



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

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

December 12, 2023



ALVAREZ & MARSAL

TABLE OF CONTENTS

1.0	INTRODUCTION.....	- 1 -
2.0	PURPOSE OF THE SIXTH REPORT	- 3 -
3.0	SALE OF 501-5033	- 3 -
4.0	SALE OF 4408 WEST 3RD	- 5 -
5.0	BANKRUPTCY OF PROPERTIES (QEP).....	- 8 -
6.0	RECEIVER’S CONCLUSION AND RECOMMENDATIONS	- 8 -

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 “**Washington Group**”). 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 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. ("**SL 70**"), 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 located in the three-tower development at 4963 Cambie Street, 5033 Cambie Street and 5077 Cambie Street, Vancouver B.C. (the "**Cambie Strata Lots**").
- 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. which completed on August 31, 2023.
- 1.9 On September 8, 2023, on the application of the Receiver, this Honourable Court pronounced an order approving the sale of two of the Washington Properties located at 505-5033 Cambie Street ("**505-5033**") which was completed on September 15, 2023, and 504-4963 Cambie Street, Vancouver, B.C. ("**504-4963**"). The sale of 504-4963 closed on December 11, 2023.
- 1.10 On October 30, 2023, on application of the Receiver, this Honourable Court pronounced four orders which, amongst other things:
 - a) approved the sale of 504-5033 Cambie Street which was completed on November 15, 2023;
 - b) removed 1203-535 Nicola St. from these Receivership Proceedings;
 - c) unsealed the Confidential Supplement to the Third Report of the Receiver dated July 4, 2023; and
 - d) approved the distribution of proceeds from the sale of 4215 Cambie Street, 4491 Cambie Street, and 835 Eyremount to secured creditors.
- 1.11 On December 11, 2023, the Receiver filed separate notices of application, returnable December 18, 2023, and Affidavit #6 and #7 of Avic Arenas sworn on December 11, 2023 (the "**Sixth Arenas Affidavit**" and the "**Seventh Arenas Affidavit**", respectively) with this Honourable Court seeking an order to approve the sale of 4408 West 3rd Avenue ("**4408 West 3rd**") and 501-5033 Cambie Street ("**501-5033**"), respectively.
- 1.12 As of the date of this sixth report (the "**Sixth Report**"), there are currently 10 Washington Properties that remain subject to these Receivership Proceedings, which include three residential detached homes and seven strata lots (including 504-4963 with sale scheduled to close by December 11, 2023).

- 1.13 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 (the "**Receiver's Website**") at www.alvarezmarsal.com/washingtonproperties.

2.0 PURPOSE OF THE SIXTH REPORT

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

- a) the proposed sale of 501-5033 and 4408 West 3rd; and
- b) the Petitioner's contemplated bankruptcy application for Properties (QEP).

3.0 SALE OF 501-5033

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 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 of 501-5033

- 3.2 501-5033 is a 1,370 square foot, 3-bedroom sub-penthouse strata lot located near a major transit corridor and within the immediate vicinity of a local city attraction, Queen Elizabeth Park.
- 3.3 On November 2, 2023, the Receiver engaged Oakwyn Realty Ltd. ("**Oakwyn**" or the "**501 Listing Agent**") through a multiple listing services ("**MLS**") contract to market for sale 501-5033 (the "**501 Listing Agreement**").

- 3.4 501-5033 was listed on November 6, 2023, for \$1,548,800 for an eight-week term expiring on January 6, 2024.
- 3.5 Oakwyn's marketing efforts for 501-5033 included organizing professional photographs and staging for the unit, posting the listing on MLS and distributing a four-page feature sheet to prospective buyers. Oakwyn also conducted targeted outreach to potential buyers and their agents that had shown interest in the Cambie Strata Lots prior to 501-5033's listing.
- 3.6 The 501 Listing Agent's efforts resulted in five (5) private appointments, as well as phone calls and listing inquiries from interested parties requesting additional information. Oakwyn's marketing report for 501-5033 is attached to the Seventh Arenas Affidavit.

Accepted Offer

- 3.7 On November 13, 2023, Victor Karmayne Mok and Juan Xu (the "**501-5033 Purchasers**"), represented by the brokerage Luxmore Realty Corp ("**Luxmore**"), presented an offer for 501-5033 in the amount of \$1,548,800 (the "**501 Accepted Offer**").
- 3.8 The key terms of the 501 Accepted Offer include, among other things, (i) a closing date that is 14 days following a court order approving the 501 Accepted Offer; (ii) the property is sold on an "as is – where is" basis; and (iii) the sale is subject to Court approval.
- 3.9 Pursuant to the 501 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 501 Accepted Offer, the total commission amount would be \$43,220, of which the Listing Agent would receive \$23,123 and the brokerage of the 501-5033 Purchasers would receive \$20,097.

