, values had also risen, allowing budget overruns to be at least partially recovered.

However, when interest rates were increased to counteract inflation and property values declined in response, it eventually became clear by early 2024 that the viabilities of all our projects were under threat.

Leading up to July 2023, interest rates saw their highest rate of increase in a generation, rising twenty-fold in just sixteen months. Significant effects were immediately felt in the development market. As a new financial climate set in, lenders began pulling back significantly, tightening loan restrictions, and requiring more surety against outstanding debt, eventually withdrawing funding as property sales slowed and values declined further. During this time, construction costs continued to rise. As well, lenders' interest reserves ran out and required monthly payments to service their debts, which quickly became impossible.

It should be noted: this crisis is widespread across the market and is likely to worsen in the coming months and years, with many more and high-profile foreclosures pending or in progress. The development industry is already in a downturn of historic proportions. For projects to be viable again, all asset classes' values would need to see a significant rise, in the order of twenty percent or more.

Over the past year or more, we have fought as hard as we can to find a way forward. Since most projects entered foreclosure or receivership, our group has exhausted every option, from hiring multiple Realtors and scouring the market for buyers, trying to refinance or raise equities, to exploring all legal avenues and meeting with every possible interested party including working closely with provincial and federal governments to advance government-backed solutions. We have used all possible monies in the companies to pay for legal and overhead expenses to fight and to sustain operations, hoping that the market would correct in time to save our friends' and families' investments, and in turn, the investments of all the secured creditors as well.

We have now concluded that, given the damage to our reputation in the market, pending litigation on all the sites' titles, and a completely stagnant land sales market (at any reasonable sales price), there is no path to saving the projects and they all must be sold off to the highest bidder by the lenders through an order nisi foreclosure proceeding, and we are no longer needed. Furthermore, a group of the creditors has now petitioned us into bankruptcy, making it impossible for us to take further action.

## **FEES CHARGED BY DIRECTORS**

The following is a breakdown of the fees charged by the Directors of QRD (and other development companies associated):

### **Matthew Weber Associated Companies**

The following outlines **Matthew Weber's** association with the projects in question under **Quarry Rock Developments Inc.**, **Arcadian Projects Inc.**, **Waterstock Properties** and **YVR Living**.

**Important:** Please note that the 2024 fiscal year end for the entities is in progress and all amounts are estimated.

**Matthew Weber** is associated with the development projects in question via (2) entities:

- **Kaiser Weber Consulting Inc. (KWCI)**, in which Matt was 100% shareholder through a trust until **October 13, 2023**.
- **Willis Developments Inc. (WDI)**, in which Matt is 100% shareholder to date.

#### **Kaiser Weber Consulting Inc. (KWCI)**

**KWCI** is the sole shareholder of **Kaiser Landen Projects Inc. (KLPI)**, which is a primary development and project manager of the projects in question.

#### **Kaiser Landen Projects Inc. (KLPI)**

As of November 1st, 2022, **KLPI** had an outstanding balance of approximately **\$1.5M+/-** owed from its development clients, which are the projects in question. From November 1st, 2022, onward, this balance increased by **\$2.0M** as **KLPI** continued to provide services to the development projects, bringing the total balance owed to approximately **\$3.5M+/-**. However, these balances remained outstanding as of the end of 2023 fiscal year, and it became clear that these balances were uncollectable in 2024. As such, **KLPI** wrote off the receivable balance as bad debt.

**KLPI** continued to provide project management services to the development projects, despite the unpaid balances, while still incurring a **total of approximately \$2,500,000+/- in operating expenses (\$1.2M to staff, \$1.3M to overhead)**, such as payroll, overhead, and other corporate obligations, since November 1st, 2022. Due to this significant outstanding balance, **KLPI** faced severe cash flow constraints, which ultimately forced the company to lay off all of its staff and wind down operations near the end of its 2023 fiscal year. **KLPI** continues to owe \$900,000 towards its line of credit, incurring monthly interest that is being paid by **KWCI**.

Overall, **Kaiser Weber Consulting Inc.'s** total shareholder withdrawals from **Kaiser Landen Projects Inc. from November 1st, 2022 to date** is **approximately \$300,000+/-** which were not personal withdrawals by Matthew Weber but rather necessary funding allocations to cover company expenses, including payroll and ongoing operating costs.

#### **Concost Services Inc. (CSI)**

**KWCI** is the sole shareholder of **CSI**, which provided marketing services for the development projects. At the end of 2023 (completed mid-2024), **CSI** wrote off **approximately \$250,000+/-** to bad debt from the development projects, while it incurred **approximately \$400,000+/-** in operating expenses since November 1st, 2022.

#### **Concost Holdings Inc. (CHI)**

**KWCI** is the sole shareholder of **CHI**, which has provided consulting services for one sole development project since 2022, specifically QRD Properties Inc. At the end of 2023, **CHI** wrote off **approximately \$190,000+/-** to bad debt from their sole client, while it incurred **approximately \$150,000+/-** in operating expenses from 2022 onward.

#### **Kaiser Landen Realty Inc. (KLRI)**

**KWCI** is the sole shareholder of **KLRI**, which provided realty services for the development projects, earning commission from facilitating property transactions. **KLRI** wrote off **\$1.3M** in receivables from the development projects in 2023 and 2024 as they are expected to be paid, yet **KLRI** incurred **\$0.5M in expenses** since November 1st, 2022.

**KWCI** also had management fees billed to QRD of a total of **\$43,000 +GST** billed between January 2024 and August 2024 for facilitating the work required for BC Builds over this period. These management fees mentioned are the only direct payments from the development projects to **KWCI**. No other transactions were ever made from the development entities with **KWCI**.

