



No. S-244083
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN

KINGSETT MORTGAGE CORPORATION

PETITIONER

- AND -

3000 HENRY STREET LIMITED PARTNERSHIP AND 1520077 B.C. LTD.

RESPONDENTS

**THIRD REPORT OF KSV RESTRUCTURING INC.
AS RECEIVER**

March 24, 2025

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1.0 Introduction

1. On July 29, 2024, the Supreme Court of British Columbia (the “Court”) pronounced an Order (the “Receivership Order”), appointing KSV Restructuring Inc. (“KSV”) as receiver and manager (in such capacity, the “Receiver”) of the assets, undertakings, and property of 3000 Henry Street Limited Partnership (“Henry Street”) and 0790857 B.C. Ltd. (“079 BC” or the “Nominee”, and together with Henry Street, the “Debtors”), including all proceeds (collectively, the “Property”). The appointment was made pursuant to subsection 243(1) of the *Bankruptcy and Insolvency Act* (Canada) (the “BIA”) and section 39 of the *Law and Equity Act* (British Columbia).
2. The primary asset of the Debtors was a parcel of vacant land located at 3000 Henry Street, Port Moody, British Columbia, intended for future multi-residential development (the “Real Property”).
3. On October 25, 2024, the Court granted an Order (the “Sale Procedure Order”) that approved:
 - a) a sale procedure for the Property (the “Sale Procedure”) and the retention of Colliers Macaulay Nicolls Inc. as the listing agent; and
 - b) an Agreement of Purchase and Sale dated October 3, 2024 (the “APS”) between the Receiver and 1496619 B.C. Ltd. (the “Purchaser”) which was established as a stalking horse bid in the Sale Procedure.
4. Following the completion of the Sale Procedure, the APS was deemed the successful bid.
5. On December 17, 2024, the Court granted an approval and reverse vesting Order (the “RVO”), which provided, among other things, the following relief (capitalized terms below are as defined in the RVO):
 - a) approving the transaction contemplated under the APS (the “Transaction”);
 - b) approving the transfer to ResidualCo (subsequently incorporated as 1520077 B.C. Ltd) of all right, title, and interest of the Nominee in and to the Nominee’s Transferred Assets and the Nominee’s Transferred Liabilities;
 - c) expunging against the Purchaser, the Nominee and the Retained Assets, all Claims, Encumbrances and Nominee’s Transferred Liabilities in respect of the Nominee, the Shares, and the Nominee’s Retained Assets;
 - d) approving the transfer of all of Henry Street’s right, title and interest in and to the: (i) Shares, (ii) the Property, (iii) the Accounts Receivable, (iv) the Books and Records, and (v) the Intellectual Property, to the Purchaser free and clear of all Claims and Encumbrances;
 - e) substituting ResidualCo as a Respondent in place of the Nominee in these Proceedings; and

- f) releasing the Releasees from the Released Claims (as those terms are defined in the Receiver's Second Report, dated December 2, 2024 (the "Second Report"))).
- 6. On December 17, 2024, the Court granted a distribution Order (the "Distribution Order") which provided, among other things, the following relief:
 - a) authorizing the Receiver to make one or more distributions from the proceeds of the Transaction to repay amounts owing to KingSett Mortgage Corporation ("KingSett"), the Debtors' principal secured creditor (the "KingSett Indebtedness"); and
 - b) authorizing the Receiver to make distributions from the proceeds of the Transaction for any amounts owing in priority to the KingSett Indebtedness.
- 7. On January 31, 2025, the Transaction was completed, and the KingSett Indebtedness was repaid as authorized under the Distribution Order.
- 8. As of the date of this report (the "Third Report"), the only remaining matters in these proceedings are for the Receiver to (i) obtain Court approval for its fees and those of its legal counsel, Cassels, Brock, & Blackwell LLP ("Cassels"); and (ii) obtain Court approval for its discharge.

