

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

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

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.

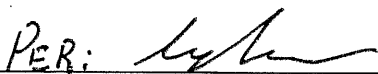
STALKING HORSE APPROVAL

- 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.

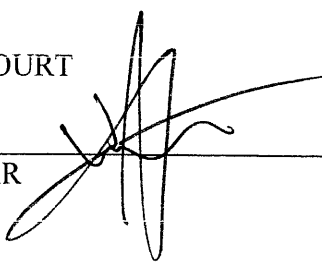
THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:

PER: 

Signature of Joshua Foster / Ty Fox
 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 and Lucas Hodgson	KingSett Mortgage Corporation
Mishaal Gill	1419195 B.C. Ltd.
Richard Pearce	R. A. R. Consultants Ltd. Garmeco Canada Consultants Ltd. IHL Developments Ltd.
	IHL Holdings Ltd.

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