### **Willis Developments Inc. (WDI):**

WDI is shareholder in the development companies as follows:

- 50% shareholder in **Quarry Rock Developments Inc. (QRD)**;
- 50% shareholder in **Arcadian Projects Inc (ARC)**;
- Minority shareholder in **Waterstock Properties (WSP)** projects.

The status of each project in question is detailed further in subsequent sections. In summary, the projects are either sold, or under conduct of sale by the first lender, with expected sale prices only covering the first secured lender mortgage amounts. Some projects may secure a sale price to partially cover additional secured liabilities, but regrettably, it is near certain that none of the investors, nor the unsecured lenders, would receive any of their owed amounts.

It is projected that after all projects are sold for their expected sale price, **QRD's** total loss on its projects to be **approximately \$30,000,000+/-**, and **ARC's** total loss on its projects to be **approximately \$8,000,000+/-** which is their entire equity in these projects.

As a result, **WDI's** entire balance of **approximately \$3.0M+/-** owed from **QRD** and **ARC** are wiped out.

Additionally, **WDI** is expected to have additional losses of **approximately \$3.0M+/-** from Waterstock Properties' projects (Russell & Maple, Courtyard Commons and Southend Village).

It is noted that the above-mentioned equity being lost by **WDI** does not consist of any profit allocation, but of net contributions into the project entities by **WDI**.

In conclusion, Matthew Weber has made investments into these projects by way of his companies, and all remaining invested balances are expected to be entirely lost.

### **Rich Lawson Associated Companies**

Overland Capital Canada Inc. (Overland) and Lawson Acquisitions Ltd. (LAL), were the main (2) entities that operated outside of the QRD/Arcadian group of companies. Overland currently has over \$900,000 owing to CRA which was related to uncollectable monies from the QRD portfolio in excess of \$1,600,000 (as per 2023 Financial Statements). An inability to collect from the QRD portfolio caused Overland's cash flow to be strained, and during this time Overland ceased to conduct new business from mid- to late 2023 into 2024 and onwards, as it went through a windup of its activity and licensing. Richard's personal accountants, as well as the accountants for Overland and LAL, have since advised that they are unable to assist moving forward with financial statements for 2024 year end, but would consider working with the trustee as needed. Greg Best from Smythe has been given this information.

As it relates to LAL, Rich had personally funded LAL with \$1,050,000 in November 2022. LAL then made an investment into QRD (Gordon) to assist with QRD cash flow matters. The QRD (Gordon) project was for sale, but in late 2024 the QRD (Gordon) project was sold by court order by the first mortgage holders for less than the outstanding amount due to the first mortgage. This resulted in a complete loss of the investment made by LAL.

**LAL** had management fees billed to QRD of a total of **\$43,000 +GST** billed between January 2024 and August 2024, for facilitating the work required for BC Builds over this period. These management fees mentioned are the only direct payments from the development projects to LAL. No other transactions were ever made from the development entities with LAL.

When accounting for the total picture there is close to \$3.0M in losses between the two companies which is now uncollectable.

### **Fees from QRD Directly**

As the ultimate fate of the development projects remained uncertain until late 2024, QRD attempted to sustain its business, continuously and aggressively pursuing various options to revive development activity in these projects. Most notably among these efforts were ongoing discussions and proposals with BC Builds to secure funding to convert as many projects as possible to affordable housing projects. Operating expenses were kept at a bare minimum, but it should be noted that a small group of (5) part-time contract staff was retained to continue to work on solutions and administration, incurring staffing expenses of **approximately \$200,000+/-** from October 2023 until August 2024. Accounting and legal obligations remained critical, as well as the few remaining staffing costs and operating expenses.

Throughout the period noted from November 1st, 2022, onward, the development projects have spent **approximately \$1.0M** on legal expenses, and **approximately \$250,000** on external accountants to complete 2022 and partially 2023 year-end tax filing obligations (most of the accountants' invoices for 2023 year-end remain unpaid). It can thus be concluded that the last significant monies in QRD were used to pay legal costs, remaining staffing costs and overhead costs, and to fight to recover creditors' and investors' money until the very end.

### **PROJECT-SPECIFIC UPDATES**

The following is a breakdown of each project, its notable high-level events, how it was sold (if applicable), and its current status as of the writing of this letter:

Note: We have included the company names below to help the reader reference them in the company list we previously provided, as attached to our disclosure documents.

#### **2060 – Baden Resort**

Company: QRD (BADEN RESORT) HOLDINGS INC

Address: Shannon View Drive, West Kelowna BC

Purchase Date: **July 2021**

Sale Date: **Not Yet Sold**

The following are notes on this project:

- a) This project was purchased for its prime views and reasonable pricing for a townhouse site.
- b) The first application for this site was a townhouse site that was not supported by the City as they desired more density.
- c) The subsequent applications for a hotel, condominium or mixed short stay project were in progress when QRD ran out of money to support this project.
- d) QRD tried to sell this project throughout 2024 but could not secure a price that would pay out all the lenders. We came close to a sale several times, only to see the Buyer drop the sale prior to subjects being removed.
- e) The first mortgagee now has conduct of sale, and it is anticipated the project will sell for close to the amount owing on the first mortgage due to accrual.

- f) All of QRD's equity in this project, totaling **approximately \$1,200,000+/-**, is expected to be wiped out from the sale.

### **2290 – The Willoughby**

Company: QRD (WILLOUGHBY) HOLDINGS INC.

