



No. H220369
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN

PLW INVESTMENT LTD.

PETITIONER

AND

**1025332 B.C. LTD., 1025334 B.C. LTD., 1025336 B.C. LTD., CHONGYE
DEVELOPMENTS LTD., WASHINGTON PROPERTIES (POINT GREY) INC.,
WASHINGTON PROPERTIES (QEP) INC., LUCKY FIVE INVESTMENTS LTD.,
1094321 B.C. LTD., PRARDA DEVELOPMENTS CORPORATION, 1256306 B.C. LTD.,
1256319 B.C. LTD., AMY BARSHA WASHINGTON (A.K.A. FENGYUN SHAO),
EDISON WASHINGTON (A.K.A. QIANG WANG), LINDA WASHINGTON, 35 PARK
PARKING INC. AND EARLSTON MORTGAGE CORP.**

RESPONDENTS

**FOURTH REPORT OF THE RECEIVER
ALVAREZ & MARSAL CANADA INC.**

August 29, 2023



ALVAREZ & MARSAL

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1.0 INTRODUCTION

- 1.1 On October 27, 2022 (the “**Receivership Date**”), upon the application of PLW Investment Ltd. (“**PLW**” or the “**Petitioner**”), Alvarez & Marsal Canada Inc. (“**A&M**”) was appointed as receiver and manager (the “**Receiver**”), pursuant to an order (as subsequently amended on November 7, 2022, the “**Receivership Order**”) granted by the Honourable Justice Giaschi in the Supreme Court of British Columbia (the “**Court**”), in respect of certain lands and other assets, undertakings and property of 1025332 B.C. Ltd. (“**5332**”), 1025334 B.C. Ltd. (“**5334**”), 1025336 B.C. Ltd. (“**5336**”), Chongye Developments Ltd. (“**Chongye**”), Washington Properties (Point Grey) Inc. (“**Properties (PG)**”), Washington Properties (QEP) Inc. (“**Properties (QEP)**”), Lucky Five Investments Ltd. (“**Lucky Five**”), 1094321 B.C. Ltd. (“**321**”), Prarda Developments Corporation (“**Prarda**”), 1256306 B.C. Ltd. (“**125**”), 1256319 B.C. Ltd. (“**319**”), Amy Barsha Washington (a.k.a. Fengyun Shao) (“**A. Washington**”), Edison Washington (a.k.a. Qiang Wang) (“**E. Washington**”), and Linda Washington (“**L. Washington**”) (collectively, the “**Debtors**” or the “**Washingtons**”). This matter is hereinafter referred to more generally as, the “**Receivership Proceedings**”.
- 1.2 On November 7, 2022, this Honourable Court granted an order to stay the Receivership Order to December 7, 2022, which stay has been extended by subsequent orders of this Court and most recently to April 7, 2023. The Receiver’s appointment resumed on April 8, 2023 (the “**Resumption Date**”).
- 1.3 At the Resumption Date, there were 21 lots and properties of the Debtors (the “**Washington Properties**”) that were subject to these Receivership Proceedings, which are located in or around Vancouver and West Vancouver, British Columbia (“**B.C.**”).
- 1.4 On April 26, 2023, on the application of the Petitioner, this Honourable Court granted a stay against the Receivership Order in respect of two Washington Properties with the legal addresses (i) Strata Lot 60, Block 839, Plan EPS4950, District Lot 526, Group 1, New Westminster Land District, and (ii) Strata Lot 163, Block 839, Plan EPS4950, District Lot 526, Group 1, New Westminster Land District (collectively, the “**Stayed Properties**”).
- 1.5 On April 28, 2023, this Honourable Court approved the sale of one of the Washington Properties located at 835 Eyremount Drive, West Vancouver, B.C., (“**835 Eyremount**”) which completed on May 25, 2023.
- 1.6 On June 21, 2023, on the application of the Receiver (the “**June 21 Application**”), this Honourable Court granted an order (the “**June 21 Order**”) approving the sale of one of the Washington Properties located at 605-5033 Cambie Street, Vancouver, B.C. (“**605-5033**”) which was completed on July 6,

2023. The June 21 Application also sought expansion of the Receivership Order to add Strata Lot 70 of the Public Harbour of Burrard Inlet NWD Strata Plan LMS3057, with civic address 1203-535 Nicola Street, Vancouver, B.C. ("**535 Nicola**"), to these Receivership Proceedings. This matter was adjourned at the June 21, 2023 hearing.

