



No. S-246994
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN:

KINGSETT MORTGAGE CORPORATION

PETITIONER

AND:

DISTRICT NORTHWEST LIMITED PARTNERSHIP

and

105 UNIVERSITY VIEW HOMES LTD.

RESPONDENTS

NOTICE OF APPLICATION

NAME OF APPLICANT: KSV Restructuring Inc. (“**KSV**”), in its capacity as the Court-appointed receiver (in such capacity, the “**Receiver**” or the “**Applicant**”) of 105 University View Homes Ltd. (“**105 University**”) and District Northwest Limited Partnership (“**District LP**” and together with 105 University, the “**Debtors**”).

To: the service list attached hereto as Schedule “A”.

TAKE NOTICE that an application will be made by the Applicant to the Honourable Justice Fitzpatrick at the courthouse at 800 Smithe Street, Vancouver, BC on April 2, 2025 at 10:00 a.m. for the orders set out in Part 1 below.

The Applicant estimates that the application will take 120 minutes.

- This matter is within the jurisdiction of an associate judge.
- This matter is not within the jurisdiction of an associate judge.

PART 1: ORDERS SOUGHT

1. An order (the “**Amended and Restated Receivership Order**”), substantially in the form attached hereto as Schedule “B”, amending and restating the Receivership Order (as defined below) in the manner reflected in the redline attached hereto as Schedule “C”, including by:
 - (a) expanding the scope of the receivership by appointing KSV as the receiver, without security, of all of Surrey Centre District NW GP Ltd.’s (“**District GP**”) presently owned or held personal property of whatsoever nature and kind pertaining to the Lands (as defined below), including the proceeds thereof (the “**District GP Property**”);
 - (b) authorizing and directing Richards Buell Sutton LLP to release and transfer all deposits (collectively, the “**Deposits**”), and interest thereon currently held in trust by it, as trustee, in connection with the Pre-Sale Contracts (as defined below) to Bennett Jones LLP, in trust, exclusive of all applicable administration fees and taxes to be remitted by Richards Buell Sutton LLP on such administration fees (collectively, the “**Administration Fees**”); and
 - (c) empowering and authorizing the Receiver to take such steps as the Receiver determines may be reasonably necessary or appropriate to comply with the *Real Estate Development Marketing Act*, S.B.C. 2004, c. 41, as amended (“**REDMA**”).

2. An order (the “**Sale Process Order**”), substantially in the form attached hereto as Schedule “D”, among other things:
 - (a) approving the sale process attached as Schedule “B” to the proposed Sale Process Order (the “**Sale Process**”), and authorizing the Receiver to carry out the Sale Process in accordance with its terms and the terms of the Sale Process Order;
 - (b) authorizing and empowering the Receiver, *nunc pro tunc*, to enter into the stalking horse purchase agreement dated March 12, 2025 (the “**Stalking Horse APS**”), between the Receiver and 1419195 B.C. Ltd. (the “**Stalking Horse Bidder**”),

solely for the purposes of acting as the stalking horse bid in the Sale Process (the “**Stalking Horse Bid**”); and

- (c) approving the Break Fee (as defined below) and authorizing and directing the Receiver to pay the Break Fee subject to and in accordance with the terms of the Stalking Horse APS.
3. Such other relief as this Honourable Court deems just.

PART 2: FACTUAL BASIS

Background

4. The Debtors consist of 105 University and District LP. 105 University is a corporation incorporated pursuant to the *Business Corporations Act*, S.B.C. 2002, c. 57, as amended (the “**BCA**”). District LP is a limited partnership formed under the *Partnership Act*, R.S.B.C. 1996, c. 348, as amended, of which District GP is the general partner.
5. District LP and 105 University are the beneficial and registered owners, respectively, of the property located at LOT A SECTION 22 BLOCK 5 NORTH RANGE 2 WEST NEW WESTMINSTER DISTRICT PLAN EPP111526, PID: 031-746-667 (the “**Lands**”). Prior to the commencement of these proceedings, the Debtors were rezoning and obtaining permits to develop a mixed-use development project on the Lands consisting of two towers with 1,023 units known as “District Northwest” (the “**District Project**”).
6. In connection with the District Project, the Debtors entered into a commitment letter dated February 14, 2022 (as amended on October 16, 2023, January 30, 2024, and March 19, 2024, the “**Commitment Letter**”), among, *inter alios*, District LP, as borrower, 105 University, as nominee, and KingSett Mortgage Corporation (“**KingSett**”), as lender, pursuant to which KingSett provided a first mortgage loan in the principal amount of \$79,912,500 (the “**KingSett Loan**”).
7. As at January 6, 2025, the total indebtedness to KingSett, under the KingSett Loan (the “**KingSett Indebtedness**”) was approximately \$88,730,000, accruing interest at a rate of approximately \$30,293.47 per day.

8. The payment and performance of the KingSett Indebtedness is secured by various security, including, among other things:
 - (a) a general security agreement dated February 24, 2022, between 105 University, as grantor, and KingSett, as grantee;
 - (b) a first mortgage/charge in the principal amount of \$70,000,000 and an assignment of rents registered against the Lands in favour of KingSett;
 - (c) a second mortgage/charge in the principal amount of \$99,890,625 registered against the Lands in favour of KingSett;
 - (d) a direction, acknowledgement, and security agreement dated February 24, 2022 granted by the Debtors in favour of KingSett; and
 - (e) a pledge agreement dated February 24, 2022, between Thind Properties Ltd., as pledgor, and KingSett, as lender (the “**Pledge Agreement**”).
9. Following the Debtors’ defaults under the Commitment Letter, on August 30, 2024, KingSett provided a notice of default and notices of intention to enforce security in accordance with section 244 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “**BIA**”).

The Receiver’s Appointment

10. On November 8, 2024, KingSett obtained an order of this Court (the “**Receivership Order**”) pursuant to subsection 243(1) of the BIA and section 39 of the *Law and Equity Act*, R.S.B.C. 1996, c. 253, as amended (the “**LEA**”), appointing KSV as the Receiver of the Lands and all right, title, and interest of the Debtors in all presently owned or held personal property of whatsoever nature and kind pertaining to the Lands, including the proceeds thereof (the “**Property**”).
11. Among other things, the Receivership Order:

- (a) granted a first-ranking super-priority charge over the Property in favour of the Receiver and the Receiver's counsel to secure their fees and disbursements in respect of these proceedings;
- (b) granted a second-ranking super-priority charge over the Property for the purpose of funding the exercise of the powers and duties conferred upon the Receiver pursuant to the Receivership Order;
- (c) authorized and empowered the Receiver to act at once in respect of the Property, including to:
 - (i) engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time on whatever basis to assist with the exercise of the Receiver's powers and duties
 - (ii) on or after January 18, 2025, 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;
 - (iii) on or after January 18, 2025, sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business with the approval of this Court in respect of any transaction in which the individual or aggregate purchase price exceeds \$500,000 or \$1,000,000, respectively; and
 - (iv) on or after January 18, 2025, 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 of any liens or encumbrances; and
- (d) directed the Receiver to hold all funds, monies and other forms of payment received or collected, including from the sale of all or any of the Property, net of any disbursements, to be paid in accordance with the Receivership Order or any further order of this Court.

12. The principal purpose of these proceedings is to create a stabilized environment in which the District Project can be sold, and the proceeds arising therefrom can be distributed for the benefit of the Debtors' stakeholders. To that end, the Receiver now brings the within application to facilitate the marketing and eventual sale of the District Project.

District GP and the District GP Property

13. Pursuant to the proposed Amended and Restated Receivership Order, the Receiver seeks to be appointed as receiver of the District GP Property and to add District GP as a Respondent in these proceedings.
14. Following its appointment, the Receiver learned that the "Developer" of the District Project for the purposes of REDMA consists of the Debtors and District GP. District GP is a corporation incorporated pursuant to the BCA and is the general partner of District LP.
15. As its general partner, District GP is liable for all of the debts of, and is intricately intertwined with, District LP. Being one of the three entities of which the "Developer" of the District Project is comprised, District GP's involvement in these proceedings is necessary to facilitate a value-maximizing sale of the District Project that is capable of preserving the Pre-Sale Contracts and the rights and interests of the "Developer", and the filing of the New Disclosure Statement (as defined in the Stalking Horse APS), as requested by the BC Financial Services Authority.
16. Given its significance to a value-maximizing sale of the District Project, the Stalking Horse APS contemplates that the Purchased Interests will include the Subscribed Shares (each as defined below) of District GP. For this reason, the Stalking Horse APS is, as discussed below, conditional upon the granting of the proposed Amended and Restated Receivership Order.
17. All of the shares of District GP have been pledged to KingSett as security for the KingSett Indebtedness pursuant to the Pledge Agreement and, according to the British Columbia Personal Property Registry, the sole party with a registered security interest against District GP in respect of the District GP Property (or at all) is KingSett. The Receiver's appointment in respect of the District GP Property is therefore not expected to prejudice any party.

The Sale Process

18. The Receiver developed the proposed Sale Process in consultation with the Stalking Horse Bidder to solicit interest in, and opportunities for, a sale of the Property and the District GP Property. The Sales Process is intended to be a flexible, efficient and fair process for canvassing the market for potential purchasers and maximizing the value of the Property and the District GP Property and recovery for the Debtors' and District GP's creditors.
19. The proposed Sale Process contemplates that, as soon as practicable following the granting of the Sale Process Order, the Receiver will:
 - (a) file the New Disclosure Statement pursuant to REDMA; and
 - (b) provide or cause to be provided the New Disclosure Statement, including the Addendum to Pre-Sale Contract (as defined in the Stalking Horse APS), to pre-sale purchasers of the Debtors (collectively, the "**Pre-Sale Purchasers**"), together with a notice apprising the Pre-Sale Purchasers of the Sale Process, the New Disclosure Statement, the Addendum to Pre-Sale Contract, the Stalking Horse Bid, and their rights of rescission under REDMA (the "**Pre-Sale Purchaser Notice**").
20. Following the filing of the New Disclosure Statement, the Sale Process will proceed in two phases. The first phase requires the submission of non-binding letters of intent (each, a "**LOI**") and executed non-disclosure agreements (each, a "**NDA**") by potential bidders by no later than 5:00 p.m. (Pacific Time) on May 9, 2025 (the "**LOI Deadline**"). The second phase requires the submission by Qualified Bidders (as defined in the Sale Process) of binding offers (each, a "**Final Bid**") by no later than 5:00 p.m. (Pacific Time) on June 13, 2025 (the "**Final Bid Deadline**").
21. To participate in the Sale Process, an interested party must deliver a LOI and executed NDA to the Receiver by the LOI Deadline. Any such bidder that the Receiver determines has the financial capability and experience, among other considerations, to be able to consummate a sale, will be deemed a Qualified Bidder for the purposes of the Sale Process and be entitled to submit a Final Bid.

22. A Final Bid will only be considered a Qualified Bid if it is submitted by a Qualified Bidder and complies with the following conditions, among others:
- (a) it is received by the Final Bid Deadline;
 - (b) it provides for the payment in full and in cash of at least: (i) the Purchase Price plus the Break Fee (each as defined below); and (ii) a \$500,000 minimum bid increment (the “**Minimum Bid Increment**”);
 - (c) it includes a letter stating that the Final Bid is irrevocable until there is a Successful Bid (as defined below), provided that if such Qualified Bidder is selected as the Successful Bidder (as defined below), its Final Bid shall remain an irrevocable offer until the earlier of (i) the completion of the sale to the Successful Bidder and (ii) September 10, 2025;
 - (d) given the delivery of the New Disclosure Statement and Pre-Sale Purchaser Notice, it identifies the number of Pre-Sale Purchasers, if any, that are required to have executed an Addendum to Pre-Sale Contract and the number of Pre-Sale Contracts, if any, that must be in good standing, in each case, as of the closing date of the transaction;
 - (e) it does not include any request for or entitlement to any expense reimbursement, termination fee, break fee or similar type of payment;
 - (f) it provides for an assumption of liabilities and other economic terms that are at least as favourable in the aggregate as those in the Stalking Horse APS; and
 - (g) it is accompanied by a refundable deposit in the amount 3% of the sum of the Purchase Price, the Break Fee and the Minimum Bid Increment, to be held and dealt with in accordance with the Sale Process.
23. If one or more Qualified Bids (other than the Stalking Horse Bid) have been received by the Receiver on or before the Final Bid Deadline, the Receiver will proceed with an auction process (the “**Auction**”) to determine the Successful Bid(s) in accordance with the procedures prescribed by the Sale Process. At the end of any such Auction, the Receiver

shall select the successful bid (the “**Successful Bid**”, with such bidder being the “**Successful Bidder**”).

24. If the Receiver does not receive any LOIs or any LOIs that, based on the Receiver’s assessment, are likely to result in the submission of a Qualified Bid, by the LOI Deadline, or any Qualified Bid(s) (other than the Stalking Horse Bid) by the Final Bid Deadline, the Stalking Horse APS will be deemed to be the Successful Bid. Similarly, if the Receiver determines that no Qualified Bids other than the Stalking Horse APS were received, or that at least one additional Qualified Bid was received but it is unlikely that the transactions contemplated in any such Qualified Bids will be consummated, the Receiver will:
- (a) terminate the Sale Process and notify each Qualified Bidder, if any, of such termination;
 - (b) notify the Stalking Horse Bidder that it is the Successful Bidder; and
 - (c) as soon as reasonably practicable after such termination, and in any event, no later than fifteen (15) business days following the selection (or deemed selection) of the Successful Bid, file an application with the Court seeking approval to implement the Stalking Horse APS.

The Stalking Horse APS

25. To enhance the efficacy of the proposed Sale Process and establish a reasonable, appropriate and competitive purchase price for the Property and the District GP Property therein, the Receiver has negotiated and entered into the Stalking Horse APS with the Stalking Horse Bidder.
26. The Stalking Horse APS contemplates a reverse vesting transaction, pursuant to which the Stalking Horse Bidder will subscribe for new units in District LP and new common shares in District GP representing 100% of the limited partnership interest and 100% of the equity interest in District LP (the “**New LP Units**”) and District GP (the “**Subscribed Shares**”), respectively. If consummated, the Stalking Horse APS is expected to provide a means by which the Pre-Sale Contracts may be preserved and the District Project completed.