Address: 202B Street, Langley, BC

Purchase Date: **November 2019**

Sold Date: **Approximately October 2024 by Receiver**

The following are notes on this project:

- g) This project was purchased by QRD from a previous development group in which Matthew was a participant (Oaken).
- h) Upon commencing service on this project in 2020, construction costs experienced significant inflation in combination with delays from the Township of Langley, which constantly drove up the budget.
- i) QRD was forced to arrange several refinancings on the project as the contractor's budget continually increased, and we were never able to secure sufficient funding for the project.
- j) QRD managed to secure a number of presales, complete a sales centre, and complete most of Phase 1's early units which were awaiting refinancing for its lenders (which was pre-approved with discussions and letters to finish Phase 1).
- k) In late 2023 during the refinancing of Phase 1, which included residual phases of the project, our second lender, Atrium MIC, cut back our loan, and we were unable to make up the shortfall. When we could no longer inject equity into the project, they pushed us into receivership with MNP, who then took over the project and liquidated it.
- l) Matthew managed to secure an LOI from BC Builds in the summer of 2024, and arranged a call between all lenders, the Receiver, and BC Builds (which is highly uncommon)—however the lenders and Receiver finalized a sale to a Buyer the very next day, as they were not willing to wait for BC Builds.
- m) When the Receiver brought the sale to court for approval, we fought it, but the judge ruled against BC Builds and our LOI. A tribunal followed as part of the appeal process, and we were ruled against there also in the late summer of 2024, after spending \$100,000+ on legal fees.
- n) This project was sold by the Receiver, at a loss to the Limited Partnership of **approximately \$27,000,000+/-**.

### **2295 – The Met (aka McAllister)**

Company: QUARRY ROCK DEVELOPMENTS (MCALLISTER) INC.

Address: 2245 McAllister Avenue, Port Coquitlam, BC

Purchase Date: **October 2018**

Sold Date: **Early 2025 By Receiver**

The following are notes on this project:

- o) This project was purchased as it was in a prime location in the centre of the City's downtown, and included a creative deal with the previous owners who vended in the land (since the site building was destroyed by fire) in exchange for a portion of the new building to be developed.

- p) After buying the site, the City advised they would only approve the project if we consolidated our parcel with their neighboring site and provided them the ground floor commercial spaces in exchange for their land. There were also certain milestones to be achieved for excavation by a particular date.
- q) The City of Port Coquitlam delayed the approvals, which in turn delayed the project considerably, and we had to change contractors after firing our contractor who had built the Parque on Park project and had large overages (this is detailed further below in the Parque on Park summary).
- r) Our new contractor started excavation immediately, after which we received a new updated budget. After the excavation was finished, we were required to pause as we sought new financing.
- s) We received a discussion letter from Envision and began building again so the site could be prepared for winter. Envision repeatedly prolonged their final approval process, and when they finally did issue a commitment, they had cut back the loan by approximately \$3,000,000, and we could not fund the difference.
- t) CWB placed us in special loans, and Matthew attempted to sell the site to every major developer or buyer in BC from late 2023 until CWB pushed the project into receivership in 2024.
- u) Matthew again arranged BC Builds involvement, and received another LOI, but again the Receiver liquidated the site for an approximately \$2,000,000 loss to CWB. We could not fight it this time as we had run out of money.
- v) This project was sold for a loss to the Limited Partnership of **approximately \$9,000,000+/-**.
- w) All of QRD's equity in this project, of **approximately \$6,200,000+/-**, has been wiped out at sale.

#### **2340 – The Gordon (including The James site)**

Company: QRD (GORDON) HOLDINGS INC. & QRD (JAMES) HOLDINGS INC.

Address: 7007, 7021 & 7033 – 204 Street, Langley, BC

Purchase Date: **February 2021 (The Gordon), November 2022 (The James)**

Sold Date: **Sold, Final Date Pending**

The following are notes on this project:

- x) This project was purchased by QRD from a previous development group in which Matthew was a participant (Kingsmark), with a VTB interest from the previous group.
- y) After many years of delays from the Township of Langley, they advised they would not approve the site for rezoning unless we purchased 7007 from the neighbor.
- z) We approached the neighbor, who said he would only sell for \$12,000,000. The land was likely worth \$6,000,000 or less even at that time. But in the interests of not compromising the project, we agreed to a high price with the neighbor, to be paid after various approvals and completion points on the project, and to be secured by a VTB.
- aa) We took the combined three-parcel site design to our current lender on the original sites (Trez) and requested they finance all three, and they refused. Overland Capital then stepped in to provide the financing, and we named the additional site The James.
- bb) After a new City council election, the new Mayor was supportive of the project and accelerated the zoning of the site, but added, as part of the new policies, \$50+ per SF of CACs and required another level of underground to get to 3 underground storeys. These late changes to the design and proforma drastically affected the project's viability.

- cc) Matthew attempted to sell the site after zoning as QRD decided that the site was now simply too large for them to continue developing. Matthew approached every major developer and buyer in BC in an attempt to sell the site. After exhausting all his contacts, he engaged Mike Harrison.
- dd) Trez and the other lenders put the project into foreclosure. After the redemption period ended, they marketed the sites and ended up selling them to one of the Buyers that Matthew had originally approached, but could not achieve a sale at a price that would make the project stakeholders whole.
- ee) During 2024, a BC Builds application was also prepared, but never ended up making significant progress through BC Builds' multi-step process.
- ff) This project was sold at a loss to the Limited Partnerships of **approximately \$10,500,000+/-**; however we are unsure if the sale has closed as of the writing of this letter.

### **2335 – Parque on Park**

Company: MONDOFI (PARQUE) PROPERTIES INC.

