



No. S-217202
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

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

July 4, 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 twenty-one 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 Honorable Court approved the sale of one of the Washington Properties located at 835 Eyremount Drive, West Vancouver, B.C., which completed on May 25, 2023.
- 1.6 On June 21, 2023, on the application of the Receiver (the “**June 21 Application**”), this Honorable Court approved the sale of one of the Washington Properties located at 605-5033 Cambie Street, Vancouver, B.C. (“**Unit 605**”) which is scheduled to complete on July 6, 2023 (the “**Unit 605 Completion**”). 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., to these Receivership Proceedings. This matter was adjourned at the June 21, 2023 hearing.

- 1.7 On June 29, 2023, the Receiver filed a notice of application, returnable on July 13, 2023 (the “**July 13 Court Hearing**”), and the Affidavit #2 of Avic Arenas sworn on June 29, 2023 (the “**Second Arenas Affidavit**”) with this Honorable Court seeking approval of the following:
 - a) the sale of one of the Washington Properties located at 4883 Belmont Avenue, Vancouver, B.C. (“**4883 Belmont**”) (the “**4883 Belmont Order**”);
 - b) the distribution of net proceeds (the “**Belmont Sale Proceeds**”) from the sale of 4883 Belmont to the secured creditor, PLW; and
 - c) the authority for the Receiver to pay arrears of strata fees and related costs including, among other things, special levies and interest fees, to the owners of Strata Plan EPS 4950 (“**Strata EPS 4950**”) in connection with 11 of the 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. The Stayed Properties are excluded from the Strata Properties.
- 1.8 Concurrent with this third report of the Receiver (the “**Third Report**”), the Receiver has prepared a confidential supplement to the third report (the “**Confidential Supplement to the Third Report**”), which provides details of appraisals commissioned by the Receiver in respect of certain of the Washington Properties located at 4883 Belmont, 4889 Belmont Avenue, Vancouver B.C. (“**4889 Belmont**”) and 4899 Belmont Avenue, Vancouver, B.C. (“**4899 Belmont**” and together, the “**Belmont Properties**”). The Receiver has also filed a notice of application seeking an order to seal the Confidential Supplement to the Third Report (the “**Belmont Appraisals Sealing Order**”).
- 1.9 As of the date of this Third Report, there are currently 18 Washington Properties that remain subject to these Receivership Proceedings, and include three residential detached homes, 12 strata lots and three lots. Following the Unit 605 Completion there will remain 17 properties subject to these Receivership Proceedings.
- 1.10 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 THIRD REPORT

2.1 This Third Report has been prepared to provide this Honourable Court with information regarding the following:

- a) the proposed sale of 4883 Belmont; and
- b) the Strata Arrears in respect of the Strata Properties.

3.0 SALE OF 4883 BELMONT

Receiver's Powers

3.1 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 of 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;

Property Description

3.2 The Belmont Properties are three adjacent vacant lots in the Point Grey neighborhood with potential development opportunities and are in close proximity to a steep embankment overlooking Spanish Banks Beach with ocean views to the North Shore mountains.

Marketing of the Property

3.3 The Debtors purchased the Belmont Properties on or around February 27, 2015 and in June 2016, through various realtors, the Debtors commenced marketing for sale of the Belmont Properties as individual lots. In particular, 4883 Belmont was initially listed on multiple listing services ("MLS")

for a sale price of \$35.8 million in June 2016, which was subsequently terminated and relisted at \$52 million in March 2021. As a result of a challenging luxury market due to rising interest rates and a two-year ban on the purchase of residential properties by foreign buyers effective January 2023, the listing for 4883 Belmont was terminated and relisted again on multiple occasions and by January 2023 the listing price was reduced to \$24.8 million (the “**January 2023 Listing**”). The January 2023 Listing expired in May 2023. No offers were received during the January 2023 Listing period.

3.4 On May 29, 2023 and June 26, 2023, the Receiver engaged Angell Hasman & Associates (Malcolm Hasman) Realty Ltd. and Angell Hasman & Associates Realty Ltd. (the “**Listing Agents**”) through co-listing agreements to market the Belmont Properties (the “**Listing Agreements**”). The Listing Agents were also the agents for the January 2023 Listing and were retained by the registered owners of the Belmont Properties.

3.5 A summary of the current listing prices for the Belmont Properties is tabled below:

Washington Properties The Belmont Properties - Listing Prices			
Property	Listing Period	Lot Size (sf)	Listing Price
4883 Belmont	May 29, 2023 to July 29, 2023	125,322	\$ 24,800,000
4889 Belmont	May 29, 2023 to July 29, 2023	67,910	17,800,000
4899 Belmont	June 26, 2023 to August 26, 2023	26,880	7,880,000
Total		220,112	\$ 50,480,000

3.6 The marketing efforts of the Listing Agents consisted of listings on MLS, social media platforms, website exposure and direct exposure to the real estate brokerage industry. The Listing Agents have facilitated the distribution of six information packages and provided tours of the Belmont Properties and/or held meetings with two interested parties. The marketing report of the Listing Agents is attached to the Second Arenas Affidavit.

3.7 Since May 29, 2023, two offers have been received for 4883 Belmont and/or the Belmont Properties and include the following:

- a) on June 8, 2023, the Receiver received a subject-free offer on 4883 Belmont from 1419788 B.C. Ltd. (the “**Purchaser**”) for a purchase price of \$22.8 million; and
- b) on June 12, 2023 the Receiver received a subject-free offer for all three of the Belmont Properties from 1365361 B.C. Ltd. for a purchase price of \$28 million.