- 1.7 On July 13, 2023, on the application of the Receiver, this Honourable Court pronounced an order authorizing the Receiver to pay the arrears of strata fees and related costs to the owners of Strata Plan EPS4950 in connection with the 11 Washington Properties (the "**Strata Properties**") located in the three-tower development at 4963 Cambie Street, 5033 Cambie Street and 5077 Cambie Street, Vancouver B.C.
- 1.8 On July 20, 2023, on application of the Receiver, this Honourable Court approved the sale of three Washington Properties located at 4883 Belmont Avenue, 4889 Belmont Avenue and 4899 Belmont Avenue, Vancouver, B.C. (the "**Belmont Properties**") which is scheduled to be completed on August 31, 2023 (the "**Belmont Completion**").
- 1.9 On August 29, 2023, the Receiver filed a notice of application, returnable on September 8, 2023 and the Affidavit #3 of Avic Arenas sworn on August 29, 2023 (the "**Third Arenas Affidavit**") with this Honourable Court seeking an order to approve the sale of two of the Washington Properties located at 505-5033 Cambie Street ("**505-5033**") and 504-4963 Cambie Street, Vancouver, B.C. ("**504-4963**") (the "**505-5033 and 504-4963 Order**").
- 1.10 As of the date of this fourth report (the "**Fourth Report**"), there are currently 17 Washington Properties that remain subject to these Receivership Proceedings, and include three residential detached homes, 11 strata lots and three lots. Following the Belmont Completion there will remain 14 properties subject to these Receivership Proceedings.
- 1.11 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/washingtonproperties.

2.0 PURPOSE OF THE FOURTH REPORT

- 2.1 This Fourth Report has been prepared to provide this Honourable Court with information regarding the following:
 - a) an update on the activities of the Receiver since the second report of the Receiver dated June 14, 2023 (the "**Second Report**");
 - b) the Receiver's interim statement of receipts and disbursements;

- c) the marketing efforts in respect of 505-5033 and 504-4963; and
- d) the proposed sale of 505-5033 and 504-4963.

3.0 ACTIVITIES OF THE RECEIVER

3.1 Since the Second Report, the Receiver's activities have included the following:

Preparation and Review of Court Application Materials

- a) reviewing draft Court application materials and providing comments to the Receiver's legal counsel, Dentons Canada LLP ("**Dentons**"), and attending various Court hearings;
- b) preparing the third report of the receiver dated July 4, 2023 and this Fourth Report;

Preservation and Marketing of Properties

- c) collecting rents and depositing same into the trust account of the Receiver, as well as corresponding with tenants regarding rent payments and other tenancy matters including, but not limited to, repairs and maintenance;
- d) negotiating and entering into lease agreements in respect of certain vacant Washington Properties and depositing the related tenant security deposits into a dedicated trust account of the Receiver;
- e) coordinating extensive repairs and maintenance work for certain of the Washington Properties with the assistance of a property manager retained by the Receiver;
- f) commissioning appraisals of the Washington Properties by Aedis Appraisals Ltd. and reviewing same;
- g) considering the treatment of 535 Nicola and instructing Dentons to engage in discussions with the Debtors and their legal counsel and the Petitioner;
- h) engaging in comprehensive discussions with two listing agents contracted by the Receiver to market certain of the Washington Properties, reviewing and negotiating offers received, and advancing the sale of the certain Washington Properties in consultation with the Petitioner;
- i) obtaining from this Honourable Court orders approving the sale of 605-5033 and 835 Eyremount (together, the "**Closed Transactions**") as well as the Belmont Properties;