Address: 20449 Park Avenue, Langley BC V3A 0P2

Purchase Date: **October 2018**

Sold Date: **May 2023**

The following are notes on this project:

- gg) This project was purchased as it was in a prime location and available at a favorable price. No LP was ever set up for this project, and it was owned by QRD without investors.
- hh) Parque on Park was originally designed to be a strata condominium project, but after the pandemic it shifted towards a residential rental building.
- ii) During this project, construction costs increased substantially, and our contractor came back to us with approximately \$12,000,000 in overages, after we had already arranged take-out financing.
- jj) We managed to secure the necessary funds to cover most of the cost overruns. However, when interest rates increased, retaining the site was no longer financially viable.
- kk) We hired Lance Colson of CBRE to sell the building; they marketed it across Canada and ended up facilitating a sale to CAPREIT, who purchased after lengthy negotiations.
- ll) The lender on the project, Atrium MIC, took \$5,000,000 of the proceeds and transferred them to the Hamilton House project (see project summary below) to pay down that loan. The remaining monies returned from the sale went to QRD to help with cash flow on the other projects.
- mm) This project was sold at a **\$2,200,000+/-** loss to QRD.

### **2340 – Russell and Maple (R&M)**

Company: KAISER LANDEN (R&M) HOLDINGS INC.

Address: 1539 Maple Street, White Rock, BC

Purchase Date: **July 2018**

Sold Date: **April 2024**

The following are notes on this project:

- nn) This project was purchased by Matthew with the Waterstock group (Raghbir Gurm) and Richard was not involved besides financing and brokering.



- oo) This project was delayed due to issues at the City of White Rock and was reduced from 6 storeys to 4 storeys by a new Council that was elected on a platform of aggressively limiting development heights in the area.
- pp) Matthew was able to obtain construction financing from Trez and a second mortgage from a private lender, Wubbs, and was set to build out the project; however, further delays at the City of White Rock's building department (more than a year) combined with the mass inflation of construction costs caused the project proforma to be greatly affected. Trez became frustrated with the delays and demanded more money be injected by the developer.
- qq) Matthew was unable to source the equity and tried to sell the site to his contacts; however, all of the prices proposed were at a fraction of the registered mortgages.
- rr) The second mortgagee, Wubbs, decided to buy out Matthew and the Kaiser Landen LP, and take over the project through their development company, Elevate Developments, at a price that wiped out all the equity on the project.
- ss) The sale of this project resulted in a loss of approximately **\$1,000,000+/-** for **Willis Developments Inc.**

### **2345 – Casino Royale**

Company: QRD (CASINO) HOLDINGS INC.

Address: 20411 Fraser Hwy, Langley, BC

Purchase Date: **February 2022**

Sold Date: **Not Yet Sold**

The following are notes on this project:

- tt) This project was purchased by QRD from a previous development group in which Matthew was a participant (Kingsmark), with a VTB interest from the previous group.
- uu) As part of the development, a portion of the land had to be purchased from the City of Langley, who had agreed to a price of approximately \$2,000,000.
- vv) After QRD completed on the site, the City demanded that they instead receive \$4,000,000 for their land, which drastically affected the proforma.
- ww) After multiple design iterations with the goal of making the project feasible, QRD settled on a 6-storey design, which was ready to be approved when QRD ran out of funds.
- xx) Matthew attempted to sell the site to every major developer or buyer in the Lower Mainland. Once he had exhausted all of his options, QRD engaged Wells Macey of Momentum Realty.
- yy) Matthew also completed a BC Builds application, which never received traction with BC Housing.
- zz) After the redemption period expired, the first lender was granted conduct of sale and has since been attempting to sell the site. Based on our understanding, the first lender will be unable to sell the site for their debt, and all other junior debts and equities will be lost.

### **2365 – HQ aka Q1 aka 3288 – 194 Industrial**

Company: QRD (CH194) HOLDINGS INC.

Address: 3288 194 Street, Surrey BC

Purchase Date: **May 2018**

Sold Date: **March 2023**

The following are notes on this project:

- aaa) This project was purchased as it was available for a favorable price and is situated in a prime location, and an LP was created to raise money for the purchase.
- bbb) It was decided by QRD that they would try to keep this project and build a head office here with some rental industrial units, and would proceed to pay out all the investors in late 2020.
- ccc) After paying out the investors with a new loan from Trez we continued to design the new project, which faced delays and cost escalations.
- ddd) Trez decided that they did not want this loan on their books anymore and threatened to call the loan, so we began the sales process throughout 2022.
- eee) Matthew brought the site to many developers and buyers with the assistance of multiple Realtors, and we entered into numerous purchase and sales agreements with different groups as this was a highly sought-after site. However, once interest rates began rising the buyers would back out of a pending sale and/or offer less.
- fff) In or around November 2022, a Buyer, Nanak, agreed to buy the site for QRD's asking price, but with the condition that a land swap would account for approximately half of the purchase price.
- ggg) The sale was finalized at the end of November 2022, and closed a few months later. QRD had to arrange new financing on the swap site 'The Silver' which is discussed in its project summary below.
- hhh) This project was sold and all funds were entirely reinvested into other QRD projects.

### **2380 – Q13 aka Tandem**

Company: MONDOFI (TANDEM) PROPERTIES INC.

Address: 5475 199A Street, Langley, BC

Purchase Date: **November 2018**

Sold Date: **March 2023**

The following are notes on this project:

- iii) QRD took on this small townhouse project; we liked the area and the land was a leftover site from a previous assembly of Matthew's.
- jjj) We decided to build the project as a strata and were finishing it right as COVID started. We were unable to break even on the sales, as market values initially quickly fell.
- kkk) We decided to rent the site in mid-2020, holding it until late 2022 when we decided the strata prices had recovered sufficiently for it to be sold as individual units.
- lll) We hired Kaiser Landen Realty to sell the site and they sold it quickly.
- mmm) The sales proceeds paid out the lender and a portion of the proceeds were used to pay down Atrium MIC's loan on the Willoughby project.
- nnn) This project was sold for a **\$1,400,000+/-** loss to QRD

### **2390 – Brookwood Manor**

Company: QRD (BROOKSWOOD) HOLDINGS INC.