27. The material terms of the Stalking Horse APS include the following:
- (a) Purchased Interests. The New LP Units and the Subscribed Shares (together, the “**Purchased Interests**”).
 - (b) As is Where is. The Purchased Interests (and indirectly the Retained Assets (as defined in the Stalking Horse APS)) are being sold and purchased and the transaction is being effected on an “as-is, where-is” and “without recourse” basis, without any representation, warranty or covenant other than as set out in the Stalking Horse APS.
 - (c) Purchase Price. A purchase price of \$86,000,000 (the “**Purchase Price**”), subject to certain customary adjustments.
 - (d) Payment of the Purchase Price. A cash deposit of \$3,000,000 (which was paid to the Receiver upon execution of the Stalking Horse APS), with the balance of the Purchase Price payable on the Closing Date (as defined in the Stalking Horse APS).
 - (e) Conditions Precedent. The completion of the transaction is conditional upon, among other things: (i) the Stalking Horse Bid being selected as the Successful Bid; (ii) the granting of the Amended and Restated Receivership Order and the Reverse Vesting Order (as defined in the Stalking Horse APS); (iii) the Receiver filing the New Disclosure Statement on or before April 7, 2025; (iv) the Stalking Horse Bidder being satisfied, on or before June 13, 2025, that it will not be required to file a new disclosure statement for the District Project as a result of the transaction; (v) on or before June 6, 2025, either at least the number of Pre-Sale Contracts that collectively have sale prices totaling \$420,000,000, or that number of Pre-Sale Purchasers whose Pre-Sale Contracts collectively have deposits totaling \$63,000,000, have executed and delivered to the Receiver an Addendum to Pre-Sale Contract and not exercised the right of rescission under REDMA; and (vi) as at the Closing Date, either at least the number of the Pre-Sale Contracts that collectively have sale prices totaling \$420,000,000, or that number of Pre-Sale Purchasers whose Pre-Sale Contracts collectively have deposits totaling

\$63,000,000, being in good standing and in full force and effect, as amended by the Addendum to Pre-Sale Contract.

- (f) Break Fee. To compensate the Stalking Horse Bidder for the opportunity cost, time and expenses associated with its Stalking Horse Bid, the Stalking Horse Bid entitles the Stalking Horse Bidder to a break fee equal to \$1,000,000 (the “**Break Fee**”). The Break Fee is payable to the Stalking Horse Bidder in the event the Stalking Horse Bid is not selected as the Successful Bid or upon certain events of termination under the Stalking Horse APS.
- (g) Outside Date. September 10, 2025 (the “**Outside Date**”).
- (h) Termination. In addition to other customary events of termination, the Stalking Horse APS will be terminated automatically if: (i) the Sale Process Order or the Amended and Restated Receivership Order are not granted by the Outside Date; (ii) the Successful Bid selected by the Receiver is not the Stalking Horse Bid and the Stalking Horse Bid is not the Backup Bid (as defined in the Sale Process); or (iii) the Stalking Horse Bid is the Backup Bid and the Successful Bid closes.

Rennie’s Engagement

- 28. The Receiver has engaged Rennie Marketing Systems, by its partners Rennie Project Marketing Corporation and 541823 B.C. Ltd. (collectively “**Rennie**”) pursuant to an existing market agreement dated July 1, 2021 (the “**Marketing Agreement**”), between 105 University and Rennie to assist in the Pre-Sale Contract Addendum Process (as defined in the Second Report). Among other things, the Pre-Sale Contract Addendum Process will apprise Pre-Sale Purchasers of the Sale Process, the Stalking Horse APS and the New Disclosure Statement and facilitate the execution of the Addendum to Pre-Sale Contract.

The Pre-Sale Purchasers’ Deposits

- 29. The Debtors and District GP, with Rennie’s assistance, began marketing for sale the units in the District Project in December 2021. As at the date of the Receivership Order, 873 units had been sold pursuant to pre-sale contracts (collectively, the “**Pre-Sale Contracts**”)

between the Debtors and various third-party purchasers with Deposits in an aggregate amount of approximately \$78 million, together with interest. Such Deposits were paid to and, to the Receiver's knowledge, remain held in trust by Richards Buell Sutton LLP.

30. To facilitate the future transfer of the Deposits to the Successful Bidder in the Sale Process and the release of the applicable Deposits to those Pre-Sale Purchasers that exercise their rights of rescission under REDMA, the proposed Amended and Restated Receivership Order authorizes and directs:
- (a) Richards Buell Sutton LLP to transfer the Deposits and all interest thereon to Bennett Jones LLP, in trust, exclusive of the Administration Fees that Pre-Sale Purchasers acknowledged under the Pre-Sale Contracts Richards Buell Sutton LLP was entitled to charge and deduct from each payment made comprising a Deposit;
 - (b) authorizes and directs Bennett Jones LLP to release and transfer the Deposits received from Richards Buell Sutton LLP in accordance with section 18 of REDMA and any further order of this Court; and
 - (c) authorizes and directs Richards Buell Sutton LLP to retain the Administration Fees until further order of this Court.

PART 3: LEGAL BASIS

31. The Receiver relies on:
- (a) the BIA, LEA, REDMA and the *Supreme Court Civil Rules*, BC Reg. 241/2010;
 - (b) the inherent and equitable jurisdiction of this Court; and
 - (c) such further and other legal basis as counsel may advise and this Court may allow.

KSV Should be Appointed as the Receiver of the District GP Property

32. Subsections 243(1) of the BIA and 39(1) of the LEA confer jurisdiction on this Court to appoint a receiver where it is "just or convenient" to do so. Where it is "just and convenient" to appoint a receiver, subsection 39(2) of the LEA authorizes this Court to

make the order unconditionally or on terms and conditions it thinks fit, while subsection 243(1)(c) of the BIA provides that this Court may appoint the receiver to “take any other action that the court considers advisable.”

Bankruptcy and Insolvency Act, R.S.C. 1985, c. B-3, as amended ss 243(1), 243(1)(c) [BIA].
Law and Equity Act, RSBC, 1996, c. 253 ss 39(1), 39(2).
Peace River Hydro Partners v Petrowest Corp., 2022 SCC 41 at para 56 [*Petrowest*].

33. Subsection 243(1)(c) of the BIA has been “interpreted as giving judges the ‘broadest possible mandate in insolvency proceedings to enable them to react to any circumstances that may arise’”. It thereby permits Courts to “do not only what ‘justice dictates’ but also what ‘practicality demands’”.

Petrowest, supra at para 148.
Aquilini Development Limited Partnership v Garibaldi at Squamish Limited Partnership,
2024 BCSC 764 at para 61.

34. Exercising their broad jurisdiction, Courts have previously appointed receivers over entities that were, as is the case here, intricately involved with a debtor already subject to an existing receivership proceeding, including where such entities were not debtors of the parties that commenced the receivership.

WestLB AG, Toronto Branch v Rosseau Resort Developments Inc., 2009 OJ No. 4285 at para 37.
General Electric Canada Real Estate Financing Holding Co. v Liberty Assisted Living Inc., 2011 ONSC 4704 at para 10.
Romspen Investment Corp. v Hargate Properties Inc., 2011 ABQB 759 at paras 17-19.
KingSett Mortgage Corporation v 6511 Sussex Heights Development Ltd. et al. (January 20, 2025), Vancouver, S-247764 (Order) BCSC at paras 1, 34-36.

35. Here, District GP and the District GP Property are intricately intertwined with the Debtors, and their inclusion in these proceedings is essential to the orderly administration of the receivership, the Sale Process and the Receiver’s efforts to maximize value. What’s more, their inclusion is supported by the non-exhaustive factors frequently considered by Courts when determining whether it is just and convenient to appoint a receiver, including:

- (a) whether irreparable harm might be caused if no order were made, although it is not essential for a creditor to establish irreparable harm if a receiver is not appointed,

particularly where the appointment of a receiver is authorized by the security documentation;

- (b) the risk to the security holder taking into consideration the size of the debtor's equity in the assets and the need for protection or safeguarding of the assets while litigation takes place;
- (c) the nature of the property;
- (d) the apprehended or actual waste of the debtor's assets;
- (e) the preservation and protection of the property pending judicial resolution;
- (f) the balance of convenience to the parties;
- (g) the fact that the creditor has the right to appoint a receiver under the documentation provided for the loan;
- (h) the enforcement of rights under a security instrument where the security-holder encounters or expects to encounter difficulty with the debtor and others;
- (i) the principle that the appointment of a receiver is extraordinary relief which should be granted cautiously and sparingly;
- (j) the consideration of whether a court appointment is necessary to enable the receiver to carry out its' duties more efficiently;
- (k) the effect of the order upon the parties;
- (l) the conduct of the parties;
- (m) the length of time that a receiver may be in place;
- (n) the cost to the parties;
- (o) the likelihood of maximizing return to the parties; and

- (p) the goal of facilitating the duties of the receiver.

Maple Trade Finance Inc. v CY Oriental Holdings Ltd., 2009 BCSC 1527 at para 25.
Bank of Montreal v Haro-Thurlow Street Project Limited Partnership, 2024 BCSC 47 at
paras 72-75.

36. Having regard to the foregoing, the Receiver submits that it is just and convenient to appoint it as receiver over the District GP Property given, among other things, that:
- (a) as one of the three entities of which the “Developer” of the District Project is comprised, District GP’s involvement in these proceedings is necessary to facilitate a value-maximizing sale of the District Project in a manner that is capable of preserving the Pre-Sale Contracts and the rights and interests of the “Developer”, and ensuring compliance with REDMA, including the filing of the New Disclosure Statement requested by the BC Financial Services Authority;
 - (b) the Purchased Interests under the Stalking Horse APS include the Subscribed Shares of District GP, which must be conveyed free and clear of all Claims and Encumbrances (each as defined in the Stalking Horse APS);
 - (c) the existing shares of District GP have been pledged to KingSett – the sole party with a registered security interest against District GP in respect of the District GP Property (or at all) according to the British Columbia Personal Property Registry; and
 - (d) the Receiver is not aware of any material prejudice that is expected to result from its appointment as receiver of the District GP Property.

Second Report of the Receiver dated March 24, 2025, s 3.2 at paras 1-2 [Second Report].

The Sale Process Should be Approved

37. To achieve the purposes of receiverships, including, the enhancement and facilitation of the realization of a debtor’s assets for the benefit of creditors, Courts routinely exercise their discretion under subsection 243(1)(c) of the BIA to grant receivership orders authorizing the marketing and sale of such assets. Relying on subsection 243(1)(c) of the

BIA, Courts also frequently approve “the engagement by the Receiver of a real estate broker and [...] broker agreements” to facilitate the marketing of a debtor’s assets.

Petrowest, supra at paras 56-57, 148.

Third Eye Capital Corporation v. Ressources Dianor Inc./Dianor Resources Inc., 2019

ONCA 508 at para 73.

KEB Hana Bank as Trustee et al. v Mizrahi Commercial (The One) LP et al., 2024

ONSC 3739 at para 42 [*KEB*].

38. Here, the Receivership Order expressly authorizes and empowers the Receiver to, among other things:

- (a) engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time on whatever basis to assist with the exercise of the Receiver’s powers and duties; and
- (b) on or after January 18, 2025, 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.

KingSett Mortgage Corporation v. District Northwest Limited Partnership and 105 University View Homes Ltd. (November 8, 2024), Vancouver, S-246994 (Order) BCSC at paras 2(d), 2(k) [Receivership Order].

39. Consistent with its existing powers, the Receiver now seeks approval to conduct the proposed Sale Process to fairly, efficiently and effectively canvass the market for, and maximize the value of, the Property and the District GP Property.

40. When determining whether to approve a sale process, Courts should consider the following factors:

- (a) the fairness, transparency and integrity of the proposed process;
- (b) the commercial efficacy of the proposed process in light of the specific circumstances facing the receiver; and
- (c) whether the sales process will optimize the chances, in the particular circumstances, of securing the best possible price for the assets up for sale.

CCM Master Qualified Fund v. blutip Power Technologies, 2012 ONSC 1750 at para 6
[*CCM Master*].
KEB, supra at para 59.

41. In the context of assessing whether a stalking horse sale process should be approved, Courts also consider the following:

- (a) is a sale transaction warranted at this time;
- (b) will the sale benefit the whole economic community;
- (c) do any of the debtors' creditors have a *bona fide* reason to object to the sale; and
- (d) is there a better viable alternative.

Re Freshlocal Solutions Inc., 2022 BCSC 1616 at paras 26-27 [*Freshlocal*].
Validus Power Corp. et al. and Macquarie Equipment Finance Limited, 2023 ONSC
6367 at para 39 [*Validus*].
Re Brainhunter Inc., [2009] OJ No. 5578 at para 13 [*Brainhunter*].

42. The aforementioned factors applicable to the approval of a sale process, and a stalking horse sale process in particular, are also frequently considered in light of the principles applicable to the approval of a sale transaction enumerated in *Royal Bank of Canada v Soundair Corp.* Namely:

- (a) whether the receiver made a sufficient effort to obtain the best price and to not act improvidently;
- (b) the interests of all parties;
- (c) the efficacy and integrity of the process by which the receiver obtained the offers; and
- (d) whether the working out of the process was unfair.

Royal Bank v Soundair Corp., [1991] 46 OAC 321 at para 16.
Royal Bank of Canada v 2668144 Ontario Inc. et al., 2024 ONSC 1680 at para 10.
Ontario Securities Commission v Bridging Finance Inc., 2021 ONSC 5338 at paras 7-8.
Leslie & Irene Dube Foundation Inc. v P218 Enterprises Ltd., 2014 BCSC 1855 at para
21 [*P218*].
Validus, supra at para 38.
KEB, supra at paras 59-60.

43. The Receiver submits that the factors applicable to the approval of a sale process, viewed in light of those applicable to a sale transaction, support the proposed Sale Process' approval given that:
- (a) the Sale Process presents the best option for maximizing the value of the Property and the District GP Property available to the Debtors and District GP at this time, and is therefore in the best interests of the Debtors, District GP and their respective stakeholders;
 - (b) the proposed Sale Process was developed by the Receiver in consultation with the Stalking Horse Bidder, with a view to providing a flexible, efficient and fair process for canvassing the market for potential purchasers, and maximizing the value of the Property and the District GP Property, and the recovery for the Debtors' and District GP's creditors;
 - (c) while the Receiver expects, based on its considerable experience, that prospective purchasers will wish to pursue a reverse vesting transaction akin to the Stalking Horse Bid, the proposed Sale Process provides such purchasers with the flexibility to pursue conventional asset purchase transactions in addition to reverse vesting transactions;
 - (d) the Receiver is of the view that the timeline contemplated by the proposed Sale Process, including its use of two-phases and the Auction, is appropriate in the circumstances and will provide sufficient opportunity to solicit interest for a sale of the Property and the District GP Property or a portion thereof, while preventing the undue accrual of material interest expense and other indebtedness;
 - (e) the Stalking Horse APS was negotiated fairly and at arm's length between the Receiver, the Stalking Horse Bidder, and their respective counsel, in consultation with KingSett, and sets a valuable, reasonable and appropriate backstop and purchase price for bids in the proposed Sale Process that is expected to incentivize, rather than deter, the submission of competitive and potentially superior bids;

- (f) the proposed Sale Process ensures that the Receiver may comply with its obligations under REDMA and provides Pre-Sale Purchasers with additional notice and information concerning the Stalking Horse Bidder and the Sale Process, including through the Pre-Sale Contract Addendum Process; and
- (g) the proposed Sale Process is supported by the Debtors' largest and senior secured creditor, KingSett.

Second Report, *supra* s 4.6 at para 1.

44. The business judgment, expertise and recommendations of the Receiver with respect to the proposed Sale Process is entitled to substantial deference.

Marchant Realty Partners Inc. v 2407553 Ontario Inc., 2021 ONCA 375 at paras 15, 19.
Ontario Securities Commission v Bridging Finance Inc., 2022 ONSC 1857 at paras 43-45.
KEB, supra at para 63.