Communications

- j) attending to numerous discussions with the Petitioner in respect of the status of sales and marketing efforts of the Washington Properties as well as preparation of a status update report to the Petitioner;
- k) instructing Dentons to assist with various matters, including but not limited to, the collection of various information from the Debtors, preparation of Court application materials and closing documents related the sale and proposed sale of seven Washington Properties, review

of the loan and security documentation in respect of the Washington Properties, and reviewing various complex tax and other matters;

- l) attending to numerous correspondence with the Debtors and their counsel in respect of various matters including, among other things, GST matters, the sale of certain Washington Properties and the Canada Revenue Agency (“CRA”) trust examinations;
- m) attending to correspondence from other secured creditors;

Statutory and Other Responsibilities

- n) preparing and reviewing payments as well as reconciling cash receipts and disbursements;
- o) updating the Receiver’s website with relevant information relating to these Receivership Proceedings; and
- p) attending to government reporting matters including, among other things, corresponding with the CRA regarding deemed trust claims and gathering of information in respect of a trust examination.

4.0 RECEIVER’S INTERIM STATEMENT OF RECEIPTS & DISBURSEMENTS

- 4.1 A summary of the Receiver’s interim statement of cash receipts and disbursements for the period April 7, 2023, to August 11, 2023 is set out in the table below:

Washington Properties - In Receivership	
Interim Statement of Receipts and Disbursements	
For the period from April 7, 2023 to August 11, 2023	
CAD\$000's	
Receipts	
Sale of Properties ⁽¹⁾	\$ 5,226
Rental Income	136
Tenant Security Deposits	2
Interest	35
	5,398
Disbursements	
Insurance	(14)
Appraisal Fees	(6)
Utilities	(2)
Operating Expenses	(20)
GST/PST	(21)
Receiver's Fees & Expenses	(157)
Legal Fees & Disbursements	(95)
	(315)
Cash Balance ⁽²⁾⁽³⁾	\$ 5,083
<i>Notes:</i>	
<i>1) All net cash proceeds from the sale of properties held by Dentons have been transferred to the Receiver and related disbursements paid directly by Dentons are not presented in the Receiver's statement of receipts and disbursements.</i>	
<i>2) Approximately \$4.6 million has been invested in a one-year prime-linked cashable guaranteed investment certificate at a current rate of 5.2% per annum.</i>	
<i>3) A retainer in the amount of \$25,000 received from the Petitioner is not presented in the Receiver's statement of receipts and disbursements.</i>	

- 4.2 As of August 11, 2023, the closing cash balance held in trust by the Receiver totaled approximately \$5.1 million.
- 4.3 The Receiver has collected approximately \$5.4 million in receipts, which consist of the following:
- a) net cash proceeds from the sale of 605-5033 and 835 Eyremount totaling \$5.2 million following payment of certain closing costs by Dentons and further described in section 4.5 below;
 - b) rental income approximating \$136,000 collected from the tenants of 12 rented Washington Properties and security deposits approximating \$2,000 related to leases executed by the Receiver, which are held in a separate trust account of the Receiver; and
 - c) interest earned on the cash held in the trust accounts of the Receiver approximating \$35,000.
- 4.4 The Receiver has made approximately \$315,000 in disbursements, which include expenses totaling \$63,000 related to insurance, property appraisals, utilities and operating expenses for marketing, maintenance and repairs. Additionally, payments to satisfy the accounts of the Receiver and Dentons totaling \$157,000 and \$95,000, respectively, have been necessarily incurred to, among other things,

take possession of and market the Washington Properties as well as negotiate terms of various offers received to date and attend to statutory and other matters.

