

This is the 1st affidavit of Macario (Tobi) Reyes in this case and was made on 23/Apr/2021.

No. H-200590  
Vancouver Registry

**IN THE SUPREME COURT OF BRITISH COLUMBIA**

BETWEEN:

MCAP FINANCIAL CORPORATION

PETITIONER

AND:

MAIN STREET ARTS INVESTMENTS INC. et al

RESPONDENTS

**AFFIDAVIT**

I, Macario (Tobi) Reyes, c/o Bennett Jones LLP, 666 Burrard St, Vancouver BC V6C 2X8, businessman, AFFIRM THAT:

1. I am a respondent in this proceeding and a director of the corporate respondents in this proceeding and accordingly have personal knowledge of the facts and matters to which I depose in this affidavit, except where stated to be based on information and belief, and whereso stated, I verily believe them to be true.
2. The application respondents Main Street Arts Investments Inc, Port Capital Development (Arts) Inc. and Main Street Arts Development Limited Partnership collectively hold the legal and beneficial title to the property that is the subject of this proceeding. The application respondents Port Capital Development Inc. and myself are guarantors of the secured mortgage debt on the subject property.
3. The property is held for future development, with the development plans being well advanced.
4. However, due to an acute liquidity crisis, the property's owners fell into default under the mortgage debt registered against the subject property and although forbearance arrangements were

made, also fell into default under those forbearance arrangements. The application respondents did not oppose the appointment of a receiver over the subject property.

5. Given that The offer of Jim Pattison Developments, if approved and closed, would leave a shortfall in the secured mortgage debt on the subject property, the application respondents have been working earnestly to find a solution that would see the petitioner mortgage lender made whole either by way of redemption of the mortgage indebtedness or by way of a sale of the subject property in an amount sufficient to fully satisfy the mortgage indebtedness.

6. The application respondents have secured an agreement in principle in respect of an offer to purchase the subject property from an affiliate of Synvest Capital Corporation ("Synvest") which if approved and closed will fully satisfy the mortgage indebtedness owed to the petitioner.

7. We are working diligently to finalize the Synvest offer and obtain evidence of financial capacity to close. I understand that the filing deadline for materials is today, April 23, 2021. I have been advised by Azim Virani, the principal of Synvest, that although he is working as quickly as possible to document the offer and provide us this information it will not be possible in time to meet the deadline. Accordingly, we will be seeking leave of the Court to provide further evidence on the day of the hearing by electronic means.

8. The offer is to be structured as a purchase of the beneficial ownership of the subject property by a special purpose entity formed for that purpose, and a purchase of the shares of the application respondent Main Street Arts Investment Inc., which holds legal title to the subject property as bare trustee and nominee.

9. The only condition that is to be associated with the offer is that it be approved by this Court including an approval and vesting order which would have the effect of enabling transfer of the beneficial ownership of the subject property and the shares of the application respondent Main Street Arts Investment Inc. free and clear of all financial encumbrances.

10. The offer would close in the same timeframe and on the same terms as contemplated under the Jim Pattison Developments offer.

11. The form of vesting order which would be sought in connection with the Synvest offer, sometimes referred to as a "reverse vesting order", facilitates a greater economic recovery because it ensures that all municipal approvals associated with the subject property are acquired and also because property transfer tax is not triggered by the transaction.


12. I am informed by Azim Virani, the principal of Synvest, and verily believe that he intends by Monday April 26, 2021 to provide a deposit to his counsel, Farris LLP, which could be provided to Fasken Martineau DuMoulin LLP, counsel for the Petitioner and the receiver as earnest money in advance of the hearing scheduled for April 27, 2021.

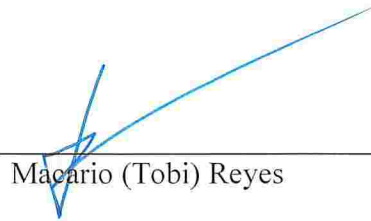
13. I am advised by Sean Abadian, who represents two significant investors and the holder of the certificate of pending litigation filed against title to the subject property and verily believe that the Synvest offer is supported by the parties he represents. I am in the process of confirming with the other of the respondents' equity investors that they are also supportive.

14. In the event the Court does not accede to the application respondents' position and instead approves the Jim Pattison Developments bid, the application respondents seek that it be a term of the order that it be without prejudice to the application respondents ability to redeem the mortgage indebtedness to the petitioner, and if such redemption is made prior to closing of the purchase and sale transaction that the transaction be terminated.

15. This is particularly important to me personally and to Port Capital Development Inc. in our capacity as guarantors of the mortgage indebtedness.

AFFIRMED BEFORE ME in the city of )  
Vancouver, British Columbia, on )  
23/Apr/2021. )

  
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A Commissioner for taking affidavits for )  
British Columbia )

  
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Macario (Tobi) Reyes

**BENEDICT DASWANI**  
A Commissioner for Taking Affidavits  
for the Province of British Columbia  
Articled Student, Expires June 30, 2021