Address: 3338 200 Street, Langley, BC & 3352 200 Street, Langley BC

Purchase Date: **March 2019**

Sold Date: **Not Yet Sold**

The following are notes on this project:

- ooo) QRD bought this site as it was an ideal property in what we understood to be an 'up-and-coming' area of Langley with an NCP to be approved shortly.
- ppp) An LP was not set up for this site.
- qqq) After closing on the site, the NCP was repeatedly delayed. When the Plan was finally approved in 2022/2023, new substantial requirements for fees, infrastructure, etc. were required, making this site nearly impossible to develop.
- rrr) Wells Macey of Momentum was hired to sell the site, and he fielded many offers throughout 2024; several of these offers were accepted, but subjects were never removed.
- sss) After the redemption period expired, the first lender took conduct of sale. The site is currently listed for less than the first mortgage is owed. Based on our current understanding of where the market is for this site after speaking with Realtors, the loss is anticipated to be in excess of \$15,000,000 with the first lender unlikely to recover most of their funds.
- ttt) All of QRD's equity in this project, of **approximately \$6,400,000+/-**, is expected to be wiped out from the sale.

#### **2420 – Courtyard Commons**

Company: WATERSTOCK PROPERTIES (COURTYARD) HOLDINGS INC.

Address: 15704 North Bluff Rd, White Rock BC

Purchase Date: **May 2020**

Sold Date: **Not Yet Sold**

The following are notes on this project:

- uuu) This project was purchased by Matthew with the Waterstock group (Raghibir Gurm) and Richard was not involved besides financing and brokering.
- vvv) This project was delayed due to issues at the City of White Rock and was reduced from 6 storeys to 4 storeys by a new Council that was elected on a platform of aggressively limiting development heights in the area.
- www) There were significant delays on the project even after it was reduced to 4 storeys, as White Rock proved to be very slow to approve projects.
- xxx) After the loan with Atrium MIC expired, the group was unable to obtain new financing and the project fell into foreclosure in 2024.
- yyy) The site was listed with Mike Harrison; various parties expressed interest but never removed subjects.
- zzz) After the redemption period expired, the first lender conducted a sale. We understand they have sold the debt to a new group and we are not aware if the site is being listed or not. However, based on our knowledge of the current market for a project in foreclosure, it will likely sell for an amount that will wipe out some of the first mortgage, all of the second mortgage, and all of the equity of approximately \$12,000,000.
- aaaa) All of **Willis Developments Inc.**'s remaining equity in this project, of **approximately \$100,000+/-**, is expected to be wiped out from the sale.

#### **2445 – Hamersly**

Company: QRD (HAMERSLEY) HOLDINGS INC.

Address: 350 2nd Street E, North Vancouver BC

Purchase Date: **September 2019**

Sold Date: **October 2023**

The following are notes on this project:

- bbbb) This project was purchased by QRD as it was available for a favorable price and is situated in a prime location.
- cccc) QRD repurposed the asset and converted it from an aging heritage building into a successful daycare, securing a long-term lease and refinancing the asset.
- dddd) The refinancing allowed for an equity take-out, which allowed us to pay out some of the investors on the project and obtain some cash flow.
- eeee) After some time, a lawsuit arose with the tenant, ultimately requiring us to reach a settlement for damages.
- ffff) Once the loan expired, we were unable to refinance the asset and attempted to sell it with the help of a Realtor. Prices offered were not enough to pay off the loan.
- gggg) In the end we handed over the project to the first mortgage lender, having never sold after being on the market for more than a year, They released us of all guarantees, and we stepped away from the project.

#### **2455 – Southend Village**

Company: WATERSTOCK PROPERTIES (SOUTHEND VILLAGE) INC.

Address: Multiple, including 1636 156 Street, Surrey BC & 15621 16 Avenue, Surrey BC

Purchase Date: **October 2019**

Sold Date: **Not Yet Sold**

The following are notes on this project:

- hhhh) This project was purchased by Matthew with the Waterstock group (Raghibir Gurm) and Richard was not involved besides financing and brokerings.
- iiii) This project was delayed due to NCP delays in the area and due to lengthy discussions with the City of Surrey, and was reduced from 20+ storeys to 12 storeys .
- jjjj) This site was refinanced many times through various lenders, with the final loan provided by Overland.
- kkkk) After the loan with Overland expired, the group was unable to obtain new financing and the project fell into foreclosure in 2024.
- llll) The site was listed with Mike Harrison and various parties reviewed it, but we were never able to achieve a sale.
- mmmm) Waterstock Director, Raghibir Gurm, worked directly with Reid Duthie of Overland in the later part of 2024 in an attempt to sell a portion of the site to the City of Surrey, but were unable to close. It should be noted that Reid employed a particularly heavy-handed approach during his negotiations with the City of Surrey, who stepped away and advised they were no longer prepared to provide any special accommodations for the project after how they were treated.
- nnnn) After the redemption period expired, the first lender conducted a sale and we understand they are actively attempting to sell the site. However, based on our knowledge of the current market for a project in foreclosure, it will likely sell for an amount that will wipe out some of the first mortgage, all of the second, and all of the equity, for a total loss of approximately \$25,000,000 or more.

oooo) All of **Willis Developments Inc.**'s remaining equity in this project, totaling **approximately \$2,000,000+/-**, is expected to be wiped out from the sale.

#### **2465 – The Earl aka Parcel C at SEV**

Company: YVR LIVING (SEV C) HOLDINGS INC.