- 4.5 As at the date of this Fourth Report, Dentons has transferred to the Receiver all of the net cash proceeds received in respect of the Closed Transactions totaling \$5.2 million after paying closing costs. Gross proceeds received from, and closing costs paid by, Dentons are summarized in the table below:

Washington Properties - In Receivership Proceeds from Closed Transactions For the period from April 7, 2023 to August 11, 2023 CAD\$000's			
	835 Eyremount	605-5033	Total
Gross Proceeds	\$ 8,080	\$ 1,728	\$ 9,808
Disbursements			
Realtor Commissions	(301)	(50)	(351)
Property Taxes	(24)	(12)	(36)
Strata fees and other related costs	(6)	(25)	(31)
Pacifica Mortgage Investment Corporation	(4,164)	-	(4,164)
	(4,495)	(87)	(4,582)
Net Proceeds Transferred to the Receiver	\$ 3,585	\$ 1,641	\$ 5,226

5.0 MARKETING OF 505-5033 AND 504-4963

Receiver's Powers

- 5.1 Pursuant to section 2 of the Receivership Order, the Receiver is authorized to, among other things:

2... (k) market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver considers appropriate;

(l) sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business:

i. without the approval of this Court in respect of a single transaction for consideration up to \$50,000 provided that the aggregate consideration for all such transactions does not exceed \$250,000; and

ii. with the approval of this Court in respect of any transaction in which the individual or aggregate purchase price exceeds the limits set out in subparagraph (i) above, and in each such case notice under Section 59(10) of the Personal Property Security Act, R.S.B.C. 1996, c. 359 shall not be required;

(m) apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers, free and clear of any liens or encumbrances;

Marketing Efforts

- 5.2 505-5033 and 504-4963 are 3-bedroom sub-penthouse strata lots located near a major transit corridor and within the immediate vicinity of a local city attraction, Queen Elizabeth Park.
- 5.3 On July 4, 2023, the Receiver engaged Oakwyn Realty Ltd. (“Oakwyn” or the “Listing Agent”) through a multiple listing services (“MLS”) contract to market for sale certain of the Strata Properties, in phases, including 505-5033 and 504-4963 (together, the “Listing Agreements”). The Listing Agreements are summarized in the table below:

Washington Properties - in Receivership Listing Agreements			
Property	Listing Term	Size (sq. ft.)	Listing Price (\$)
505-5033	July 4 to September 2, 2023	1,375	1,488,800
504-4963	July 4 to September 2, 2023	1,544	1,688,800

- 5.4 Oakwyn’s marketing efforts included a targeted agent call campaign and widely distributed email blast executed from July 7 to 13, 2023 followed by an open house on July 13, 2023, which was attended by more than 40 real estate agents and some of their clients to view floor plans and marketing materials for the Strata Properties being listed for sale by Oakwyn. Along with the listings on MLS and website exposure, the marketing efforts resulted in over 30 private viewings for 505-5033 and 25 private viewings for 504-4963, as well as telephone calls from interested parties requesting additional information. Oakwyn’s marketing reports for 505-5033 and 504-4963 are attached to the Third Arenas Affidavit.

6.0 SALE OF 505-5033 AND 504-4963

Accepted Offer on 505-5033

- 6.1 On July 10, 2023, Traci Chung (the “505 Purchaser”), represented by the brokerage, eXp Realty (“eXp Realty”), presented an offer for 505-5033 in the amount of \$1.429 million. In consultation with the Petitioner, the Receiver engaged in negotiations with the 505 Purchaser, through their respective realtors, and on July 14, 2023, the Receiver accepted an offer of \$1.48 million (the “505 Accepted Offer”). To date, the 505 Accepted Offer is the only offer that has been received for 505-5033.
- 6.2 The key terms of the 505 Accepted Offer include, among other things, (i) a closing date of August 31, 2023 or two weeks following an order approving the 505 Accepted Offer, should it be granted

by this Honourable Court; (ii) the property is sold on an “as is – where is” basis; and (iii) the sale is subject to Court approval.