The Stalking Horse APS Should be Approved

45. Pursuant to the proposed Sale Process Order, the Receiver is seeking approval of the Stalking Horse APS, including the Break Fee, solely for the purposes of approving it as the Stalking Horse Bid in the Sale Process.
46. It is well established that stalking horse bids are a “reasonable and useful element of a sale process” and a “legitimate means of maximizing recovery” therein. Indeed, stalking horse bids are commonly employed in insolvency proceedings to “maximize value of a business for the benefit of stakeholders and enhance the fairness of the sales process” by establishing a “baseline price and transactional structure for any superior bids.”

Freshlocal, supra at paras 29-30.
P218, supra at para 20.
Validus, supra at para 42.
CCM Master, supra at para 7.

47. In the context of stalking horse bids, Courts frequently approve bid protections such as break fees and expense reimbursements, recognizing that:

- (a) in addition to compensating a stalking horse bidder for the time and resources expended and the risks taken in developing a stalking horse agreement, bid protections also reflect the price of stability; and
- (b) bid protections are subject to the debtors' or Court-officer's, as the case may be, business judgment, provided that they lie within a range of reasonable alternatives – between 1.8% to 5% of the value of the stalking horse bid.

Freshlocal, supra at para 30.

P218, supra at para 37.

Brainhunter, supra at para 20.

CCM Master, supra at para 13.

Validus, supra at para 111.

Danier Leather Inc. (Re), 2016 ONSC 1044 at para 41.

48. In determining whether a break fee afforded to a stalking horse bidder is fair and reasonable, this Court has held that the following factors, among others, must be considered:

- (a) whether the stalking horse agreement was reached as a result of arm's length negotiations;
- (b) is the relief supported by the major creditors;
- (c) will the break fee have a chilling effect on the market, or will it facilitate the sales process;
- (d) is the amount of the break fee reasonable in relation to the bidder's time, resources and risk in the process;
- (e) will the break fee enhance the realization of the debtor's assets; and
- (f) does the Court-appointed officer support the relief.

Freshlocal, supra at para 32.

49. Here, approval of the Stalking Horse APS, including the Break Fee, is appropriate in the circumstances given that:

- (a) the Stalking Horse APS is the product of approximately five weeks of arm's length negotiations among the Receiver, the Stalking Horse Bidder and their respective counsel, in consultation with KingSett;
- (b) the Stalking Horse APS sets a valuable and competitive purchase price for bids in the proposed Sale Process and provides a reasonable transaction structure upon which all other Qualified Bids may be based, while providing a means of preserving the Pre-Sale Contracts, completing the District Project, and repaying the KingSett Indebtedness and the Debtors' indebtedness in priority thereto;
- (c) the Purchase Price contemplated by the Stalking Horse APS is expected to promote the submission of competitive bids in the Sale Process and thereby maximize value for the Debtors and their stakeholders;
- (d) the use of the Stalking Horse APS in the circumstances of this case affords Pre-Sale Purchasers and other stakeholders involved with or affected by the District Project, substantial assurance and certainty that the District Project will be completed, albeit over a longer period of time than originally envisioned by the Debtors;
- (e) the Receiver, exercising its business judgment, believes that the consideration provided under the Stalking Horse APS and the Break Fee are fair and reasonable, having regard to the substantial benefits of having a Stalking Horse Bid capable of assuring the completion of the District Project and the satisfaction of the Debtors' obligations under the Pre-Sale Contracts;
- (f) following arm's length negotiations between the Receiver and the Stalking Horse Bidder, in consultation with KingSett, the Stalking Horse Bidder agreed to forego a separate expense reimbursement and to a reduced Break Fee representing approximately 1.16% of the Purchase Price;
- (g) given its reasonable quantum, the Break Fee is not expected to have a chilling effect on the proposed Sale Process and will fairly compensate the Stalking Horse Bidder for the risks and opportunity costs associated, and time and expense incurred in

connection, with its submission of the Stalking Horse Bid in the Sale Process in the event the Stalking Horse Bid is not the Successful Bid; and

- (h) the Debtors' senior secured creditor, KingSett, supports the approval of the Stalking Horse APS for the purposes of acting as the Stalking Horse Bid in the Sale Process and the Break Fee.

Second Report, *supra* s 5.2 at para 1.

The Deposits Should be Transferred

- 50. The proposed Amended and Restated Receivership Order, authorizes and directs Richards Buell Sutton LLP to release and transfer all Deposits and interest thereon currently held in trust by it, as trustee, in connection with the Pre-Sale Contracts to Bennett Jones LLP, in trust, exclusive of the Administration Fees. Such relief is appropriate in the circumstances and consistent with the provisions of REDMA and the Pre-Sale Contracts.
- 51. Subsection 18(2)(h) of REDMA expressly authorizes a trustee, such as Richards Buell Sutton LLP, to release deposits held by it for the applicable developer and purchaser "in accordance with a court order".

Real Estate Development Marketing Act, S.B.C. 1985, c. 41, as amended s 18(2)(h).

- 52. The Receiver submits that it is appropriate for this Court to authorize and direct the transfer of the Deposits as proposed under the Amended and Restated Receivership Order given that:
 - (a) Richards Buell Sutton LLP is not opposed to the proposed transfer of the Deposits, exclusive of the Administration Fees that Pre-Sale Purchasers acknowledged under the Pre-Sale Contracts Richards Buell Sutton LLP was entitled to charge and deduct from each payment made comprising a Deposit;
 - (b) the Deposits will be transferred to Bennett Jones LLP, in trust, and will only be released in accordance with REDMA or further order of this Court;

- (c) the proposed relief will, subject to further order of this Court, facilitate the future transfer of the Deposits to the Successful Bidder in the Sale Process, if applicable, as well as the timely release of the applicable Deposits to those Pre-Sale Purchasers that exercise their rights of rescission under REDMA following receipt of the New Disclosure Statement; and
- (d) the Pre-Sale Contracts do not expressly prohibit Richards Buell Sutton LLP from complying with a Court order authorizing the transfer of the Deposits in accordance with REDMA.

Second Report, *supra* s 3.3 at paras 1-2.
Sethna v 350 Kingsway Development Ltd., 2010 BCSC 351 at paras 17, 69.

PART 4: MATERIAL TO BE RELIED ON

1. Affidavit #1 of Daniel Pollack made October 9, 2024;
2. Affidavit #2 of Daniel Pollack made January 17, 2025;
3. The First Report of the Receiver dated January 21, 2025;
4. The Second Report;
5. The Receivership Order; and
6. Such further and other material as counsel may advise.


TO THE PERSONS RECEIVING THIS NOTICE OF APPLICATION: If you wish to respond to this notice of application, you must, within 5 business days after service of this notice of application or, if this application is brought under Rule 9-7, within 8 business days after service of this notice of application,

- (a) file an application response in Form 33,
- (b) file the original of every affidavit, and of every other document, that
 - (i) you intend to refer to at the hearing of this application, and
 - (ii) has not already been filed in the proceeding, and
- (c) serve on the applicant 2 copies of the following, and on every other party of record one copy of the following:
 - (i) a copy of the filed application response;

(ii) a copy of each of the filed affidavits and other documents that you intend to refer to at the hearing of this application and that has not already been served on that person;

(iii) if this application is brought under Rule 9-7, any notice that you are required to give under Rule 9-7 (9).

Date: March 24, 2025



Signature of Joshua Foster
Lawyer for the Receiver

To be completed by the court only:

Order made

in the terms requested in paragraphs of Part 1 of this notice of application

with the following variations and additional terms:

.....
.....
.....

Date:[dd/mmm/yyyy].....

.....
Signature of Judge Associate Judge

APPENDIX

THIS APPLICATION INVOLVES THE FOLLOWING:

- discovery: comply with demand for documents
- discovery: production of additional documents
- other matters concerning document discovery
- extend oral discovery
- other matter concerning oral discovery
- amend pleadings
- add/change parties
- summary judgment
- summary trial
- service
- mediation
- adjournments
- proceedings at trial
- case plan orders: amend
- case plan orders: other
- experts
- none of the above

SCHEDULE "A"
SERVICE LIST

See attached.

IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN

KINGSETT MORTGAGE CORPORATION

PETITIONER

AND

DISTRICT NORTHWEST LIMITED PARTNERSHIP

and

105 UNIVERSITY VIEW HOMES LTD.

RESPONDENTS

Service List
(As of March 24, 2025)

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| <p>Osler, Hoskin & Harcourt LLP Suite 3000, Bentall Four 1055 Dunsmuir Street Vancouver, BC V7X 1K8</p> <p>Attention: Mary Buttery, Emma Newbery and Lucas Hodgson</p> <p>Tel. No.: (778) 785-3000</p> <p>Email: mbuttery@osler.com enewbery@osler.com lhodgson@osler.com</p> <p><i>Counsel to the Petitioner, KingSett Mortgage Corporation</i></p> | <p>Bennett Jones LLP Suite 2500, 666 Burrard Street Vancouver, BC V6C 2X8</p> <p>Attention: Sean Zweig, Joshua Foster and Andrew Froh</p> <p>Tel. No.: (604) 891-7500</p> <p>Email: zweigs@bennettjones.com fosterj@bennettjones.com froha@bennettjones.com</p> <p><i>Counsel to the Court-appointed Receiver, KSV Restructuring Inc.</i></p> |
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| <p>KSV Restructuring Inc. 220 Bay Street, 13th Floor, PO Box 20 Toronto, ON M5J 2W4</p> <p>Attention: Noah Goldstein, Jason Knight and Maha Shah</p> <p>Tel. No.: (416) 932-6262</p> <p>Email: ngoldstein@ksvadvisory.com jknight@ksvadvisory.com mshah@ksvadvisory.com</p> <p><i>The Court-appointed Receiver</i></p> | <p>Richards Buell Sutton LLP Suite 700, 401 West Georgia Street Vancouver, BC V6B 5A1</p> <p>Attention: Daniel D. Nugent and Ryan A. Shaw</p> <p>Tel. No.: (604) 682-3664</p> <p>Email: dnugent@rbs.ca rshaw@rbs.ca</p> <p><i>Counsel to the Respondents, District Northwest Limited Partnership, 105 University View Homes Ltd. and Surrey Centre District NW GP Ltd.</i></p> |
| <p>District Northwest Limited Partnership, 105 University View Homes Ltd. and Surrey Centre District NW GP Ltd. c/o Thind Properties Ltd. Unit 700 – 4211 Kingsway Burnaby, BC V5H 1Z6</p> <p>Attention: Paul Thind and Daljit Thind</p> <p>Tel. No.: (604) 451-7780</p> <p>Email: paul@thind.ca daljit@thind.ca</p> <p><i>The Respondents</i></p> | <p>Webster Hudson & Coombe LLP Suite 510, 1040 West Georgia Street Vancouver, BC V6E 4H1</p> <p>Attention: Richard B. Pearce</p> <p>Tel. No.: (604) 682-3488</p> <p>Email: rbp@whclaw.ca</p> <p><i>Counsel to the Subordinate Secured Creditors, R.A.R. Consultants Ltd., Garmeco Canada Consultants Ltd., IHI Developments Ltd. and IHI Holdings Ltd.</i></p> |

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| <p>Department of Justice Canada British Columbia Regional Office Suite 900, 840 Howe Street Vancouver, BC V6Z 2S9</p> <p>Attention: Jessica Ko and Mariam Assadi</p> <p>Email: Jessica.Ko@justice.gc.ca Mariam.Assadi@justice.gc.ca</p> <p><i>Counsel for His Majesty the King in Right of Canada</i></p> | <p>Ministry of Attorney General (British Columbia) Legal Services Branch, Ministry of Attorney General PO Box 9280 Stn Prov Govt Victoria, BC V8W 9J7</p> <p>Attention: Andrea Glen</p> <p>Email: aaron.welch@gov.bc.ca; AGLSBRevTaxInsolvency@gov.bc.ca</p> |
| <p>BC Financial Services Authority 600 – 750 West Pender Street Vancouver, BC V6C 2T8</p> <p>Attention: Kyle Ferguson</p> <p>Tel. No.: (778) 725-0755</p> <p>Email: kyle.ferguson@bcfsa.ca</p> <p><i>Counsel for the Superintendent of Real Estate</i></p> | <p>Irina Almasan and Ovidiu Almasan</p> <p>Email: irina.almasan@gmail.com oviai@hotmail.com</p> <p><i>Unit Purchasers</i></p> |
| <p>Raman Mann* PREC 1576 212 Street Langley, BC V2Z 1T2</p> <p>Attention: Ramandeep Mann</p> <p>Email: ramanmann@sutton.com</p> <p><i>Unsecured Creditor</i></p> | <p>Sportschuetz & Company Law Corporation Suite 315, 63 West 6th Avenue Vancouver, BC V5Y 1K2</p> <p>Attention: Adrian D. Greer</p> <p>Tel. No.: (604) 262-3791</p> <p>Email: adrian@sportschuetz.ca</p> <p><i>Counsel to A & B Tool Rentals Ltd.</i></p> |

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|---|---|
| <p>Fasken Martineau DuMoulin LLP Suite 2900, 550 Burrard Street Vancouver, BC V6C 0A3</p> <p>Attention: Kareem Jetha and Mishaal Gill</p> <p>Tel. No.: (604) 631-3131</p> <p>Email: kjetha@fasken.com mgill@fasken.com</p> <p><i>Counsel to Stalking Horse Bidder</i></p> | <p>Watson Goepel LLP Suite 1200, 1075 West Georgia Street Vancouver, BC V6E 3C9</p> <p>Attention: Elias Notopoulos</p> <p>Direct Tel.: (604) 609-3091</p> <p>Email: enotopoulos@watsongoepel.com</p> <p><i>Counsel to 1076737 B.C. Ltd</i></p> |
|---|---|

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SCHEDULE "B"
AMENDED AND RESTATED RECEIVERSHIP ORDER

See attached.

IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN

KINGSETT MORTGAGE CORPORATION

PETITIONER

AND

**DISTRICT NORTHWEST LIMITED PARTNERSHIP
AND
105 UNIVERSITY VIEW HOMES LTD.**

RESPONDENTS

**IN THE SUPREME COURT OF BRITISH COLUMBIA
IN BANKRUPTCY AND INSOLVENCY**

**IN THE MATTER OF THE RECEIVERSHIP OF
DISTRICT NORTHWEST LIMITED PARTNERSHIP
AND 105 UNIVERSITY VIEW HOMES LTD.**

ORDER MADE AFTER APPLICATION

AMENDED AND RESTATED RECEIVERSHIP ORDER

BEFORE } THE HONOURABLE JUSTICE }
FITZPATRICK } 2025/04/02

ON THE APPLICATION of KSV Restructuring Inc. (“**KSV**”), in its capacity as receiver (in such capacity, the “**Receiver**”), without security, of the property located at LOT A SECTION 22 BLOCK 5 NORTH RANGE 2 WEST NEW WESTMINSTER DISTRICT PLAN EPP111526, PID: 031-746-667 (the “**Lands**”) and all right, title and interest of 105 University View Homes Ltd. and District Northwest Limited Partnership in all presently owned or held personal property

of whatsoever nature and kind pertaining to the Lands, including all proceeds, coming on for hearing this day at 800 Smithe Street, Vancouver, British Columbia.