Address: 1618 157 Street, Surrey BC

Purchase Date: **June 2021**

Sold Date: **Not Yet Sold**

The following are notes on this project:

pppp) This site was originally part of the Southend Village project and was bought out by a new LP that included QRD as a General Partner under a new development flag, YVR Living.

qqqq) QRD was able to push this project essentially to the building permit stage but could not achieve adequate financing to pay out both the land loan and the project.

rrrr) Overland and various other groups sought various financing options to get this project built but were unsuccessful. In 2023, we decided to sell the site and worked with multiple interested parties, but could not achieve a sale at a price that would recover the capital costs invested.

ssss) The site was listed with Mike Harrison and various parties expressed interest but never removed subjects.

tttt) After the redemption period expired, the first lender took conduct of sale and we understand the site has been sold for less than the first mortgage.

#### **2495 – The Graham**

Company: QRD (GRAHAM) HOLDINGS INC.

Address: 20443 70 Avenue, Langley BC

Purchase Date: **May 2021**

Sold Date: **Not Yet Sold**

The following are notes on this project:

uuuu) This project was purchased as it was in a prime location and available at a favorable price. An LP was created to raise money for the purchase.

vvvv) After the election of a new City council, the new Mayor was supportive of the project and said they would accelerate the zoning of the site, similar to the Gordon site. But as we learned with the Gordon project, new fees of \$50+ per SF were added as part of the new policies. These late changes to the design and proforma drastically affected the project's viability. QRD was unable to achieve zoning before monies ran out.

www) Matthew attempted to sell the site pre-zoning, as QRD was decided that the site was simply too big to develop. Matthew approached every major developer and buyer in BC in an attempt to sell the site, turning over the listing to Mike Harrison after exhausting all of his contacts.

xxxx) During 2024, a BC Builds application was also prepared, but never ended up making significant progress through BC Builds' multi-step process.

yyyy) After the redemption period expired, the second lender obtained conduct of sale and we understand they are actively trying to sell the site. However, based on our knowledge of the current market for a project in foreclosure, it will likely sell for an amount that will wipe out most of the second mortgage, all other junior mortgages and all of the equity for a total loss of approximately \$8,000,000 or more.

zzzz) The first lender has now called the loan after payments from the second mortgage lender stopped, and we are unsure when they will obtain conduct of sale.

aaaaa) All of the remaining equity in this project for **Arcadian Projects Inc.**, of **approximately \$1,300,000+/-**, is expected to be wiped out from the sale.

### **2525 – Guildford Brook**

Company: AP (GUILDFORD BROOK) HOLDINGS INC.

Address: 10515 155 Street, Surrey BC

Purchase Date: **December 2021**

Sold Date: **January 2023**

The following are notes on this project:

bbbbb) This project was purchased as it was in a prime location and available at a favorable price. An LP was created to raise money for the purchase.

cccc) The site was rezoned and then sold to a Buyer for a significant profit in early 2022. The Buyer agreed to close once a servicing agreement was issued, so we completed the servicing agreement and sold the site.

dddd) The monies from the sale were used to cover cash flow for other projects in QRD's portfolio.

eeee) After the sale, an outstanding balance due to QRD of **approximately \$1,300,000+/-**, remains unpaid.

### **2545 – Federal Building**

Company: QRD (DOUGLAS) HOLDINGS INC.

Address: 20402 Douglas Cres., Langley BC

Purchase Date: **March 2022**

Sold Date: **June 2024**

The following are notes on this project:

ffff) This project was purchased as it was in downtown Langley City, an area we were well familiar with since we were finishing the Parque on Park project at the same time.

gggg) While holding the site, we initiated some early development plans but decided against proceeding, opting instead to list with Jamie Schreder of Royal LePage.

hhhh) Jamie and his team marketed the site for some time, eventually selling it for just enough to cover the first and second mortgages after working with multiple Buyers.

iiii) The project was sold at a **\$630,000+/-** loss to QRD.

### **2555 – Delta Fresh**

Company: QRD (DELTA FRESH) HOLDINGS INC.  
Address: 10555 64 Ave, Delta BC  
Purchase Date: **April 2021**  
Sold Date: **Not Yet Sold**

The following are notes on this project:

- jjjjj) This project was purchased due to its significant value; we understood it to be an industrial project, and the sellers provided a substantial VTB to facilitate the sale.
- kkkkk) After closing the site, we realized the site would be required to retain its agricultural zoning, which would limit its development potential.
- lllll) Various financings were arranged through Overland as a broker and lender to pay down the VTB and work through the challenges on the site (servicing, contamination, etc.)
- mmmmm) We were able to achieve A4 zoning, then made the decision to begin the sales process.
- nnnnn) QRD hired various Realtors, all of which were unsuccessful.
- ooooo) After interest reserves ran out, the site went into foreclosure with all lenders.
- ppppp) Matthew continued to work towards a sale, with several Buyers who were either unable to commit to a firm sale, or would not agree to buy the site for our cost base. At the same time, Reid Duthie involved himself in the sales process, directly contacting Matthew's potential Buyers, which ultimately discouraged them from proceeding with the sale and our final opportunity to move forward.
- qqqqq) After the redemption period expired, the second lender, Overland, took conduct of sale on the site and marketed it. We understand the lender has been unable to sell the site.
- rrrrr) We now understand that the initial lender, Carevest, has obtained conduct of sale and is actively working to sell the site for whatever price they can secure, which is likely only enough to pay off their debt and potentially some portion of the second mortgage, leaving the remainder of the second mortgage, the third mortgage, all payables and all equity losses to a substantial degree.
- sssss) All of QRD's equity in this project, totaling **approximately \$6,300,000.00+/-**, is expected to be wiped out from the sale.

### **2560 – Hamilton House**

Company: QRD (HAMILTON HOLDINGS) HOLDINGS INC.  
Address: 23400 Gates Avenue, Richmond BC  
Purchase Date: **December 2020**  
Sold Date: **December 2024**

The following are notes on this project:

- ttttt) This project was purchased as it was in a prime location and available at a favorable price. An LP was created to raise money for the purchase. This project was delayed due to issues at the City of Richmond; it also required preloading which did not proceed as planned and has taken more time to settle than expected (this is still reportedly being resolved).
- uuuuu) Refinancings were required due to delays with the project, with the final financing coming from Atrium MIC and Overland.