- 6.3 Pursuant to the applicable Listing Agreement, the Receiver has agreed to pay a total commission equal to 7% of the first \$100,000 of gross sale proceeds, and 2.5% of the balance. Accordingly, in respect of the 505 Accepted Offer, the total commission amount would be \$41,500, of which the Listing Agent would receive \$22,203 and the brokerage of the 505 Purchaser would receive \$19,298.

Accepted Offer on 504-4963

- 6.4 On August 7, 2023, Tao Cheng and Jee Yun Ha (the “**504 Purchasers**”), represented by their realtor, Royal Pacific Realty Corp. (“**Royal Pacific**”), presented an offer for 504-4963 in the amount of \$1.56 million. In consultation with the Petitioner, the Receiver engaged in negotiations with the 504 Purchasers, through their respective realtors, and on August 10, 2023, the Receiver accepted an offer of \$1.67 million, which was subsequently adjusted to \$1.66 million on August 16, 2023 (the “**504 Accepted Offer**”). To date, there have not been any other offers on 504-4963.
- 6.5 The key terms of the 504 Accepted Offer include, among other things, (i) a closing date that is 110 days following an order approving the 504 Accepted Offer, should it be granted by this Honourable Court; (ii) the property is sold on an “as is – where is” basis; and (iii) the sale is subject to Court approval.
- 6.6 Pursuant to the applicable Listing Agreement and in respect of the 504 Accepted Offer, the total commission amount would be \$46,000, of which the Listing Agent would receive \$24,610 and the brokerage of the 504 Purchasers would receive \$21,390.

Receiver’s Comments on the Sale of 505-5033 and 504-4963

- 6.7 Upon expiry of the stay of the Receivership Order on April 7, 2023, the Receiver had exclusive conduct of sale of 505-5033 and 504-4963 and is supportive of the sales for the following reasons:
- a) the 505 Accepted Offer of \$1.48 million and the 504 Accepted Offer of \$1.66 million are the highest and best offers received to date;
 - b) the sale of 505-5033 has a near-term closing date that is two weeks following approval of the sale by this Honourable Court;
 - c) the sale of 504-4963 has a closing date that is 110 days following approval of the sale by this Honourable Court to accommodate the timelines to provide proper notice to end tenancy, should it be required, pursuant to the British Columbia *Residential Tenancy Act*;

- d) a deposit in the amount of \$74,000 for 505-5033 was received on August 3, 2023 and is being held in a trust account of eXp Realty;
- e) a deposit in the amount of \$83,500 for 504-4963 was received on August 16, 2023, and is being held in a trust account of Royal Pacific.
- f) the sale transaction will allow the Receiver to avoid incurring additional holding costs in respect of 505-5033 and 504-4963, including preservation costs, statutory obligations (including property taxes and other taxes) and professional fees;
- g) the Purchase Price of \$1.48 million for 505-5033 and \$1.66 million for 504-4963 are consistent with fair market value and are commercially reasonable; and
- h) the secured creditor, PLW, and the legal owner of 505-5033 and 504-4963, 125, are supportive of the sales.

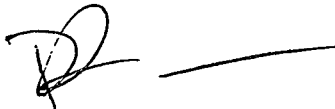
6.8 It is the Receiver's view that 505-5033 and 504-4963 were marketed in a manner that was fair and reasonable and the properties have been exposed to the market for a considerable amount of time. Given the current state of the real estate market and rising interest rates, the Receiver views the transactions to be in the best interest of the creditors.

7.0 RECEIVER'S CONCLUSION AND RECOMMENDATIONS

7.1 Based on the information and reasons set out above, the Receiver respectfully recommends that this Honourable Court approve (i) the activities of the Receiver in this Fourth Report and the Second Report; and (ii) the 505-5033 and 504-4963 Order.

All of which is respectfully submitted to this Honourable Court this 29th day of August, 2023.

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



Per: Pinky Law
Vice President