AND ON READING the Affidavit #1 of Daniel Pollack made October 9, 2024, each consent of KSV to act as the Receiver, the First Report of the Receiver dated January 21, 2025, and the Second Report of the Receiver dated March 24, 2025 (the “**Second Report**”); **AND ON HEARING** Joshua Foster, counsel for the Receiver, and those other counsel listed on Schedule “A” hereto.

THIS COURT ORDERS AND DECLARES THAT:

APPOINTMENT

1. Pursuant to Section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “**BIA**”) and Section 39 of the *Law and Equity Act*, R.S.B.C. 1996 c. 253, as amended (the “**LEA**”), KSV is appointed Receiver, without security, of the Lands and all right, title and interest of 105 University View Homes Ltd., District Northwest Limited Partnership and Surrey Centre District NW GP Ltd. (collectively, the “**Debtors**”) in all presently owned or held personal property of whatsoever nature and kind pertaining to the Lands (together with the Lands, the “**Property**”), including all proceeds.

RECEIVER’S POWERS

2. The Receiver is empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:
 - (a) to take possession of and exercise control over the Property and any and all receipts and disbursements arising out of or from the Property;
 - (b) to receive, preserve and protect the Property, or any part or parts thereof, including, but not limited to, changing locks and security codes, relocation of Property, engaging independent security personnel, taking physical inventories and placing insurance coverage;
 - (c) to manage, operate and carry on the business of the Debtors, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, cease to perform any contracts of the Debtors, and take such steps as the Receiver determines may be reasonably necessary or appropriate to comply with the *Real Estate Development Marketing Act*, S.B.C. 2004, c. 41, as amended (“**REDMA**”);
 - (d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, construction managers, project managers, contractors, subcontractors, trades, engineers, quantity surveyors, appraisers, real estate brokers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver’s powers and duties, including, without limitation, those conferred by this Order;

- (e) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtors or any part or parts thereof;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtors and to exercise all remedies of the Debtors in collecting these amounts, including, without limitation, enforcement of any security held by the Debtors;
- (g) to settle, extend or compromise any indebtedness owing to the Debtors;
- (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtors, for any purpose pursuant to this Order;
- (i) to undertake environmental or workers' health and safety assessments of the Property and operations of the Debtors;
- (j) to initiate, manage and direct all legal proceedings now pending or hereafter pending (including appeals or applications for judicial review) in respect of the Debtors, the Property or the Receiver, including initiating, prosecuting, continuing, defending, settling or compromising the proceedings;
- (k) to 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) to 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 \$500,000 provided that the aggregate consideration for all such transactions does not exceed \$1,000,000, 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) to 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;
- (n) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver considers appropriate on all matters relating to the Property and the receivership, and to share information, subject to confidentiality terms as the Receiver considers appropriate;

- (o) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (p) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if considered necessary or appropriate by the Receiver, in the name of the Debtors;
- (q) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtors, including, without limitation, the ability to enter into occupation agreements for any property owned or leased by the Debtors;
- (r) to exercise any shareholder, partnership, joint venture or other rights which the Debtors may have;
- (s) to apply for remedies available under the *BIA*, including to declare or make an assignment into bankruptcy in respect of the Debtors; and
- (t) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations,

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Debtors, and without interference from any other Person.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

3. Each of (i) the Debtors; (ii) all of the Debtors' current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on their instructions or behalf; and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (collectively, "**Persons**" and each a "**Person**") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property (excluding Property subject to liens the validity of which is dependent on maintaining possession) to the Receiver upon the Receiver's request.
4. All Persons, other than governmental authorities, shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtors, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (collectively, the "**Records**") in that Person's possession or control. Upon request, governmental authorities shall advise the Receiver of the existence of any Records in that Person's possession or control.
5. Upon request, all Persons shall provide to the Receiver or permit the Receiver to make, retain and take away copies of the Records and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities, provided however that nothing in paragraphs 4, 5, or 6 of this Order shall require the delivery of Records, or the

granting of access to Records, which may not be disclosed or provided to the Receiver due to solicitor client privilege or statutory provisions prohibiting such disclosure.

6. If any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by an independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may require including, without limitation, providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

NO PROCEEDINGS AGAINST THE RECEIVER

7. No proceeding or enforcement process in any court or tribunal (each, a “**Proceeding**”), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

NO PROCEEDINGS AGAINST THE DEBTORS OR THE PROPERTY

8. No Proceeding against or in respect of the Debtors or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtors or the Property are stayed and suspended pending further Order of this Court; provided, however, that nothing in this Order shall prevent any Person from commencing a Proceeding regarding a claim that might otherwise become barred by statute or an existing agreement if such Proceeding is not commenced before the expiration of the stay provided by this paragraph and provided that no further step shall be taken in respect of the Proceeding except for service of the initiating documentation on the Debtors and the Receiver.

NO EXERCISE OF RIGHTS OR REMEDIES

9. All rights and remedies (including, without limitation, set-off rights) against the Debtors, the Receiver, or affecting the Property, are stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that nothing in this Order shall (i) empower the Receiver or the Debtors to carry on any business which the Debtors are not lawfully entitled to carry on, (ii) affect the rights of any regulatory body as set forth in Section 69.6(2) of the *BIA*, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien. This stay and suspension shall not apply in respect of any “eligible financial contract” as defined in the *BIA*.

NO INTERFERENCE WITH THE RECEIVER

10. No Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Debtors, without written consent of the Receiver or leave of this Court. Nothing in this Order shall prohibit any party to an eligible financial contract from closing out and terminating such contract in accordance with its terms.

CONTINUATION OF SERVICES

11. All Persons having oral or written agreements with the Debtors or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Debtors are restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Receiver, and the Receiver shall be entitled to the continued use of the Debtors' current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Receiver in accordance with normal payment practices of the Debtors or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

RECEIVER TO HOLD FUNDS

12. All funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever including, without limitation, the sale of all or any of the Property and the collection of any accounts receivable, in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "**Post-Receivership Accounts**") and the monies standing to the credit of such Post-Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further order of this Court.

EMPLOYEES

13. Subject to the employees' right to terminate their employment, all employees of the Debtors shall remain the employees of the Debtors until such time as the Receiver, on the Debtors' behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities of the Debtors, including any successor employer liabilities as referred to in Section 14.06(1.2) of the *BIA*, other than amounts the Receiver may specifically agree in writing to pay or in respect of obligations imposed specifically on receivers by applicable legislation, including Sections 81.4(5) or 81.6(3) of the *BIA* or under the *Wage Earner Protection Program Act*, S.C. 2005, c.47. The Receiver shall be liable for any employee-related liabilities, including wages, severance pay, termination pay, vacation pay, and pension or benefit amounts relating to any employees

that the Receiver may hire in accordance with the terms and conditions of such employment by the Receiver. The Receiver is empowered but not obligated to interact with, and provide direction to, individuals who are on the Property, but are not employed by the Debtors, in matters relating to safety, access and use of the Property.

PERSONAL INFORMATION

14. Pursuant to Section 7(3)(c) of the *Personal Information Protection and Electronic Documents Act*, S.C. 2000, c. 5 or Section 18(1)(o) of the *Personal Information Protection Act*, S.B.C. 2003, c. 63, the Receiver may disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a “**Sale**”). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Debtors, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

15. Nothing in this Order shall require the Receiver to occupy or to take control, care, charge, possession or management (separately and/or collectively, “**Possession**”) of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release, or deposit of a substance contrary to any federal, provincial or other law relating to the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination (collectively “**Environmental Legislation**”), provided however that nothing herein shall exempt the Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation.
16. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver’s duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless the Receiver is actually in possession.
17. Notwithstanding anything in federal or provincial law, the Receiver is not personally liable in that position for any environmental condition that arises or environmental damage that occurred:
 - (a) before the Receiver’s appointment; or,
 - (b) after the Receiver’s appointment, unless it is established that the condition arose or the damage occurred as a result of the Receiver’s gross negligence or wilful misconduct.

18. Notwithstanding anything in federal or provincial law, but subject to paragraph 17 of this Order, where an order is made which has the effect of requiring the Receiver to remedy any environmental condition or environmental damage affecting the Property, if the Receiver complies with the *BIA* Section 14.06(4), the Receiver is not personally liable for the failure to comply with the order and is not personally liable for any costs that are or would be incurred by any Person in carrying out the terms of the order.

LIMITATION ON THE RECEIVER'S LIABILITY

19. The Receiver shall incur no liability or obligation as a result of the performance, actions, errors, omissions or negligence by or of any construction manager, project manager, developer, contractor, subcontractor or other service provider, and all other persons acting on their behalf, or the Receiver's appointment or the carrying out the provisions of this Order, save and except:
 - (a) any gross negligence or wilful misconduct on the Receiver's part; or
 - (b) amounts in respect of obligations imposed specifically on receivers by applicable legislation.

Nothing in this Order shall derogate from the protections afforded the Receiver by Section 14.06 of the *BIA* or by any other applicable legislation.

RECEIVER'S ACCOUNTS

20. The Receiver and its legal counsel are granted a charge (the "**Receiver's Charge**") on the Property as security for the payment of their fees and disbursements, in each case at their standard rates, in respect of these proceedings, whether incurred before or after the making of this Order. The Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subject to Sections 14.06(7), 81.4(4), and 81.6(2) of the *BIA*.
21. The Receiver and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Receiver and its legal counsel are referred to a judge of the Supreme Court of British Columbia and may be heard on a summary basis.
22. Prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including legal fees and disbursements, incurred at the standard rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

FUNDING OF THE RECEIVERSHIP

23. The Receiver is authorized and empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$250,000 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of

interest as the Receiver deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is charged by way of a fixed and specific charge (the “**Receiver’s Borrowings Charge**”) as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver’s Charge and the charges as set out in Sections 14.06(7), 81.4(4), and 81.6(2) of the *BIA*.

24. Neither the Receiver’s Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.
25. The Receiver is authorized to issue certificates substantially in the form annexed as Schedule “B” hereto (the “**Receiver’s Certificates**”) for any amount borrowed by it pursuant to this Order.
26. The monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver’s Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver’s Certificates.

ALLOCATION

27. Any interested party may apply to this Court on notice to any other party likely to be affected for an order allocating the Receiver’s Charge and Receiver’s Borrowings Charge amongst the Property.

SERVICE AND NOTICE OF MATERIALS

28. The Receiver shall establish and maintain a website in respect of these proceedings at: <https://www.ksvadvisory.com/experience/case/dnw> (the “**Website**”) and shall post there as soon as practicable:
 - (a) all materials prescribed by statute or regulation to be made publicly available, including pursuant to Rule 10-2 of the *Supreme Court Civil Rules*; and,
 - (b) all applications, reports, affidavits, orders and other materials filed in these proceedings by or on behalf of the Receiver, except such materials as are confidential and the subject of a sealing order or pending application for a sealing order.
29. Any Person who is served with a copy of this Order and that wishes to be served with any future application or other materials in these proceedings must provide to counsel for each of the Receiver and the Applicant a demand for notice in the form attached as Schedule “C” (the “**Demand for Notice**”). The Receiver and the Applicant need only provide further notice in respect of these proceedings to Persons that have delivered a properly completed Demand for Notice. The failure of any Person to provide a properly completed Demand

for Notice releases the Receiver and the Applicant from any requirement to provide further notice in respect of these proceedings until such Person delivers a properly completed Demand for Notice.

30. The Receiver shall maintain a service list identifying all parties that have delivered a properly completed Demand for Notice (the “**Service List**”). The Receiver shall post and maintain an up-to-date form of the Service List on the Website.
31. Any interested party, including the Receiver, may serve any court materials in these proceedings by facsimile or by emailing a PDF or other electronic copy of such materials to the numbers or addresses, as applicable, set out on the Service List. Any interested party, including the Receiver, may serve any court materials in these proceedings by mail to any party on the Service List that has not provided a facsimile number or email address, and materials delivered by mail shall be deemed received five (5) days after mailing.
32. Notwithstanding paragraph 31 of this Order, service of the Petition and any affidavits filed in support shall be made on the Federal and British Columbia Crowns in accordance with the *Crown Liability and Proceedings Act*, R.S.C. 1985, c.C-50 and its regulations for the Federal Crown and the *Crown Proceedings Act*, R.S.B.C. 1996 c.89 in respect of the British Columbia Crown.
33. The Receiver and its counsel are authorised to serve or distribute this Order, any other orders and any other materials as may be reasonably required in these proceedings, including any notices or other correspondence, by forwarding copies by facsimile or by email to the Debtors’ creditors or other interested parties and their advisors. For greater certainty, any such distribution or service shall be deemed to be in satisfaction of any legal or juridical obligation and notice requirements within the meaning of clause 3(c) of the *Electronic Commerce Protection Regulations*.

DEPOSITS

34. Richards Buell Sutton LLP is hereby authorized and directed to release and transfer all deposits and interest thereon currently held in trust by it, as trustee, in connection with the Pre-Sale Contracts (as defined in the Second Report) to Bennett Jones LLP, in trust (collectively, the “**Deposits**”), exclusive of all applicable administration fees and taxes to be remitted by Richards Buell Sutton LLP on such administration fees (collectively, the “**Administration Fees**”). Bennett Jones LLP is hereby authorized and directed to release and transfer the Deposits received from Richards Buell Sutton LLP in accordance with Section 18(2) of REDMA and any further Order of this Court. Richards Buell Sutton LLP shall hold the Administration Fees in trust until further Order of this Court.

STYLE OF CAUSE

35. Surrey Centre District NW GP Ltd. is hereby added as a Respondent to these proceedings, and the style of cause is hereby amended to read as follows:

“No. S-246994
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN

KINGSETT MORTGAGE CORPORATION

PETITIONER

AND

**DISTRICT NORTHWEST LIMITED PARTNERSHIP
AND
105 UNIVERSITY VIEW HOMES LTD.
AND
SURREY CENTRE DISTRICT NW GP LTD.**

RESPONDENTS”

36. All references to “Debtors” in this Order and any further Order of the Court in these proceedings are hereby deemed to include Surrey Centre District NW GP Ltd.
37. Neither the Petitioner nor the Receiver shall be required to amend the Petition filed in these proceedings or to serve copies of the Petition or other filed materials on Surrey Centre District NW GP Ltd.

GENERAL

38. Any interested party may apply to this Court to vary or amend this Order on not less than seven (7) clear business days’ notice to the Service List and to any other party who may be affected by the variation or amendment, or upon such other notice, if any, as this Court may order.
39. The Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.
40. Nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtors.
41. This Court requests the aid, recognition and assistance of any court, tribunal, regulatory or administrative body having jurisdiction, wherever located, to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All such courts,

tribunals and regulatory and administrative bodies are respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

42. The Receiver is authorized and empowered to apply to any court, tribunal or regulatory or administrative body, wherever located, for recognition of this Order and for assistance in carrying out the terms of this Order and the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.
43. Endorsement of this Order by counsel appearing on this application other than the Petitioner is dispensed with.