- vvvvv) The site work contractor, Tybo, incurred a significant bulk of expenses to finish the preloading work. QRD paid what it could, then provided a third mortgage for their outstanding amount.
- wwwww) QRD and Overland were unable to obtain financing to build out the site, and attempted to sell the site to their contacts. None of the offers would have been sufficient to cover costs.
- xxxxx) Matthew and various Realtors continued to work to sell the site. A sale did proceed to subject removal, but the Buyer defaulted and dropped the sale, walking away from their deposit.
- yyyyy) The delays on the project caused the interest reserve to run out on all loans and it entered foreclosure.
- zzzzz) QRD hired Mike Harrison of Avison Young to sell the site, who brought in various interested parties, none of which were able to commit to a firm sale.
- aaaaa) Tybo (the third mortgagee), was able to obtain conduct of sale in mid-2024 and had a Buyer in place. However, this Buyer refused to remove subjects; soon after, the first lender decided to take over the sale of the site when their redemption period ended. Tybo's Buyer was offering less than what QRD had sold the site for, and all other Buyers were offering much less than QRD was eventually able to sell the site for.
- bbbbb) In the end, Matthew was able to sell the site just as the first lender was achieving their conduct of sale, obtaining just enough to cover the first mortgage, the second mortgage and some of the third. The purchasing party had been working with Matthew on the sale for most of 2024.
- ccccc) This project was sold for a loss to the Limited Partnership of **approximately \$13,000,000+/-**.
- ddddd) QRD incurred a loss of **approximately \$5,000,000.00+/-** in unresolved outstanding equity balance.

#### **2590 – Masonic Hall (Eureka Lodge)**

Company: 20701 FRASER HWY HOLDINGS INC.

Address: 20701 Fraser Hwy, Langley BC

Purchase Date: **September 2022**

Sold Date: **approximately March 2025**

The following are notes on this project:

- eeeeee) This project was purchased as it was in a prime location and included a creative deal with the owners who vended in the land in exchange for a portion of the new building to be developed.
- fffff) After the receiverships and foreclosures on the above projects, we became unable to take this project forward. The lender on the project froze advances, making it impossible to proceed.
- ggggg) The first lender initiated foreclosure proceedings, and the original owners decided to buy out the first mortgage. They recently re-assumed control of the site, after indicating since October 2024 their intention to buy back the site.
- hhhhh) There is no loss expected from this sale.

#### **2595 – Fraser Office Building**

Company: QRD (FRASER HWY) HOLDINGS INC.



Address: 20436 Fraser Hwy, Langley, BC  
Purchase Date: **March 2022**  
Sold Date: **September 2023**

The following are notes on this project:

- iiiiii) This project was purchased as it was in downtown Langley City, an area we were well familiar with since we were finishing the Parque on Park project at the same time.
- jjjjjj) While holding the site, we managed the leases and initiated some early development plans but decided against proceeding, opting instead to list with Jamie Schreder of Royal LePage.
- kkkkkk) Jamie and his team marketed the site for some time but were unsuccessful in their efforts to achieve a reasonable sale.
- llllll) In 2023, the Kaiser Weber Consulting Inc. group decided to move from Burnaby to Langley and obtained a BDC loan brokered by Overland to buy out QRD for the appraised value approved by BDC.
- mmmmmm) The loan with BDC is now in foreclosure. This is currently the only site in a redemption period. It continues to be marketed by Jamie Schreder of Royal LePage; none of the offers in discussion would cover the first mortgage debt on the property.

#### **2605 – Fleetwood OAP**

Company: QRD (FLEETWOOD OAP) HOLDINGS INC.  
Address: 8286 161 Street, Surrey BC  
Purchase Date: **July 2022**  
Sold Date: **Not Yet Sold**

The following are notes on this project:

- nnnnnn) This project was purchased by QRD with two of the Realtors from Kaiser Landen Realty Inc. who believed it to be an ideal project. The project included a covenant on title requiring a 55+ building.
- oooooo) We submitted a development application to the City of Surrey which proceeded through the review process, but the project did not obtain any readings due to cash flow issues and various delays.
- pppppp) We attempted to remove the covenant on the title but the previous owners (a church) would not let us remove it.
- qqqqqq) Overland was able to finance the project, then refinance it with its own investors to provide some time.
- rrrrrr) After the last refinancing from Overland it was decided that the site should be sold. The Realtors from Kaiser Landen Realty brought in numerous offers, but none removed subjects. Following this, Joe Varing was engaged to sell the site; he too was able to get a number of Buyers to the table, but none were willing to remove subjects. However, during these conversations it was uncovered that the City has designated this site as a park, and the site would eventually have to be sold to them.
- ssssss) After the interest reserve ran out, the project was put into foreclosure.
- tttttt) Reid Duthie involved himself in the sales process, despite protests from the owners, taking it upon himself to attempt negotiations directly with the City of Surrey. He decided that the City of Surrey should buy the site for approximately \$11,000,000, despite the land having been recently purchased by QRD for \$4,500,000. Mr. Duthie obtained an

appraisal on behalf of QRD to substantiate this request. The City firmly declined this valuation through their representative, arriving at their own appraisal of approximately \$6,000,000.

uuuuuu) Mr. Duthie became heavy-handed and aggressive with the City, to the point where they stepped away and advised they would no longer negotiate with him. Matthew stepped in and was able to negotiate for approximately \$700,000 more than their appraisal, for a total of \$6,700,000 from the City, on the basis that the City would buy the site in 2024, pay out all loans, clear up all payable and recover some equity. Matthew negotiated that the City had changed their site designation partway through the development process, and that he wanted to protect the companies that worked on the project as they should all be paid up for their work. The City agreed.