3.8 On June 6, 2023, the Receiver commissioned Aedis Appraisal Limited (“**Aedis**”) to provide a valuation of the Washington Properties and on June 28, 2023, Aedis provided its appraisal reports

for the Belmont Properties (the “**Belmont Appraisals**”) effective June 16, 2023. The Belmont Appraisals are appended to and discussed in the Confidential Supplement to the Third Report and are not attached hereto.

- 3.9 On June 13, 2023, following numerous discussions with the Petitioner and the Listing Agents, the Receiver accepted the subject-free offer on 4883 Belmont for \$22.8 million from the Purchaser (the “**Accepted Offer**”).
- 3.10 The key terms of the Accepted Offer include, among other things, (i) purchase price of \$22.8 million; (ii) closing date of August 31, 2023; (iii) the property is sold on an “as is – where is” basis; and (iv) the sale is subject to Court approval.

Commission Rate

- 3.11 Pursuant to the Listing Agreements, 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 Accepted Offer, the total commission amount would be \$574,500, of which the Listing Agents would receive \$310,230 and the brokerage of the Purchaser would receive \$264,270.

Receiver’s Comments on the Sale of 4883 Belmont and the Belmont Appraisals Sealing Order

- 3.12 Upon expiry of the stay of the Receivership Order on April 7, 2023, the Receiver had exclusive conduct of sale of 4883 Belmont and is supportive of the sale and the sealing of the Belmont Appraisals for the following reasons:
- a) the Accepted Offer of \$22.8 million represents the highest and best offer received to date and has a near-term closing date set for August 31, 2023;
 - b) a deposit in the amount of \$2.28 million was received on June 16, 2023 and is being held in a trust account of the Purchaser’s brokerage, Sutton Group Vancouver First Realty;
 - c) the sale transaction will allow the Receiver to avoid incurring additional holding costs in respect of 4883 Belmont, including preservation costs, statutory obligations (including property taxes and other taxes that could total approximately \$1 million for 2023) and professional fees;
 - d) the Purchase Price of \$22.8 million is consistent with fair market value and is commercially reasonable;
 - e) the secured creditor, PLW, is supportive of the sale;
 - f) the Belmont Sale Proceeds will allow a distribution to be made to PLW (by the Receiver’s counsel, Dentons Canada LLP (“**Dentons**”), pursuant to the proposed 4883 Belmont Order), should it be approved by this Honourable Court; and

g) the Receiver has been advised that parties interested in the Belmont Properties may be attending the July 13 Court Hearing to submit competing offers on one or more of the Belmont Properties. In the Receiver's view, it is critical for the Belmont Appraisals to remain confidential to ensure a competitive and fair process.

3.13 It is the Receiver's view that 4883 Belmont was marketed in a manner that was fair and reasonable and the property has been exposed to the market for a considerable amount of time. Given the current state of the luxury real estate market and rising interest rates, the Receiver views the transaction to be in the best interest of the creditors.

4.0 STRATA ARREARS

4.1 On June 21, 2023, the sale of Unit 605 (one of the Strata Properties) in the amount of \$1,728,000 (the "**605 Sale Proceeds**") was approved by order ("the **Court Order**") of this Honorable Court. Pursuant to the Court Order granted, any unpaid strata charges in relation to Unit 605 is to be paid secondly from the 605 Sale Proceeds by Dentons.

4.2 In addition to Unit 605's unpaid strata fees, the Receiver has been made aware that the remaining Strata Properties are also subject to unpaid strata fees and related costs. According to Clark Wilson LLP, legal counsel for Strata EPS 4950, the strata arrears totaling \$275,794.33 (the "**Strata Arrears**") will be due and owing as at July 1, 2023. A breakdown of the Strata Arrears is tabled below:

Washington Properties Strata Arrears	
Type	Amount (\$)
Strata fees	\$ 227,809
Interest	8,593
Special levies	9,270
Liens costs in respect of previous attempts at collection	1,000
Legal fees	29,122
Total	\$ 275,794

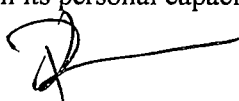
4.3 The Strata Arrears continue to accrue interest and fees, which rank in priority to PLW's security interest. In an effort to avoid further interest from accruing, the Receiver views it is in the best interest of the stakeholders to bring the Strata Arrears into good standing. Accordingly, the Receiver is seeking the authority to pay the Strata Arrears from the Belmont Sale Proceeds.

5.0 RECEIVER'S CONCLUSION AND RECOMMENDATIONS

- 5.1 Based on the information and reasons set out above, the Receiver respectfully recommends that this Honourable Court approve the 4883 Belmont Order, as well as grant the Receiver the authority pay the Strata Arrears from the Belmont Sale Proceeds.
- 5.2 It is the Receiver's view that the Belmont Appraisals should remain confidential to ensure a fair and competitive process to market and receive bids on the Belmont Properties and accordingly, the Receiver respectfully requests that this Honourable Court permit the Confidential Supplement to the Third Report to be filed under, and pursuant to, the Belmont Appraisals Sealing Order.

All of which is respectfully submitted to this Honourable Court this 4th day of July, 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