THE FOLLOWING PARTIES APPROVE OF THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:

APPROVED BY:

Signature of Joshua Foster,
lawyer for the Receiver

BY THE COURT

DISTRICT REGISTRAR

SCHEDULE “B”

RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT

\$ _____

1. THIS IS TO CERTIFY that KSV Restructuring Inc., the Receiver (the “**Receiver**”) of the property located at LOT A SECTION 22 BLOCK 5 NORTH RANGE 2 WEST NEW WESTMINSTER DISTRICT PLAN EPP111526, PID: 031-746-667 (the “**Lands**”) and all right, title and interest of 105 University View Homes Ltd., District Northwest Limited Partnership and Surrey Centre District NW GP Ltd. (collectively, the “**Debtors**”) in all presently owned or held personal property of whatsoever nature and kind pertaining to the Lands (collectively, the “**Property**”), including all proceeds, appointed by Order of the Supreme Court of British Columbia (the “**Court**”) dated the 8th day of November, 2024 (as amended and restated, the “**Order**”) made in SCBC Action No. S-246994, Vancouver Registry has received as such Receiver from the holder of this certificate (the “**Lender**”) the principal sum of \$ _____, being part of the total principal sum of \$ _____ which the Receiver is authorized to borrow under and pursuant to the Order.
2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded [daily] [monthly] not in advance on the _____ day of each month after the date hereof at a notional rate per annum equal to the rate of _____ per cent above the prime commercial lending rate of _____ from time to time.
3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of the Property in respect of its remuneration and expenses.
4. All sums payable in respect of principal and interest under this certificate are payable at the legal office of the Lender at _____.
5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.
6. The charge securing this certificate shall operate to permit the Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.

7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum under this Certificate in respect of which it may issue certificates under the terms of the Order.

DATED the [REDACTED] day of [REDACTED], 202_.

KSV Restructuring Inc., solely in its capacity
as Receiver of the Property, and not in its
personal or corporate capacity

Per:
Name:
Title:

SCHEDULE "C"

DEMAND FOR NOTICE

TO: KingSett Mortgage Corporation
c/o Osler, Hoskin & Harcourt LLP
Attention: Mary Buttery, K.C., Emma Newbery, Lucas Hodgson
Email: buttery@osler.com, enewbery@osler.com, lhodgson@osler.com

AND TO: KSV Restructuring Inc.
c/o Bennett Jones LLP
Attention: Sean Zweig, Joshua Foster and Andrew Froh
Email: zweigs@bennettjones.com, fosterj@bennettjones.com,
froha@bennettjones.com

Re: In the matter of the Receivership of DISTRICT NORTHWEST LIMITED PARTNERSHIP, 105 UNIVERSITY VIEW HOMES LTD. and SURREY CENTRE DISTRICT NW GP LTD.

I hereby request that notice of all further proceedings in the above Receivership be sent to me in the following manner:

1. By email, at the following address (or addresses):

OR

2. By facsimile, at the following facsimile number (or numbers):

OR

3. By mail, at the following address:

Name of Creditor: _____

Name of Counsel (if any): _____

Creditor's Contact Address: _____

Creditor's Contact Phone Number: _____

SCHEDULE "C"
REDLINE TO THE RECEIVERSHIP ORDER

See attached.

IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN

KINGSETT MORTGAGE CORPORATION

PETITIONER

AND

**DISTRICT NORTHWEST LIMITED PARTNERSHIP
AND
105 UNIVERSITY VIEW HOMES LTD.**

RESPONDENTS

**IN THE SUPREME COURT OF BRITISH COLUMBIA
IN BANKRUPTCY AND INSOLVENCY**

**IN THE MATTER OF THE RECEIVERSHIP OF
DISTRICT NORTHWEST LIMITED PARTNERSHIP
AND 105 UNIVERSITY VIEW HOMES LTD.**

ORDER MADE AFTER APPLICATION

AMENDED AND RESTATED RECEIVERSHIP ORDER

BEFORE } THE HONOURABLE JUSTICE }
 } ~~MASUHARA~~FITZPATRICK } ~~2024~~2025/~~11~~04/~~08~~02

ON THE APPLICATION of ~~the Petitioner for an Order pursuant to Section 243(1) of the Bankruptcy and Insolvency Act, R.S.C. 1985, c. B-3, as amended (the “BIA”) and Section 39 of the Law and Equity Act, R.S.B.C. 1996 c. 253, as amended (the “LEA”) appointing~~ KSV Restructuring Inc. (“KSV”), in its capacity as ~~Receiver~~receiver (in such capacity, the

“Receiver”), without security, of the property located at LOT A SECTION 22 BLOCK 5 NORTH RANGE 2 WEST NEW WESTMINSTER DISTRICT PLAN EPP111526, PID: 031-746-667 (the “Lands”) and all right, title and interest of 105 University View Homes Ltd. - ~~(the “Nominee”)~~ and District Northwest Limited Partnership ~~(the “LP”, together with the Nominee, the “Debtors”)~~ in all presently owned or held personal property of whatsoever nature and kind pertaining to the Lands, including all proceeds, coming on for hearing this day at 800 Smithe Street, Vancouver, British Columbia.

AND ON READING the Affidavit #1 of Daniel Pollack made October 9, 2024, ~~and the~~ each consent of KSV to act as the Receiver, the First Report of the Receiver dated January 21, 2025, and the Second Report of the Receiver dated March 24, 2025 (the “Second Report”); AND ON HEARING ~~Emma Newbery Joshua Foster~~, counsel for ~~KingSett Mortgage Corporation~~ the Receiver, and those other counsel listed on Schedule “A” hereto.

THIS COURT ORDERS AND DECLARES ~~that~~ THAT:

APPOINTMENT

1. Pursuant to Section 243(1) of the ~~BIA~~ Bankruptcy and Insolvency Act, R.S.C. 1985, c. B-3, as amended (the “BIA”) and Section 39 of the Law and Equity Act, R.S.B.C. 1996 c. 253, as amended (the “LEA”), KSV is appointed Receiver, without security, of the Lands and all right, title and interest of ~~the Nominee~~ 105 University View Homes Ltd., District Northwest Limited Partnership and Surrey Centre District NW GP Ltd. (collectively, the “Debtors”) in all presently owned or held personal property of whatsoever nature and kind pertaining to the Lands (together with the Lands, the “Property”), including all proceeds.

RECEIVER’S POWERS

2. The Receiver is empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:
 - (a) to take possession of and exercise control over the Property and any and all receipts and disbursements arising out of or from the Property;
 - (b) to receive, preserve and protect the Property, or any part or parts thereof, including, but not limited to, changing locks and security codes, relocation of Property, engaging independent security personnel, taking physical inventories and placing insurance coverage;
 - (c) to manage, operate and carry on the business of the Debtors, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, ~~or~~ cease to perform any contracts of the Debtors, and take such steps as the Receiver determines may be reasonably necessary or appropriate to comply with the Real Estate Development Marketing Act, S.B.C. 2004, c. 41, as amended (“REDMA”);

- (d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, construction managers, project managers, contractors, subcontractors, trades, engineers, quantity surveyors, appraisers, real estate brokers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including, without limitation, those conferred by this Order;
- (e) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtors or any part or parts thereof;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtors and to exercise all remedies of the Debtors in collecting these amounts, including, without limitation, enforcement of any security held by the Debtors;
- (g) to settle, extend or compromise any indebtedness owing to the Debtors;
- (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtors, for any purpose pursuant to this Order;
- (i) to undertake environmental or workers' health and safety assessments of the Property and operations of the Debtors;
- (j) to initiate, manage and direct all legal proceedings now pending or hereafter pending (including appeals or applications for judicial review) in respect of the Debtors, the Property or the Receiver, including initiating, prosecuting, continuing, defending, settling or compromising the proceedings;
- (k) ~~on or after January 18, 2025,~~ to 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) ~~on or after January 18, 2025,~~ to 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 \$500,000 provided that the aggregate consideration for all such transactions does not exceed \$1,000,000, 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) ~~on or after January 18, 2025,~~ to 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;
- (n) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver considers appropriate on all matters relating to the Property and the receivership, and to share information, subject to confidentiality terms as the Receiver considers appropriate;
- (o) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (p) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if considered necessary or appropriate by the Receiver, in the name of the Debtors;
- (q) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtors, including, without limitation, the ability to enter into occupation agreements for any property owned or leased by the Debtors;
- (r) to exercise any shareholder, partnership, joint venture or other rights which the Debtors may have;
- (s) to apply for remedies available under the *BIA*, including to declare or make an assignment into bankruptcy in respect of the Debtors; and
- (t) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations,

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Debtors, and without interference from any other Person.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

3. Each of (i) the Debtors; (ii) all of the Debtors' current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on ~~its~~their instructions or behalf; and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (collectively, "**Persons**" and each a "**Person**") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property (excluding Property subject to liens the validity of which is dependent on maintaining possession) to the Receiver upon the Receiver's request.
4. All Persons, other than governmental authorities, shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and

accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtors, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (collectively, the “**Records**”) in that Person’s possession or control. Upon request, governmental authorities shall advise the Receiver of the existence of any Records in that Person’s possession or control.

5. Upon request, all Persons shall provide to the Receiver or permit the Receiver to make, retain and take away copies of the Records and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities, provided however that nothing in paragraphs 4, 5, or 6 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to solicitor client privilege or statutory provisions prohibiting such disclosure.
6. If any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by an independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may require including, without limitation, providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

NO PROCEEDINGS AGAINST THE RECEIVER

7. No proceeding or enforcement process in any court or tribunal (each, a “**Proceeding**”), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

NO PROCEEDINGS AGAINST THE DEBTORS OR THE PROPERTY

8. No Proceeding against or in respect of the Debtors or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtors or the Property are stayed and suspended pending further Order of this Court; provided, however, that nothing in this Order shall prevent any Person from commencing a Proceeding regarding a claim that might otherwise become barred by statute or an existing agreement if such Proceeding is not commenced before the expiration of the stay provided by this paragraph and provided that no further step shall be taken in respect of the Proceeding except for service of the initiating documentation on the Debtors and the Receiver.

NO EXERCISE OF RIGHTS OR REMEDIES

9. All rights and remedies (including, without limitation, set-off rights) against the Debtors, the Receiver, or affecting the Property, are stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that nothing in this Order shall (i) empower the Receiver or the Debtors to carry on any business which the Debtors are not lawfully entitled to carry on, (ii) affect the rights of any regulatory body as set forth in ~~section~~Section 69.6(2) of the *BIA*, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien. This stay and suspension shall not apply in respect of any “eligible financial contract” as defined in the *BIA*.

NO INTERFERENCE WITH THE RECEIVER

10. No Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Debtors, without written consent of the Receiver or leave of this Court. Nothing in this Order shall prohibit any party to an eligible financial contract from closing out and terminating such contract in accordance with its terms.

CONTINUATION OF SERVICES

11. All Persons having oral or written agreements with the Debtors or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Debtors are restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Receiver, and the Receiver shall be entitled to the continued use of the Debtors’ current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Receiver in accordance with normal payment practices of the Debtors or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

RECEIVER TO HOLD FUNDS

12. All funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever including, without limitation, the sale of all or any of the Property and the collection of any accounts receivable, in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the “**Post-Receivership Accounts**”) and the monies standing to the credit of such Post-Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further order of this Court.

EMPLOYEES

13. Subject to the employees' right to terminate their employment, all employees of the Debtors shall remain the employees of the Debtors until such time as the Receiver, on the Debtors' behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities of the Debtors, including any successor employer liabilities as referred to in Section 14.06(1.2) of the *BIA*, other than amounts the Receiver may specifically agree in writing to pay or in respect of obligations imposed specifically on receivers by applicable legislation, including ~~sections~~ Sections 81.4(5) or 81.6(3) of the *BIA* or under the *Wage Earner Protection Program Act*, S.C. 2005, c.47. The Receiver shall be liable for any employee-related liabilities, including wages, severance pay, termination pay, vacation pay, and pension or benefit amounts relating to any employees that the Receiver may hire in accordance with the terms and conditions of such employment by the Receiver. The Receiver is empowered but not obligated to interact with, and provide direction to, individuals who are on the Property, but are not employed by the Debtors, in matters relating to safety, access and use of the Property.

PERSONAL INFORMATION

14. Pursuant to Section 7(3)(c) of the *Personal Information Protection and Electronic Documents Act*, S.C. 2000, c. 5 or Section 18(1)(o) of the *Personal Information Protection Act*, S.B.C. 2003, c. 63, the Receiver may disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "**Sale**"). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Debtors, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

15. Nothing in this Order shall require the Receiver to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release, or deposit of a substance contrary to any federal, provincial or other law relating to the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination (collectively "**Environmental Legislation**"), provided however that nothing herein shall exempt the Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation.

16. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless the Receiver is actually in possession.
17. Notwithstanding anything in federal or provincial law, the Receiver is not personally liable in that position for any environmental condition that arises or environmental damage that occurred:
 - (a) before the Receiver's appointment; or,
 - (b) after the Receiver's appointment, unless it is established that the condition arose or the damage occurred as a result of the Receiver's gross negligence or wilful misconduct.
18. Notwithstanding anything in federal or provincial law, but subject to paragraph 17 of this Order, where an order is made which has the effect of requiring the Receiver to remedy any environmental condition or environmental damage affecting the Property, if the Receiver complies with the *BIA* ~~section~~Section 14.06(4), the Receiver is not personally liable for the failure to comply with the order and is not personally liable for any costs that are or would be incurred by any Person in carrying out the terms of the order.

LIMITATION ON THE RECEIVER'S LIABILITY

19. The Receiver shall incur no liability or obligation as a result of ~~its~~the performance, actions, errors, omissions or negligence by or of any construction manager, project manager, developer, contractor, subcontractor or other service provider, and all other persons acting on their behalf, or the Receiver's appointment or the carrying out the provisions of this Order, save and except:
 - (a) any gross negligence or wilful misconduct on ~~its~~the Receiver's part; or
 - (b) amounts in respect of obligations imposed specifically on receivers by applicable legislation.

Nothing in this Order shall derogate from the protections afforded the Receiver by Section 14.06 of the *BIA* or by any other applicable legislation.

RECEIVER'S ACCOUNTS

20. The Receiver and its legal counsel, ~~if any,~~ are granted a charge (the ~~"Receiver's"~~"Receiver's Charge") on the Property as security for the payment of their fees and disbursements, in each case at their standard rates, in respect of these proceedings, whether incurred before or after the making of this Order. The ~~Receiver's~~Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subject to Sections 14.06(7), 81.4(4), and 81.6(2) of the *BIA*.

21. The Receiver and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Receiver and its legal counsel are referred to a judge of the Supreme Court of British Columbia and may be heard on a summary basis.
22. Prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including legal fees and disbursements, incurred at the standard rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

FUNDING OF THE RECEIVERSHIP

23. The Receiver is authorized and empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$250,000 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as the Receiver deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is charged by way of a fixed and specific charge (the “**Receiver’s Borrowings Charge**”) as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver’s Charge and the charges as set out in Sections 14.06(7), 81.4(4), and 81.6(2) of the *BIA*.
24. Neither the Receiver’s Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.
25. The Receiver is authorized to issue certificates substantially in the form annexed as Schedule “B” hereto (the “**Receiver’s Certificates**”) for any amount borrowed by it pursuant to this Order.
26. The monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver’s Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver’s Certificates.

ALLOCATION

27. Any interested party may apply to this Court on notice to any other party likely to be affected for an order allocating the Receiver’s Charge and Receiver’s Borrowings Charge amongst the Property.

