



This is the 2nd Affidavit
of Peter Mullin in this case
and was made on December 18, 2023

No. H230802
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN:

BANK OF MONTREAL

PETITIONER

AND:

HARO-THURLOW STREET PROJECT LIMITED PARTNERSHIP,
HARO AND THURLOW GP LTD.,
HARLOW HOLDINGS LTD.,
1104227 B.C. LTD.,
CLOUDBREAK HOLDINGS LTD.,
CM (CANADA) ASSET MANAGEMENT CO. LTD.,
FORSEED HARO HOLDINGS LTD.,
1115830 B.C. LTD.,
TERRAPOINT DEVELOPMENTS LTD.,
KANG YU ZOU,
WEI DONG,
WEI ZOU,
XIA YU and
TREASURE BAY HK LIMITED

RESPONDENTS

AFFIDAVIT

I, Peter Mullin, of the City of Toronto, in the Province of Ontario, AFFIRM:

1. I am director, Special Accounts Management Unit, of Bank of Montreal (the “**Petitioner**” or “**BMO**”) and as such have personal knowledge of the facts hereinafter deposed to except where stated to be on information and belief, in which case I verily believe them to be true. I am authorized to make this affidavit on behalf of the Petitioner.

2. I have read the Response to Petition filed December 12, 2023 by 1104227 B.C. Ltd., Cloudbreak Holdings Ltd., CM (Canada) Asset Management Co. Ltd., 1115830 B.C. Ltd. and Kang Yu Zou and the Response to Petition filed December 12, 2023 (the “**Borrowers’ Response**”) by Haro-Thurlow Street Project Limited Partnership, Haro And Thurlow GP Ltd. and Harlow Holdings Ltd. (collectively, the “**Borrowers**”). I have also reviewed the Response to Petition of Forseed Haro Holdings Ltd. (“**Forseed**”) dated December 13, 2023 (the “**Forseed Response**” and together with the Borrowers’ Response, the “**Responses**”).

3. Additionally, I have read the 1st Affidavit of Kang Yu Canning Zou made December 12, 2023 and the 2nd Affidavit of Kang Yu Canning Zou made December 12, 2023 (together, the “**Affidavits**”).

4. I make this Affidavit in response to certain facts raised in the Responses and the Affidavits.

5. Capitalized terms not otherwise defined herein shall have the same meanings as those ascribed to them in the Petition.

Activities Since Default

6. Much of the Borrowers’ Response appears premised on their assertion that they have a right to redeem the Harlow Lands for a period of six months. In fact, the Borrowers have already had approximately five months in which to pay the debt owing to BMO, but have failed to do so. I am concerned that additional time will not result in any payment, but only a further delay in recovery by BMO and ongoing prejudice due to missed interest payments and a potential further deterioration in the market.

7. The Borrowers initially defaulted in their obligations under the Credit Agreement in July 2023. After that time, BMO engaged in extensive negotiations with the Borrowers around a forbearance agreement. Despite negotiating what BMO understood to be an acceptable agreement, the Borrowers—for reasons unknown to BMO—did not execute that agreement. It was only after the Borrowers failed to enter into a forbearance agreement that BMO took steps to initiate these receivership proceedings. The result was a delay of approximately four months (now five).

8. Since having defaulted, and despite their suggestions that they intend to pay BMO out, the Borrowers have failed to:

- (a) list or otherwise market the Harlow Lands for public sale; or
- (b) pay the monthly interest as it accrues.

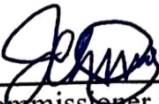
9. These failures have resulted in BMO losing confidence that the Borrowers intend to work diligently to pay the amounts owing, and have caused concern regarding BMO's position eroding due to missed interest payments and the risk of deterioration in the market.

10. Additionally, despite the Borrowers alluding to a "strong willingness" of certain lenders to provide sufficient loans to the Borrowers in both the Borrowers' Response and the Affidavits, the Borrowers have failed to present any reasonable and realistic prospect of refinancing sufficient to repay the Loan. The only information or documentation provided to BMO by the Borrowers in respect of their ongoing financing efforts was a "term-sheet" delivered on or about August 29, 2023. Attached hereto as Exhibit "A" is a copy of the term-sheet.

Accrual of Monthly Interest

11. As noted above, since Default the Borrowers have failed to continue making interest payments. I understand that the rental agent for the Borrowers intends to deposit rental income to the Borrowers' account at the Bank each month in the approximate amount of \$175,000. However, the current monthly interest charges are approximately \$620,000, resulting in a shortfall of approximately \$445,000 in interest every month.

AFFIRMED before me at the City of Toronto, in the Province of Ontario, on December 18, 2023.



 A Commissioner for Taking Affidavits
YUN JI CHUNG

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PETER MULLIN

Yun Ji Chung,
 a Commissioner, etc., Province of Ontario,
 while a Student-at-Law. Expires April 6, 2025

This is **Exhibit "A"** referred to in the
Affidavit of Peter Mullin,
affirmed before me on this 18th day
of December, 2023



A Commissioner for
Taking Affidavits

YUN JI CHUNG

*Yun Ji Chung,
a Commissioner, etc., Province of Ontario,
while a Student-at-Law. Expires April 6, 2025*

EXHIBIT A

1. Property: 1045 Haro Street Vancouver, BC;
2. Priority: 1st Mortgage;
3. Loan amount: \$80,000,000;
4. Borrower: Harlow Holdings Ltd. & Haro & Thurlow Street Project LP/GP;
5. Guarantor: Zou Kang Yu, 1104227 BC Ltd., 115830 BC Ltd., Forseed Haro Holdings Ltd., Forseed Group Holding Ltd., IntraCorp Projects Ltd., China Wan Xin Group Ltd.
6. Interest Rate: RBC Prime + 6% (subject to a floor rate of 13.20%);
7. Amortization: Interest Only;