vvvvvv) Reid Duthie then decided to add approximately \$170,000 in arbitrary fees to the payout, continuing to employ the same heavy-handed and aggressive tactics, with the intent to wipe out all equity payments and payments to the payables, and again take control. Matthew pushed for a resolution with Overland and Mr. Duthie, but could not reach an agreement (or indeed even a negotiation).

wwwww) The lawyers for QRD worked with the City, achieving a signed purchase and sales agreement with a deposit, but the closing was continually delayed.

xxxxxx) After the redemption period expired in late 2024, Overland took over conduct of sale to overstep QRD. Since then, the City of Surrey has reportedly dropped the sale for reasons unknown to QRD; Overland and Mr. Duthie may have more information.

yyyyyy) This project when sold will likely not be enough to pay out the lenders' mortgages, thus all equities will be lost.

zzzzzz) QRD will incur a loss of **approximately \$300,000.00+/-** in unresolved outstanding equity balance.

## **2615 – Silver**

Company: QRD (SILVER) HOLDINGS INC.

Address: 19044 32 Avenue, Surrey BC

Purchase Date: **March 2023**

Sold Date: **Not Yet Sold**

The following are notes on this project:

aaaaaaa) This project was purchased as part of the land swap for HQ (aka Q1) as noted above, and various LP equities were raised.

bbbbbbb) This project included a short closing timeframe, and Overland through Reid Duthie agreed to take it on, confident he could finalize the deal in time. However, he was unable to secure all required funds at closing. Fees and guarantees were also changed during the final stages of negotiations, resulting in the closing being just barely achieved.

ccccccc) QRD was able to achieve zoning in the summer of 2023, and was working towards a building permit when the interest reserve ran out and the project was put into foreclosure.

ddddddd) QRD hired Chris Brewster of Colliers to sell the site. While he marketed the site, he appeared focused on selling the site to Beedie.

eeeeeee) QRD received an expression of interest from Beedie to sell the site for essentially the same amount of money as the registered debts. However, Beedie repeatedly changed deal terms between expression of interest and PSA. Subjects could not be agreed to, and there were continual price reductions during the negotiations which included demolition of site structures and removing the current tenant. Ultimately the offer did not proceed as it was heading in the direction that would not repay the first and second mortgages, and it was not subject-free.

ffffff) Matthew connected with the Province of BC, who provided initial support for a new Food Security Hub project. Matthew worked for most of the second part of 2024 putting together the paperwork for the grants that would be required, and working closely with political leaders at the highest levels. However, due to the election, this could not be completed in time.

ggggggg) After the redemption period expired, the lenders took conduct of sale on the site. After marketing it, we understand a firm sale is in place, expected to close soon for a total loss of more than \$15,000,000, with not enough funds to cover the first mortgage.

hhhhhhh) All of QRD's equity in this project, totaling **approximately \$4,200,000.00+/-**, is expected to be wiped out from the sale.

## **PROJECT ADJUDICATION AND FINANCING**

It should be noted that all projects (except the refinancing of the Graham project) were financed through brokerage services of Overland Capital Corp (Overland). Specifically, the following actions were taken:

- All discussions with the lenders were specifically handled by Overland with support from QRD only when needed.
- All loans prepared by Overland and through their investors, were handled directly and entirely by their administrator, Reid Duthie, as sworn on various applications.
- All appraisals that formed the basis of the lending on the projects were based on valuations by AACI appraisals on an as-is basis, or as-complete basis, when needed for construction financing. Lender-approved appraisers were chosen, and when Overland was involved, the administrator (Reid Duthie) directed the process, and information was provided as needed by QRD. QRD would review the reports and answer any questions, but allowed the appraisers, lenders and brokers to entirely manage the appraisal work.
- All net worth statements were prepared by Jacky Olsen at Overland based on the values contained in the appraisals, as development land was essentially the entirety of our net worth which lenders would review.

## **PROJECT INVESTMENTS AND EQUITIES**

Essentially all projects with investors used an LP-GP corporate governance structure. All compliance required as part of this process was handled by Commonwealth West Equities Inc. which was owned and operated by Reid Duthie.

## **CONCLUSIONS**

The following are conclusions that should be drawn from reviewing this letter:

1. No payments were taken out of Quarry Rock Developments or any of its subsidiaries directly by Matthew Weber or Richard Lawson at any point.
2. Matthew's and Richard's holding companies were each paid \$43,000 plus GST, for work in 2024 for the BC Builds applications as noted and discussed above.
3. Any fees paid to companies associated with Matthew and Richard were at fair market rates for completed work.
4. Matthew Weber and his companies working on the projects were largely not compensated as noted above, since November 1st, 2022, as significant amounts remained unpaid, yet expenses continued to be paid to cover staffing and overhead costs.

5. No land was sold for less than market value and QRD and its Directors did their best to achieve the maximum price at all times.
6. We fought up until the bitter end, which was until we were forced into bankruptcy.
7. The last significant monies in QRD were used to pay legal costs and overhead costs, and to work towards the highest level of recovery for creditors and investors.
8. All project values, personal net worths and other information were disclosed to Reid Duthie of Overland at all times, and he oversaw all financings and investments into the projects.
9. Based on projects that are under contract to sell or have sold, value reductions in the 60% to 70% range have been realized. There is little value left in any of QRD's, Matthew Weber's nor Richard Lawson's assets, as they were all tied to the above real estate projects.

We trust this provides you with all the information you are looking for regarding these projects. Please reach out if you need more information.

Thanks,

Matthew Weber and Richard Lawson