SERVICE AND NOTICE OF MATERIALS

28. The Receiver shall establish and maintain a website in respect of these proceedings at: <https://www.ksvadvisory.com/experience/case/dnw> (the “**Website**”) and shall post there as soon as practicable:
 - (a) all materials prescribed by statute or regulation to be made publicly available, including pursuant to Rule 10-2 of the *Supreme Court Civil Rules*; and,
 - (b) all applications, reports, affidavits, orders and other materials filed in these proceedings by or on behalf of the Receiver, except such materials as are confidential and the subject of a sealing order or pending application for a sealing order.
29. Any Person who is served with a copy of this Order and that wishes to be served with any future application or other materials in these proceedings must provide to counsel for each of the Receiver and the Applicant a demand for notice in the form attached as Schedule “C” (the “**Demand for Notice**”). The Receiver and the Applicant need only provide further notice in respect of these proceedings to Persons that have delivered a properly completed Demand for Notice. The failure of any Person to provide a properly completed Demand for Notice releases the Receiver and the Applicant from any requirement to provide further notice in respect of these proceedings until such Person delivers a properly completed Demand for Notice.
30. The Receiver shall maintain a service list identifying all parties that have delivered a properly completed Demand for Notice (the “**Service List**”). The Receiver shall post and maintain an up-to-date form of the Service List on the Website.
31. Any interested party, including the Receiver, may serve any court materials in these proceedings by facsimile or by emailing a PDF or other electronic copy of such materials to the numbers or addresses, as applicable, set out on the Service List. Any interested party, including the Receiver, may serve any court materials in these proceedings by mail to any party on the Service List that has not provided a facsimile number or email address, and materials delivered by mail shall be deemed received five (5) days after mailing.
32. Notwithstanding paragraph 31 of this Order, service of the Petition and any affidavits filed in support shall be made on the Federal and British Columbia Crowns in accordance with the *Crown Liability and Proceedings Act*, R.S.C. 1985, c.C-50 and its regulations for the Federal Crown and the *Crown Proceedings Act*, R.S.B.C. 1996 c.89 in respect of the British Columbia Crown.
33. The Receiver and its counsel are authorised to serve or distribute this Order, any other orders and any other materials as may be reasonably required in these proceedings, including any notices or other correspondence, by forwarding copies by facsimile or by email to the Debtors’ creditors or other interested parties and their advisors. For greater certainty, any such distribution or service shall be deemed to be in satisfaction of any legal or juridical obligation and notice requirements within the meaning of clause 3(c) of the *Electronic Commerce Protection Regulations*.

DEPOSITS

34. Richards Buell Sutton LLP is hereby authorized and directed to release and transfer all deposits and interest thereon currently held in trust by it, as trustee, in connection with the Pre-Sale Contracts (as defined in the Second Report) to Bennett Jones LLP, in trust (collectively, the “Deposits”), exclusive of all applicable administration fees and taxes to be remitted by Richards Buell Sutton LLP on such administration fees (collectively, the “Administration Fees”). Bennett Jones LLP is hereby authorized and directed to release and transfer the Deposits received from Richards Buell Sutton LLP in accordance with Section 18(2) of REDMA and any further Order of this Court. Richards Buell Sutton LLP shall hold the Administration Fees in trust until further Order of this Court.

STYLE OF CAUSE

35. Surrey Centre District NW GP Ltd. is hereby added as a Respondent to these proceedings, and the style of cause is hereby amended to read as follows:

“No. S-246994
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN

KINGSETT MORTGAGE CORPORATION

PETITIONER

AND

DISTRICT NORTHWEST LIMITED PARTNERSHIP

AND

105 UNIVERSITY VIEW HOMES LTD.

AND

SURREY CENTRE DISTRICT NW GP LTD.

RESPONDENTS”

36. All references to “Debtors” in this Order and any further Order of the Court in these proceedings are hereby deemed to include Surrey Centre District NW GP Ltd.

37. Neither the Petitioner nor the Receiver shall be required to amend the Petition filed in these proceedings or to serve copies of the Petition or other filed materials on Surrey Centre District NW GP Ltd.

GENERAL

38. ~~34.~~ Any interested party may apply to this Court to vary or amend this Order on not less than seven (7) clear business days' notice to the Service List and to any other party who may be affected by the variation or amendment, or upon such other notice, if any, as this Court may order.

39. ~~35.~~ The Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

40. ~~36.~~ Nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtors.

41. ~~37.~~ This Court requests the aid, recognition and assistance of any court, tribunal, regulatory or administrative body having jurisdiction, wherever located, to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All such courts, tribunals and regulatory and administrative bodies are respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

42. ~~38.~~ The Receiver is authorized and empowered to apply to any court, tribunal or regulatory or administrative body, wherever located, for recognition of this Order and for assistance in carrying out the terms of this Order and the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

43. ~~39.~~ Endorsement of this Order by counsel appearing on this application other than the Petitioner is dispensed with.

THE FOLLOWING PARTIES APPROVE OF THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:

APPROVED BY:

Signature of Joshua Foster,
~~Signature of Emma Newbery,~~ lawyer for the
~~Petitioner~~ Receiver

BY THE COURT

DISTRICT REGISTRAR

SCHEDULE "A"
Appearance List

| NAME | APPEARING FOR |
|---|--|
| <u>Joshua Foster and Ty Fox</u> | <u>KSV Restructuring Inc.</u> |
| Emma Newbery Lucas Hodgson <u>Mary Buttery, KC</u> | KingSett Mortgage Corporation |
| David Gruber <u>Mishaal Gill</u> | KSV Restructuring Inc <u>1419195 B.C. Ltd.</u> |
| Richard Pearce | R.A.R. Consultants Ltd. Garmeco Canada Consultants Ltd. HHI Developments Ltd. HHI Holdings Ltd. |
| Dan Nugent Ryan Shaw | District Northwest Limited Partnership 105 University View Homes Ltd. |
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| | |

SCHEDULE "B"

RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT

\$ _____

1. THIS IS TO CERTIFY that KSV Restructuring Inc., the Receiver (the "**Receiver**") of ~~all of right, title and interest of DISTRICT NORTHWEST LIMITED PARTNERSHIP and 105 UNIVERSITY VIEW HOMES LTD.~~ in all presently owned or held personal property of whatsoever nature and kind pertaining to the property located at LOT A SECTION 22 BLOCK 5 NORTH RANGE 2 WEST NEW WESTMINSTER DISTRICT PLAN EPP111526, PID: 031-746-667 (the "**Property**"), Lands) and all right, title and interest of 105 University View Homes Ltd., District Northwest Limited Partnership and Surrey Centre District NW GP Ltd. (collectively, the "Debtors") in all presently owned or held personal property of whatsoever nature and kind pertaining to the Lands (collectively, the "**Property**"), including all proceeds, appointed by Order of the Supreme Court of British Columbia (the "**Court**") dated the 8th day of November, 2024 (as amended and restated, the "**Order**") made in SCBC Action No. S-246994, Vancouver Registry has received as such Receiver from the holder of this certificate (the "**Lender**") the principal sum of \$ _____, being part of the total principal sum of \$ _____ which the Receiver is authorized to borrow under and pursuant to the Order.
2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded [daily] [monthly] not in advance on the _____ day of each month after the date hereof at a notional rate per annum equal to the rate of _____ per cent above the prime commercial lending rate of _____ from time to time.
3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of the Property in respect of its remuneration and expenses.
4. All sums payable in respect of principal and interest under this certificate are payable at the legal office of the Lender at _____.
5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the

[Link-to-previous setting changed from off in original to on in modified.]

- 2 -

Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.

6. The charge securing this certificate shall operate to permit the Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.
7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum under this Certificate in respect of which it may issue certificates under the terms of the Order.

DATED the _____ day of _____, ~~2024~~202.

KSV Restructuring Inc., solely in its capacity
as Receiver of the Property, and not in its
personal or corporate capacity

Per:
Name:
Title:

SCHEDULE "C"

~~Demand for Notice~~ DEMAND FOR NOTICE

TO: **KingSett Mortgage Corporation**
c/o Osler, Hoskin & Harcourt LLP
Attention: Mary Buttery, K.C., Emma Newbery, Lucas Hodgson
Email: buttery@osler.com, enewbery@osler.com, lhodgson@osler.com

AND TO: **KSV Restructuring Inc.**
c/o Bennett Jones LLP
Attention: Sean Zweig, ~~David Gruber~~ [Joshua Foster](mailto:joshua.foster@bennettjones.com) and Andrew Froh
Email: zweigs@bennettjones.com,
~~gruberd@bennettjones.com~~ fosterj@bennettjones.com, froha@bennettjones.com

Re: In the matter of the Receivership of DISTRICT NORTHWEST LIMITED PARTNERSHIP ~~and~~, 105 UNIVERSITY VIEW HOMES LTD. and SURREY CENTRE DISTRICT NW GP LTD.

I hereby request that notice of all further proceedings in the above Receivership be sent to me in the following manner:

1. By email, at the following address (or addresses):

OR

2. By facsimile, at the following facsimile number (or numbers):

OR

3. By mail, at the following address:

Name of Creditor: _____

Name of Counsel (if any): _____

Creditor's Contact Address: _____

Creditor's Contact Phone Number: _____

No. S-246994
Vancouver Registry

~~IN THE SUPREME COURT OF BRITISH COLUMBIA~~

~~BETWEEN:-~~

~~KINGSETT MORTGAGE CORPORATION~~

~~Petitioner~~

~~-and-~~

~~DISTRICT NORTHWEST LIMITED PARTNERSHIP~~

~~and~~

~~105 UNIVERSITY VIEW HOMES LTD.~~

~~Respondents~~

~~**RECEIVERSHIP ORDER**~~

~~OSLER, HOSKIN & HARCOURT LLP~~

~~Bentall Four, 1055 Dunsmuir Street, Suite 3000~~

~~Vancouver, BC V7X 1K8~~

~~Counsel: Mary Buttery, K.C., Emma Newbery, Lucas
Hodgson~~

~~Matter No. 1260534~~

| Summary report: | |
|---|------------|
| Litera Compare for Word 11.8.0.56 Document comparison done on 3/24/2025 3:54:13 PM | |
| Style name: Standard | |
| Intelligent Table Comparison: Active | |
| Original DMS: iw://bjwork.legal.bjlocal/WSLEGAL/40200049/1 | |
| Modified DMS: iw://bjwork.legal.bjlocal/WSLEGAL/40200049/2 | |
| Changes: | |
| <u>Add</u> | 80 |
| Delete | 72 |
| Move From | 4 |
| <u>Move To</u> | 4 |
| <u>Table Insert</u> | 4 |
| Table Delete | 1 |
| <u>Table moves to</u> | 0 |
| Table moves from | 0 |
| Embedded Graphics (Visio, ChemDraw, Images etc.) | 0 |
| Embedded Excel | 0 |
| Format changes | 0 |
| Total Changes: | 165 |

SCHEDULE "D"
SALE PROCESS ORDER

See attached.

IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN:

KINGSETT MORTGAGE CORPORATION

PETITIONER

AND:

DISTRICT NORTHWEST LIMITED PARTNERSHIP

and

105 UNIVERSITY VIEW HOMES LTD.

and

SURREY CENTRE DISTRICT NW GP LTD.

RESPONDENTS

ORDER MADE AFTER APPLICATION

SALE PROCESS ORDER

BEFORE THE HONOURABLE)
) 2025/04/02
JUSTICE FITZPATRICK)

ON THE APPLICATION of KSV Restructuring Inc., in its capacity as the Court-appointed receiver (in such capacity, the “**Receiver**”), without security, of the property located at LOT A SECTION 22 BLOCK 5 NORTH RANGE 2 WEST NEW WESTMINSTER DISTRICT PLAN EPP111526, PID: 031-746-667 (the “**Lands**”) and all right, title and interest of 105 University View Homes Ltd., District Northwest Limited Partnership and Surrey Centre District NW GP Ltd. (collectively, the “**Debtors**”) in all presently owned or held personal property of whatsoever nature and kind pertaining to the Lands, including all proceeds thereof, coming on for hearing at Vancouver, British Columbia, on the 2nd day of April, 2025; **AND ON HEARING** Joshua Foster, counsel for the Receiver, and those other counsel listed on Schedule “A” hereto; **AND UPON READING** the Amended and Restated Receivership Order of this Court dated as of the date hereof, and the material filed, including the Second Report of the Receiver dated March 24, 2025 (the “**Second Report**”);

THIS COURT ORDERS AND DECLARES THAT:

NOTICE & DEFINITIONS

1. Capitalized terms used but not otherwise defined in this Order have the meaning given to them in the Second Report, the sale and solicitation process attached as Schedule “B” hereto (the “**Sale Process**”) or the Stalking Horse APS (as defined below), as applicable.
2. The time for service of the Notice of Application and supporting materials for this Order is hereby abridged such that this Application is properly returnable today and service thereof on any interested party is hereby dispensed with.

SALE PROCESS APPROVAL

3. The Sale Process, subject to any amendments thereto that may be made in accordance therewith, be and is hereby approved. Subject to the filing of the New Disclosure Statement, the Receiver is hereby authorized to carry out the Sale Process in accordance with its terms and the terms of this Order, and to take such steps as the Receiver considers necessary or desirable in carrying out its obligations thereunder.
4. Without limiting the generality of paragraph 3 of this Order and subject to the filing of the New Disclosure Statement, the Receiver is hereby authorized to deliver or, with the assistance of Rennie, cause the delivery of the New Disclosure Statement, the Addendum to Pre-Sale Contract and the Pre-Sale Purchaser Notice to Buyers, and to solicit or, with the assistance of Rennie, cause the solicitation of the Buyers’ execution of the Addendum to Pre-Sale Contract (collectively, the “**Noticing**”).
5. The Receiver and Rennie and each of their respective assistants, affiliates, partners, directors, employees, advisors, agents and controlling persons shall have no liability or obligation with respect to any and all losses, claims, damages or liabilities of any nature or kind to any person in connection with or as a result of performing their duties under the Sale Process or the Noticing, as applicable, except to the extent of such losses, claims, damages or liabilities arising or resulting from the gross negligence or wilful misconduct of the Receiver or Rennie, as applicable, as determined by this Court.

PIPEDA

6. Pursuant to clause 7(3)(c) of the *Personal Information Protection and Electronic Documents Act*, S.C. 2000, c. 5, as amended, and any similar legislation in any other applicable jurisdictions, the Receiver is hereby authorized and permitted to disclose and provide to its agents and any Qualified Bidders in the Sale Process, personal information of identifiable individuals but only to the extent desirable or required to negotiate or attempt to complete a transaction pursuant to the Sale Process (each a “**Transaction**”). Each person to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation for the purpose of effecting a Transaction, and if it does not complete a Transaction, shall return all such information to the Receiver, or in the alternative destroy all such information and provide confirmation of its destruction if requested by the Receiver. Any purchaser under a Transaction shall maintain and protect the privacy of such information and, upon closing of a Transaction, shall be entitled to use the personal information provided to it that is

related to the business and/or the property acquired pursuant to the Sale Process in a manner that is in all material respects identical to the prior use of such information by the Debtors, and shall return all other personal information to the Receiver or ensure that all other personal information is destroyed and provide confirmation of its destruction if requested by the Receiver.