Receiver's Comments on the Sale of 501-5033

- 3.10 Upon expiry of the stay of the Receivership Order on April 7, 2023, the Receiver had exclusive conduct of the sale of 501-5033 and is supportive of the sale for the following reasons:
- a) the Accepted Offer of \$1,548,8000 is the highest and best offer to date and matches the list price;
 - b) the Accepted Offer has a near-term closing date that is 14 days following an order approving the 501 Accepted Offer;
 - c) a deposit in the amount of \$77,440 was received on November 20, 2023, and is being held in a trust account with Luxmore;

- d) the sale transaction will allow the Receiver to avoid incurring additional holding costs in respect of 501-5033, including preservation costs, statutory obligations (including property taxes and other taxes) and professional fees;
 - e) the purchase price of \$1,548,800 for 501-5033 is consistent with market value and is commercially reasonable; and
 - f) the secured creditor, PLW, and legal owner of 501-5033 are supportive of the sale.
- 3.11 It is the Receiver's view that 501-5033 was marketed in a manner that was fair and reasonable and the property has been exposed to the market for a reasonable amount of time. Given the current state of the real estate market and rising interest rates, the Receiver views the transaction to be in the best interest of the creditors.

4.0 SALE OF 4408 WEST 3RD

Marketing of the Property

- 4.1 4408 West 3rd is a 4,013 square foot, five-bedroom, single family home located on a 5,557 square foot plot of land featuring a self-contained 1-bedroom laneway home. 4408 West 3rd is located in Vancouver's Point Grey neighborhood and features panoramic views of the ocean, North Shore mountains and Downtown Vancouver.
- 4.2 On June 16, 2023, the Receiver engaged Angell Hasman & Associates (Malcolm Hasman) Realty Ltd. and Angell Hasman & Associates Realty Ltd. (the "**4408 Listing Agents**") through co-listing agreements to market for sale 4408 West 3rd (the "**4408 Listing Agreement**").
- 4.3 4408 West 3rd was listed on June 22, 2023, for \$7.998 million for an eight-week term expiring on August 22, 2023. The 4408 Listing Agreement was subsequently extended to December 31, 2023.
- 4.4 The 4408 Listing Agents' marketing efforts for 4408 West 3rd under the 4408 Listing Agreement included posting the listing on MLS, distributing various digital media campaigns to exhibit the property, and hosting 11 open houses.
- 4.5 Since the Receiver's appointment, the Receiver and the property manager have expended significant time and effort to repair and maintain the property. Improvements to the property included:
- a) installing a window in the basement (previously covered with plywood);
 - b) replacing various malfunctioned fixtures, including but not limited to light fixtures, hardware and water features at the property; and
 - c) updating the landscaping of the property and periodic maintenance as required.

- 4.6 The 4408 Listing Agents marketing efforts resulted in 20 private appointments as well as phone calls and listing inquiries from interested parties requesting additional information. The 4408 Listing Agents were unable to garner meaningful interest for 4408 West 3rd, and were advised that both the design of the property and the list price of \$7.998 million were deterring parties from submitting an offer on the property.
- 4.7 In response to a lack of offers on the property, the Receiver engaged in consultation with PLW and Earlston Mortgage Corporation (“**Earlston**”), the first mortgagee on the property, regarding a price reduction in late September 2023.
- 4.8 On October 3, 2023, the Receiver engaged the 4408 Listing Agents in a new co-listing agreement to market the sale of 4408 West 3rd (the “**Extended 4408 Listing Agreement**”). The Extended 4408 Listing Agreement listed 4408 West 3rd for \$6.998 million for a 12-week period expiring on December 31, 2023.
- 4.9 The Listing Agents marketing efforts following the Extended 4408 Listing Agreement included organizing new professional photography and staging for the property, reposting the listing on MLS, advertising the property in local real-estate publications, hosting 10 open houses and renewing its digital media campaign.
- 4.10 The 4408 Listing Agents efforts resulted in 21 private appointments and various calls and inquiries from interested parties requesting additional information.
- 4.11 The 4408 Listing Agents’ marketing reports under the 4408 Listing Agreement and the Extended 4408 Listing Agreement are attached to the Sixth Arenas Affidavit.