STALKING HORSE APPROVAL

7. The Receiver is hereby authorized and empowered, *nunc pro tunc*, to enter into the stalking horse purchase agreement dated March 12, 2025 (the “**Stalking Horse APS**”), between the Receiver and 1419195 B.C. Ltd. (the “**Stalking Horse Bidder**”) in the form attached as Appendix “K” to the Second Report, with such minor amendments as the Receiver and the Stalking Horse Bidder may agree in writing, and the bid made by the Stalking Horse Bidder pursuant to the Stalking Horse APS is hereby approved as the Stalking Horse Bid; provided that, nothing herein approves the sale and vesting of the Purchased Interests to the Stalking Horse Bidder pursuant to the Stalking Horse APS, and that the approval of the sale and vesting of such Purchased Interests shall be considered by this Court on a subsequent application made to this Court following completion of the Sale Process if the Stalking Horse Bid is the Successful Bid.
8. The Break Fee is hereby approved and the Receiver is hereby authorized and directed to pay the Break Fee subject to and in accordance with the terms of the Stalking Horse APS.

GENERAL

9. The Receiver may apply to this Court to amend, vary or supplement this Order or for advice and directions with respect to the discharge of its powers and duties under this Order or the interpretation or application of this Order at any time.
10. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body, wherever located, to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.
11. Endorsement of this Order by counsel appearing on this Application, other than counsel for the Receiver, is hereby dispensed with.

THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:

Signature of Joshua Foster

Party Lawyer for the Receiver

BY THE COURT

REGISTRAR

Schedule “A” – List of Counsel

| <u>Name</u> | <u>Party</u> |
|--------------------------|-------------------------------|
| Joshua Foster and Ty Fox | KSV Restructuring Inc. |
| Mary Buttery, KC | KingSett Mortgage Corporation |
| Mishaal Gill | 1419195 B.C. Ltd. |
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Schedule “B” – Sale Procedure

See attached.

SALE PROCEDURE

Introduction

1. Pursuant to an Order granted by the Supreme Court of British Columbia (the “**Court**”) on November 8, 2024 (as amended and restated on April 2, 2025, the “**Receivership Order**”), under subsection 243(1) of the *Bankruptcy and Insolvency Act* (Canada), and section 39 of the *Law and Equity Act* (British Columbia), KSV Restructuring Inc. was appointed as the receiver (in such capacity, the “**Receiver**”), without security, of the property located at LOT A SECTION 22 BLOCK 5 NORTH RANGE 2 WEST NEW WESTMINSTER DISTRICT PLAN EPP111526, PID: 031-746-667 (the “**Lands**”) and all right, title and interest of 105 University View Homes Ltd., District Northwest Limited Partnership and Surrey Centre District NW GP Ltd. (collectively, the “**Debtors**”) in all presently owned or held personal property of whatsoever nature and kind pertaining to the Lands (collectively, the “**Receivership Property**”). The Receivership Property includes the Debtors’ development project documents and development rights in connection with the Lands.
2. On April 2, 2025, the Court granted an Order (the “**Sale Procedure Order**”), among other things: approving the sale solicitation procedures set forth herein (the “**Sale Procedure**”); authorizing the Receiver to enter into the stalking horse purchase agreement dated March 12, 2025 (the “**APS**”), between 1419195 B.C. Ltd. (the “**Stalking Horse Bidder**”) and the Receiver, and approving the bid made by the Stalking Horse Bidder pursuant to the APS as the stalking horse bid (the “**Stalking Horse Bid**”), in each case, solely for the purposes of the Sale Procedure; and approving the payment of the break fee to the Stalking Horse Bidder contemplated under the APS in accordance with the terms thereof (the “**Break Fee**”). The Sale Procedure Order and the Sale Procedure exclusively govern the process for soliciting and selecting bids for the sale of all or substantially all of the Receivership Property.
3. All dollar amounts expressed herein, unless otherwise noted, are in Canadian currency. Capitalized terms used but not otherwise defined herein have the meaning ascribed to such terms in the APS.

Opportunity

4. The Sale Procedure is intended to solicit interest in, and opportunities for, a sale of the Lands and the other Receivership Property, including indirectly by way of a share sale (the “**Sale**”).
5. The Receiver has entered into the APS which constitutes a Qualified Bid (as defined below) for all purposes and at all times under the Sale Procedure. The purchase price under the APS, exclusive of all applicable taxes, is equal to \$86,000,000, subject to certain adjustments (the “**Purchase Price**”).
6. Notwithstanding the APS, all interested parties are encouraged to submit Qualified Bids.

Sale Procedure

- 7. The Sale Procedure describes, among other things, the Receivership Property available for sale, the manner in which prospective bidders may gain access to or continue to have access to due diligence materials concerning the Receivership Property, the manner in which bidders and bids may become Qualified Bidders (as defined below) and Qualified Bids, respectively, the receipt and negotiation of bids received, the ultimate selection of one or more Successful Bids (as defined below), and the approval of any Successful Bid(s) by the Court.
- 8. The Receiver will use reasonable efforts to complete the Sale Procedure in accordance with the timelines set out herein. Notwithstanding any other provision of the Sale Procedure, the Receiver shall be permitted to make such adjustments to the timelines set out herein that it determines are appropriate or reasonably necessary in the circumstances.

Sale Procedure Timeline

- 9. As soon as practicable following the granting of the Sale Procedure Order, the Receiver will file the New Disclosure Statement pursuant to the *Real Estate Development Marketing Act* (British Columbia) (“**REDMA**”), and provide or cause to be provided the New Disclosure Statement, including the Addendum to Pre-Sale Contract, to pre-sale purchasers of the Debtors (collectively, the “**Pre-Sale Purchasers**”), together with a notice in form and substance satisfactory to the Receiver apprising the Pre-Sale Purchase Purchasers of, among other things, the Sale Procedure, the New Disclosure Statement, the Addendum to Pre-Sale Contract, the Stalking Horse Bid, and their rights of rescission under REDMA (the “**Pre-Sale Purchaser Notice**”). The Sale Procedure will otherwise be conducted in accordance with the following milestones:

| Date/Deadline | Milestone |
|--|--|
| 5:00 p.m. (Pacific Time) on May 9, 2025 (the “ LOI Deadline ”) | LOI Deadline – The deadline for interested parties to submit a letter of intent (“ LOI ”) |
| 5:00 p.m. (Pacific Time) on June 13, 2025 (the “ Final Bid Deadline ”) | Final Bid Deadline – Due date for bids and Deposits (as defined below) |
| Commencing at 10:00 a.m. Pacific Time within five (5) Business Days of the Receiver determining and notifying the applicable Qualified Bidders that the Auction (as defined below) will take place (the “ Auction Date ”) | Auction (if any), to be held virtually or at the Receiver’s option at Bennett Jones LLP, 666 Burrard Street, Suite 2500, Vancouver, British Columbia, V6C 2X8, or such other location as shall be timely communicated to all persons |

| Date/Deadline | Milestone |
|---|--|
| | entitled to attend at the Auction, subject to such adjournments as the Receiver may consider appropriate |
| By no later than fifteen (15) Business Days following the selection (or deemed selection) of the Successful Bid(s) if the Stalking Horse Bidder is the Successful Bidder (as defined below), and otherwise, no later than forty-five (45) calendar days following the selection of the Successful Bid | Hearing – Approval Application (as defined below) |
| Ten (10) Business Days following the earlier of (i) the expiry of applicable appeal periods in respect of the order approving the transaction, and (ii) in the event of an appeal or application for leave to appeal, final determination of such appeal or application; provided that if the Approval Order (as defined below) shall not have been subject to any unresolved material objections at the Approval Application, the applicable appeal periods need not have expired, but no appeal or leave for appeal shall have been filed | Closing of the Successful Bid(s) |

As Is, Where Is

10. A Sale of the Receivership Property or any portion thereof will be on an “as is, where is” and “without recourse” basis and without representations, warranties, guarantees, covenants or indemnities of any kind, nature, or description by the Receiver or any of its agents, representatives, partners or employees, or any of the other parties participating in the Sale Procedure, except to the extent set forth in the relevant final sale agreement between the Receiver and a Successful Bidder. By submitting a bid, each Qualified Bidder shall be deemed to acknowledge and represent that it has had an opportunity to conduct any and all due diligence regarding the Receivership Property prior to making its bid, that it has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the Receivership Property in making its bid, and that it did not rely upon any written or oral statements, representations, warranties, or guarantees of any kind, nature, or description, regarding the Receivership Property, the physical condition or location of the Receivership Property, or the completeness of any information provided in connection therewith, the Sale Procedure or the Auction, except as expressly stated in the

Sale Procedure or as set forth in a relevant final sale agreement between the Receiver and a Successful Bidder.

Free of any and all Claims and Interest

11. In the event of a Sale, all of the right, title and interest of the Debtors in and to the Receivership Property sold or transferred will, at the time of such sale or transfer, be sold or transferred free and clear of all pledges, liens, security interests, encumbrances, claims, charges, options and interests thereon and there against (collectively the “**Claims and Interests**”) pursuant to one or more approval and vesting or reverse vesting orders made by the Court (each, an “**Approval Order**”). All such Claims and Interests shall attach to the net proceeds of the sale of such property (without prejudice to any claims or causes of action regarding the priority, validity or enforceability thereof), except to the extent otherwise set forth in the relevant sale agreement with a Successful Bidder.

Solicitation of Interest

12. As soon as reasonably practicable following the granting of the Sale Procedure Order and, in any event, by no later than three (3) Business Days after the commencement of the Sale Procedure, the Receiver will:
 - (a) cause a notice of the Sale Procedure, and such other relevant information which the Receiver considers appropriate, to be published in applicable industry publications, websites and/or forums; and
 - (b) prepare a letter describing the Receivership Property, outlining the Sale Procedure and inviting recipients to express their interest in making a Qualified Bid, for distribution to potential bidders.

Participation Requirements and Due Diligence

13. In order to participate in the Sale Procedure, an interested party must deliver to the Receiver by the LOI Deadline, at the address specified herein (including by email) a LOI and an executed non-disclosure agreement in form and substance satisfactory to the Receiver (a “**NDA**”), which shall inure to the benefit of any Successful Bidder that closes a transaction contemplated by a Successful Bid.
14. A potential bidder that has executed a NDA, as described above, and who the Receiver, in its sole discretion, determines has the financial capability based on the availability of financing, experience and other considerations, to be able to consummate a Sale contemplated herein, will be deemed a “**Qualified Bidder**” and will be promptly notified of such decision by the Receiver. For greater certainty, no potential bidders shall be deemed to be a Qualified Bidder without the approval of the Receiver.
15. The Receiver shall provide any person it deems to be a Qualified Bidder with access to the confidential virtual data room (the “**VDR**”) and such reasonably required due diligence materials and information relating to the Receivership Property, as the Receiver deems appropriate. The Receiver makes no representation or warranty as to the information to be

provided through the due diligence process or otherwise, regardless of whether such information is provided in written, oral or any other form, except to the extent otherwise contemplated under any definitive sale agreement with a Successful Bidder executed and delivered by the Receiver and approved by the Court.

16. Upon the reasonable request of a Qualified Bidder, on-site inspections of the Receivership Property may be arranged by the Receiver in its sole discretion.

Submission of Qualified Bids

17. A Qualified Bidder that desires to make a bid for all or substantially all of the Receivership Property must deliver to the Receiver a final, written, binding offer (each, a “**Final Bid**”) in the form of a fully executed purchase and sale agreement, with a blackline showing changes against the APS before the Final Bid Deadline.
18. Final Bids must be delivered, in accordance with the notice requirements set out herein, and **must actually** be received by the Receiver on or before the Final Bid Deadline.

Requirements for Qualified Bid

19. A Final Bid will only be considered a Qualified Bid if it is submitted by a Qualified Bidder and complies with the Qualified Bid Requirements (as defined below) (each, a “**Qualified Bid**”).
20. A Final Bid must comply with each of the following conditions (each, a “**Qualified Bid Requirement**”):
 - (a) it has been received by the Final Bid Deadline;
 - (b) it provides for the payment in full and in cash of at least:
 - (i) the Purchase Price plus the Break Fee; and
 - (ii) a \$500,000 minimum bid increment (the “**Minimum Bid Increment**”);
 - (c) it contains a duly executed purchase and sale agreement substantially in the form of the APS and a blackline of the executed purchase and sale agreement to the APS;
 - (d) it includes a letter stating that the Final Bid is irrevocable until there is a Successful Bid, provided that if such Qualified Bidder is selected as the Successful Bidder, its Final Bid shall remain an irrevocable offer until the earlier of (i) the completion of the sale to the Successful Bidder and (ii) the Outside Date (as defined below);
 - (e) it provides written evidence, satisfactory to the Receiver, of (i) a firm, irrevocable financial commitment for all required funding or financing and/or (ii) evidence of the Qualified Bidder’s financial wherewithal to close the bid using unencumbered funds on hand;

- (f) given the delivery of the New Disclosure Statement and Pre-Sale Purchaser Notice, it identifies the number of Pre-Sale Purchasers, if any, that are required to have executed an Addendum to Pre-Sale Contract and the number of Pre-Sale Contracts, if any, that must be in good standing, in each case, as of the closing date of the transaction;
- (g) it does not include any request for or entitlement to any expense reimbursement, termination or break fee or similar type of payment;
- (h) it provides for an assumption of liabilities and other economic terms that are at least as favourable in the aggregate as those in the APS;
- (i) it is accompanied by a refundable deposit (the “**Deposit**” and collectively, the “**Deposits**”) in the form of a wire transfer to a bank account specified by the Receiver, or such other form of payment acceptable to the Receiver, payable to the order of the Receiver, in trust, in the amount of 3.00% of the cash consideration outlined in 20(b) above (i.e., 3% of the sum of the Purchase Price, the Break Fee and the Minimum Bid Increment) to be held and dealt with in accordance with the Sale Procedure;
- (j) it is not conditional upon:
 - (i) the outcome of unperformed due diligence by the Qualified Bidder; and/or
 - (ii) obtaining financing;
- (k) it includes an acknowledgement and representation that the Qualified Bidder:
 - (i) has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the assets to be acquired and liabilities to be assumed in making its Qualified Bid;
 - (ii) did not rely upon any written or oral statements, representations, promises, warranties or guaranties whatsoever, whether express or implied (by operation of law or otherwise), regarding the assets to be acquired or liabilities to be assumed or the completeness of any information provided in connection therewith, including by the Receiver, or any of its advisors, except as expressly stated in the purchase and sale agreement submitted by it;
 - (iii) is a sophisticated party, capable of making its own assessments in respect of making its Qualified Bid; and
 - (iv) has had the benefit of independent legal advice in connection with its Qualified Bid; and
- (l) it contains evidence of authorization and approval from the Qualified Bidder’s board of directors (or comparable governing body), if applicable, and identifies

each entity or person and representatives thereof who are authorized to appear and act on behalf of the Qualified Bidder for all purposes regarding the transaction.

21. The Receiver may, in its reasonable discretion, waive compliance with any one or more of the Qualified Bid Requirements specified herein, and deem such non-compliant bid to be a Qualified Bid in accordance with the Sale Procedure.
22. The Stalking Horse Bidder shall be deemed to be a Qualified Bidder, and the APS shall be deemed to be a Qualified Bid, for all purposes of the Sale Procedure, including for purposes of the Auction (if applicable).

No Qualified Bids Received

23. If the Receiver does not receive any LOIs or any LOIs that, based on the Receiver's assessment, are likely to result in the submission of a Qualified Bid, by the LOI Deadline, or any Qualified Bid(s) (other than the Stalking Horse Bid) by the Final Bid Deadline, then the APS will be deemed to be the Successful Bid and the Receiver shall take reasonable steps to perform Section 25 herein.

Assessment of Qualified Bids

24. The Receiver shall assess all Qualified Bids submitted before or by the Final Bid Deadline, to determine whether the transactions contemplated by such Qualified Bids are likely to be consummated. Such assessments will be made as promptly as practicable.
25. If the Receiver determines that no Qualified Bids other than the APS were received, or that at least one additional Qualified Bid was received but it is unlikely that the transactions contemplated in any such Qualified Bids will be consummated, the Receiver shall:
 - (a) forthwith terminate the Sale Procedure;
 - (b) notify each Qualified Bidder (if any) that the Sale Procedure has been terminated;
 - (c) notify the Stalking Horse Bidder that it is the Successful Bidder; and
 - (d) as soon as reasonably practicable after such termination, and in any event, no later than fifteen (15) Business Days following the selection (or deemed selection) of the Successful Bid, file the Approval Application with the Court seeking approval, after notice and hearing, to implement the APS.
26. If one or more Qualified Bids (other than the Stalking Horse Bid) have been received by the Receiver on or before the Final Bid Deadline, the Receiver will proceed with an auction process to determine the Successful Bid(s) (the "**Auction**"). The successful bid selected within the Auction shall constitute the "Successful Bid". Forthwith upon determining to proceed with an Auction, the Receiver shall provide written notice to each party that submitted a Qualified Bid (including the Stalking Horse Bidder) in accordance with the terms herein, along with unredacted copies of Qualified Bids and a statement by the Receiver specifying which Qualified Bid is the Starting Bid (as defined below).

Auction

27. If an Auction is to be held, the Receiver will conduct the Auction in accordance with the following procedures:
- (a) prior to 4:00 p.m. (Pacific Time) on the day before the Auction Date, each Qualified Bidder that has made a Qualified Bid and the Stalking Horse Bidder, must inform the Receiver whether it intends to participate in the Auction (the parties who so inform the Receiver that they intend to participate are hereinafter referred to as the “**Auction Bidders**”);
 - (b) the identity of each Auction Bidder participating in the Auction will be disclosed, on a confidential basis, to each other Auction Bidder participating in the Auction;
 - (c) only representatives of the Auction Bidders, the Receiver and such other persons as permitted by the Receiver (and the advisors to each of the foregoing entities) are entitled to attend the Auction;
 - (d) the Receiver may employ and announce at the Auction additional procedural rules that are reasonable under the circumstances for conducting the Auction, including with respect to the ability of multiple Auction Bidders to combine to present a single bid, provided that such rules are (i) not inconsistent with the Sale Procedure, general practice in insolvency proceedings, or the Receivership Order and (ii) disclosed to each Auction Bidder at the Auction;
 - (e) all Auction Bidders must have at least one individual representative with authority to bind such Auction Bidder present at the Auction;
 - (f) the Receiver may arrange to have a court reporter attend at the Auction;
 - (g) each Auction Bidder participating in the Auction must confirm on the record, at the commencement of the Auction and again at the conclusion of the Auction, that it has not engaged in any collusion with any other person, without the express written consent of the Receiver, regarding the Sale Procedure, that has not been disclosed to all other Auction Bidders;
 - (h) prior to the Auction, the Receiver will provide unredacted copies of the Qualified Bid(s) which the Receiver believes is/are (individually or in the aggregate) the highest or otherwise best Qualified Bid(s) (the “**Starting Bid**”) to the Stalking Horse Bidder and to all Qualified Bidders that have made a Qualified Bid;
 - (i) bidding at the Auction will begin with the Starting Bid and continue, in one or more rounds of bidding, so long as during each round at least one subsequent bid is submitted by an Auction Bidder (each, a “**Subsequent Bid**”) that the Receiver determines is (i) for the first round, a higher or otherwise better offer than the Starting Bid, and (ii) for subsequent rounds, a higher or otherwise better offer than the then current highest and best bid (the “**Leading Bid**”), in each case by at least

\$250,000, or such amount as may be determined by the Receiver prior to, and announced at, the Auction;

- (j) the Stalking Horse Bidder shall be permitted, in its sole discretion, to submit Subsequent Bids, provided, however, that such Subsequent Bids are made in accordance with the Sale Procedure;
 - (k) to the extent not previously provided (which shall be determined by the Receiver), an Auction Bidder submitting a Subsequent Bid must submit, at the Receiver's discretion, as part of its Subsequent Bid, written evidence (in the form of financial disclosure or credit quality support information or enhancement reasonably acceptable to the Receiver), demonstrating such Auction Bidder's ability to close the transaction proposed by the Subsequent Bid;
 - (l) only the Auction Bidders will be entitled to make a Subsequent Bid at the Auction; provided, however, that in the event that any Qualified Bidder elects not to attend and/or participate in the Auction, such Qualified Bidder's Qualified Bid shall nevertheless remain fully enforceable against such Qualified Bidder, if it is selected as the Successful Bid or the Backup Bid;
 - (m) all Auction Bidders shall have the right to, at any time, request that the Receiver announce the then-current Leading Bid and, to the extent requested by any Auction Bidder, use reasonable efforts to clarify any and all questions such Auction Bidder may have regarding the Leading Bid;
 - (n) the Receiver reserves the right, in its reasonable business judgment, to make one or more adjournments in the Auction to, among other things (i) facilitate discussions between the Receiver and the Auction Bidders; (ii) allow the individual Auction Bidders to consider how they wish to proceed; (iii) consider and determine the current highest and best offer at any given time in the Auction; and (iv) give Auction Bidders the opportunity to provide the Receiver with such additional evidence as the Receiver, in its reasonable business judgment, may require to determine that such Auction Bidder has sufficient internal resources to consummate the proposed transaction at the prevailing overbid amount;
 - (o) if, in any round of bidding, no new Subsequent Bid is made, the Auction shall be closed; and
 - (p) no bids shall be considered after the conclusion of the Auction.
28. At the end of the Auction, the Receiver shall select the successful bid (the "**Successful Bid**", with such bidder being the "**Successful Bidder**"). Upon selection of a Successful Bidder, the Successful Bidder shall deliver as soon as practicable an executed transaction document, which reflects its bid, and any other modifications submitted and agreed to during the Auction, prior to the filing of the application material for the hearing to consider the Approval Application.

29. If an Auction is conducted, the Auction Bidder and/or Qualified Bidder with the next highest or otherwise best Qualified Bid at the Auction or, if such Qualified Bidder did not participate in the Auction, submitted in the Sale Procedure, as determined by the Receiver, will be designated as the backup bidder (the “**Backup Bidder**”). The Backup Bidder shall be required to keep its Qualified Bid (or if the Backup Bidder submitted one or more overbids at the Auction, the Backup Bidder’s final overbid) (the “**Backup Bid**”) open until the earlier of: (i) two (2) Business Days after the date of closing of the transaction contemplated by the Successful Bid; and (ii) September 10, 2025 (the “**Outside Date**”).
30. The Receiver shall have selected the final Successful Bid(s) and the Backup Bid(s) as soon as reasonably practicable after the Auction Date and the definitive documentation in respect of the Successful Bid must be finalized and executed prior to the Auction Closing Date (as defined below), which definitive documentation shall be conditional only upon the receipt of the Approval Order and the express conditions set out therein and shall provide that the Successful Bidder shall use all reasonable efforts to close the proposed transaction by no later than ten (10) Business Days following:
- (a) expiry of applicable appeal periods in respect of the order approving the transaction, provided that if the Approval Order shall not have been subject to any unresolved material objections at the Approval Application, the applicable appeal periods need not have expired, but no appeal or leave for appeal shall have been filed;
 - (b) in the event of an appeal or application for leave to appeal, final determination of such appeal or application; or
 - (c) such longer period as shall be agreed to by the Receiver in writing,
- (each, an “**Auction Closing Date**”).

In any event, the Successful Bid must be closed by no later than the Outside Date, or such other date as may be agreed to by the Receiver in writing.

Approval of Successful Bid

31. The Receiver shall apply to the Court (the “**Approval Application**”) for an Approval Order approving the Successful Bid and the Backup Bid (as applicable) and vesting title to any purchased Receivership Property in the name of the Successful Bidder or the Backup Bidder (as applicable). The Approval Application will be held on a date to be scheduled by the Receiver and confirmed by the Court. Subject to Court availability, the Receiver shall use best efforts to schedule the Approval Application no later than (i) fifteen (15) Business Days following the selection (or deemed selection) of the Successful Bid if the Stalking Horse Bidder is the Successful Bidder or (ii) forty-five (45) calendar days following the selection of the Successful Bid if the Stalking Horse Bidder is not the Successful Bidder. The Approval Application may be adjourned or rescheduled by the Receiver on notice to the service list prior to the Approval Application. The Receiver shall consult with the Successful Bidder and the Backup Bidder (as applicable) regarding the application material to be filed by the Receiver for the Approval Application, which material shall be acceptable to the Successful Bidder, acting reasonably.

32. If following approval of the Successful Bid by the Court, the Successful Bidder fails to consummate the transaction for any reason, then such Successful Bidder will forfeit its Deposit and the Backup Bid, if there is one, will be deemed to be the Successful Bid hereunder and the Receiver shall effectuate a transaction with the Backup Bidder subject to the terms of the Backup Bid, without further order of the Court.
33. All Qualified Bids (other than the Successful Bid) shall be deemed rejected on the applicable Auction Closing Date.

Deposits

34. All Deposits shall be retained by the Receiver in a bank account specified by the Receiver. If there is a Successful Bid, the Deposit paid by the Successful Bidder whose bid is approved at the Approval Application shall be applied to the purchase price to be paid by the Successful Bidder upon closing of the approved transaction and will be non-refundable. The Deposit paid by the Backup Bidder shall be retained by the Receiver until two (2) Business Days after the Auction Closing Date of the Successful Bid or the Outside Date, whichever is later, or, if the Backup Bid becomes the Successful Bid, shall be released by the Receiver and applied to the purchase price to be paid upon closing of the Backup Bid.
35. All Deposits of all Qualified Bidders not selected as the Successful Bidder or Backup Bidder shall be returned to such bidders within five (5) Business Days of the date upon which the Successful Bid and any Backup Bid is approved by the Court. If the Auction does not take place or the Sale Procedure is terminated in accordance with the provisions hereof, all Deposits shall be returned to the Qualified Bidders within five (5) Business Days of the date upon which it is determined that the Auction will not take place or the Sale Procedure is terminated, as applicable.
36. If an entity selected as the Successful Bidder or Backup Bidder breaches its obligations to close the applicable transaction, it shall forfeit its Deposit to the Receiver; provided however that the forfeiture of such Deposit shall be in addition to, and not in lieu of, any other rights in law or equity that the Receiver has against such breaching entity.

Approvals

37. For greater certainty, the approvals required pursuant to the terms hereof are in addition to, and not in substitution for, any other approvals required by any other statute or that are otherwise required at law in order to implement a Successful Bid or Backup Bid, as the case may be.

Notice Requirements

38. Any communication, bids and all associated documentation to be given under the Sale Procedure by any person to the Receiver shall be in writing in substantially the form, if any, provided for in the Sale Procedure and will be sufficiently given only if delivered by prepaid ordinary mail, registered mail, courier, personal delivery, or email addressed to:

KSV Restructuring Inc.
1165, 324 – 8th Avenue, SW
Calgary, Alberta
T2P 2Z2 Canada

Attn: Noah Goldstein / Jason Knight
Email: ngoldstein@ksvadvisory.com / jknight@ksvadvisory.com

with a copy to:

Bennett Jones LLP
666 Burrard Street, Suite 2500
Vancouver, British Columbia
V6C 2X8 Canada

Attn: Mark V. Lewis / Sean Zweig / Joshua Foster
Email: lewismv@bennettjones.com / zweigs@bennettjones.com /
fosterj@bennettjones.com

Reservation of Rights

39. The Receiver may reject, at any time, any bid (other than the Stalking Horse Bid) that is inadequate or insufficient, or not in conformity with the requirements of the Sale Procedure or any orders of the Court applicable to the Debtors, and in accordance with the terms hereof, may impose additional terms and conditions and otherwise seek to modify the Sale Procedure at any time in order to maximize the results obtained, and may accept bids not in conformity with the Sale Procedure to the extent that the Receiver determines, in its reasonable business judgment, that doing so would benefit the Debtors' estates and their stakeholders.
40. The Receiver may, in its reasonable discretion and subject to the terms of the APS, extend the Final Bid Deadline, the Outside Date, the date for selection of the final Successful Bid(s) and the Backup Bid(s), the date for finalization and execution of definitive documentation in respect of the Successful Bid, and/or the date for the hearing of the Approval Application.
41. Prior to the conclusion of the Auction, the Receiver may impose such other terms and conditions, on notice to the relevant Auction Bidders, as the Receiver may determine to be in the best interests of the Debtors' estate and their stakeholders that are not inconsistent with any of the procedures in the Sale Procedure.
42. The Sale Procedure does not, and shall not be interpreted to, create any contractual or other legal relationship between the Receiver and any potential bidder, Qualified Bidder, Auction Bidder, Successful Bidder or Backup Bidder, other than as specifically set forth in definitive documentation that may be executed by the Receiver.
43. Participants in the Sale Procedure, are responsible for all costs, expenses and liabilities incurred by them in connection with the submission of any Qualified Bid, due diligence

activities, and any further negotiations or other actions whether or not they lead to the consummation of a transaction, including, without limitation, any actions pursuant to the Sale Procedure or within the Auction, except, for greater certainty, the Break Fee if payable under the APS.

No Amendment

44. Subject to Section 39 herein, there shall be no amendments to the Sale Procedure without the prior written consent of the Receiver and the Stalking Horse Bidder, or further order of the Court obtained on reasonable notice to the Receiver.

Further Orders and Jurisdiction of the Court

45. At any time during the Sale Procedure, the Receiver may apply to the Court for advice and directions with respect to the discharge of its powers and duties under the Sale Procedure or the interpretation or application of the Sale Procedure.
46. Except as otherwise provided in the Sale Procedure or the APS, the Court shall retain jurisdiction to hear and determine all matters arising from or relating to the implementation of the APS, the Sale Procedure Order, and the Sale Procedure.

No. S-246994
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN:

KINGSETT MORTGAGE CORPORATION

PETITIONER

AND:

DISTRICT NORTHWEST LIMITED PARTNERSHIP

and

105 UNIVERSITY VIEW HOMES LTD.

and

SURREY CENTRE DISTRICT NW GP LTD.

RESPONDENTS

ORDER MADE AFTER APPLICATION

SALE PROCESS ORDER

Bennett Jones LLP
Suite 2500, 666 Burrard Street
Vancouver, BC V6C 2X8
Attention: Sean Zweig and Joshua Foster

Tel No.: (604) 891-7500