Accepted Offer

- 4.12 On November 7, 2023, Li Na Lu (the “**4408 Purchaser**”), represented by Amex Broadway West Realty (“**Amex Realty**”), presented an offer for 4408 West 3rd in the amount of \$5 million. In consultation with the Petitioner and Earlston, the Receiver engaged in negotiations with the 4408 Purchaser, through their respective realtors, and on November 14, 2023, the Receiver accepted an offer of \$5.55 million (the “**4408 Accepted Offer**”).
- 4.13 The key terms of the 4408 Accepted Offer include, amongst other things, (i) a closing date of January 9, 2024, should the sale order 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.
- 4.14 Pursuant to the Extended 4408 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 Accepted Offer, the total commission amount would be \$143,250, of which the 4408 Listing Agents would receive \$77,355 and the brokerage of the 4408 Purchaser would receive \$65,895.

Receiver's Comments on the Sale of 4408 West 3rd

4.15 Upon expiry of the stay of the Receivership Order on April 7, 2023, the Receiver had exclusive conduct of the sale of 4408 West 3rd and is supportive of the sale for the following reasons:

- a) although the Accepted Offer is \$1.45 million lower than the list price under the Extended 4408 Listing Agreement, the Accepted Offer of \$5.55 million is the only offer received, and therefore the highest and best offer to date despite the considerable amount of time the property spent on the market;
- b) the Accepted Offer has a near-term closing date that is on January 9, 2024, should the sale be approved by this Honourable Court;
- c) a deposit in the amount of \$500,000 was received on November 23, 2023, and is being held in a trust account with Amex Realty;
- d) the sale transaction will allow the Receiver to avoid incurring additional holding costs in respect of 4408 West 3rd, including preservation costs, repairs and maintenance costs, statutory obligations (including property taxes and other taxes) and professional fees;
- e) the purchase price of \$5.55 million for 4408 West 3rd is consistent with market value and is commercially reasonable;
- f) As of March 20, 2023, Earlston's outstanding mortgage (principal plus interest) totaled \$5.2 million. While the Receiver has requested but yet to receive a copy of Earlston's payout statement, the Receiver estimates that Earlston's outstanding mortgage by January 9, 2024 (i.e. completion date in accordance with the Accepted Offer) would be approximately \$5.7 million. Earlston, as the conceived fulcrum secured lender under the Approved Offer, is supportive of the sale. In light of the extensive costs expended on repairs and maintenance for the property, Earlston is in agreement with the Receiver to pay \$100,000 to the Receivership to partially cover such costs; and
- g) Given the abovementioned cost-sharing agreement, PLW, as second-ranking mortgagee of 4408 West 3rd, is also supportive of the Approved Offer.

4.16 It is the Receiver's view that 4408 West 3rd 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 lack of offers on the property, the current state of the real estate market and rising interest rates, the Receiver views the transaction to be in the best interest of the creditors.

GST Claim

- 4.17 The Receiver has received a property claim from Canada Revenue Agency (“CRA”) against Chongye Developments Ltd. in the amount of \$511,039.41 (the “**Deemed Trust Claim**”). The Deemed Trust Claim is claimed in respect of Goods and Services Taxes which CRA asserts was collected by Chongye between 2011 and 2018, but which Chongye failed to remit.
- 4.18 The Receiver is advised by Earlston that it contests CRA’s deemed trust claim. Earlston takes the position that it repaid any and all deemed trust amounts owing to CRA when it advanced its mortgage in or around March, 2021. Given the anticipated shortfall to Earlston noted above, the Receiver intends to allow Earlston and CRA to resolve this matter directly. The Receiver proposes to hold back an amount equal to the Deemed Trust Claim from the sale proceeds of 4408 West 3rd, which it will hold in trust pending the agreement of the Receiver, CRA and Earlston, or further order of the Court.

5.0 BANKRUPTCY OF PROPERTIES (QEP)

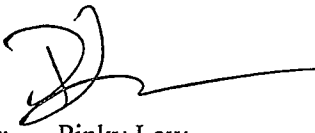
- 5.1 In consultation with the Receiver, the Petitioner has filed materials with this Honourable Court to have the entity Properties (QEP) adjudged as bankrupt due to its lack of assets and significant liabilities to the CRA.
- 5.2 A&M has provided consent to act as Trustee in bankruptcy for Properties (QEP).

6.0 RECEIVER’S CONCLUSION AND RECOMMENDATIONS

- 6.1 Based on the information and reasons set out above, the Receiver respectfully recommends that this Honourable Court approve the following:
- a) the sale of 501-5033; and
 - b) the sale of 4408 West 3rd.

All of which is respectfully submitted to this Honourable Court this 12th day of December, 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