1.1 Purposes of this Report

- 1. The purposes of the Third Report are to:
 - a) provide background information about the Debtors and these proceedings;
 - b) summarize the fees and disbursements of the Receiver and Cassels, plus an accrual of \$50,000 (plus taxes and disbursements) (the "Fee Accrual") to cover additional fees expected to be incurred until the completion of these proceedings;
 - c) recommend that the Receiver be discharged of its duties and obligations under the Receivership Order upon filing a certificate with the Court confirming that all outstanding receivership matters have been completed (the "Discharge Certificate");
 - d) provide an overview of the Receiver's activities since the filing of the Receiver's Second Report;
 - e) recommend that this Court issue an order (the "Fee Approval and Discharge Order"):
 - i. approving the fees and disbursements of the Receiver and Cassels, including the Fee Accrual;
 - ii. discharging the Receiver upon the filing of the Discharge Certificate;
 - iii. upon filing of the Discharge Certificate, releasing the Receiver from any and all liability that KSV now has, or may hereafter have, by reason of, or in any way arising out of, the acts or omissions of KSV while acting as Receiver, save and except for any gross negligence or willful misconduct on the Receiver's part; and

- iv. approving this Third Report, the Second Report, and the First Report of the Receiver dated October 15, 2024 (the “First Report”) and the conduct and activities described therein.

1.2 Restrictions

1. In preparing this Third Report, the Receiver has relied upon: (i) the books and records of the Debtors; (ii) discussions with Aultrust Financial Ltd. (“Aultrust”), project development manager to the Debtors; (iii) information provided by KingSett; (iv) discussions with various stakeholders in these proceedings (including Lawson Lundell LLP (“Lawson”), legal counsel to the Purchaser); and (v) the receivership application materials (collectively, the “Information”).
2. The Receiver has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that complies with Canadian Auditing Standards (“CAS”) pursuant to the Chartered Professional Accountants of Canada Handbook and, accordingly, the Receiver expresses no opinion or other form of assurance as contemplated under the CAS in respect of the Information. Any party wishing to place reliance on the Information should perform its own diligence and the Receiver accepts no responsibility for any reliance placed on the Information in this Third Report by any party.
3. Additional background information regarding the Debtors and the reasons for the appointment of the Receiver are provided in the application materials of KingSett, the First Report, and the Second Report. Copies of the Court materials filed to date in these proceedings are available on the Receiver’s case website: <https://www.ksvadvisory.com/experience/case/henrystreet> (the “Case Website”).

1.3 Currency

1. Unless otherwise noted, all currency references in this Third Report are to Canadian dollars.

2.0 Background

2.1 Debtors

1. Henry Street is a single-purpose entity and was the sole shareholder of 079 BC. 079 BC was Henry Street’s designated nominee and is the registered owner of the Real Property.
2. The Debtors have no employees. All personnel involved with developing the Real Property are employed by Aultrust, a company that was contracted by the Debtors to provide project development services.

2.2 The Project

1. The Real Property is a 4.34-acre vacant plot of land located at the southeast corner of Henry Street in Port Moody, British Columbia. It is situated near several major roadways and public transit hubs in the greater Vancouver area. The land has been designated for the future development of a multi-residential property and the Debtors have obtained the requisite development permits for the same.

2. Efforts to develop the project began in 2017. While initially, the development of the project was proceeding according to plan, progress became continuously delayed. As of now, the Real Property remains undeveloped land.

2.3 Creditors

2.3.1 Secured Creditors

1. KingSett was the principal secured creditor of the Debtors. KingSett held a mortgage and letter of credit registered on title to the Real Property, both of which were issued in accordance with the terms of a commitment letter dated September 10, 2021, as amended by a first amendment dated October 17, 2021, and a second amendment dated October 16, 2023 (the "Commitment Letter"). The obligations owing under the Commitment Letter were secured by a first-ranking collateral mortgage over the Real Property and a general security agreement granted by the Debtors.
2. In January 2024, Henry Street's limited partners declined to fund further cash calls. As a result, the Debtors subsequently defaulted on their financial obligations under the Commitment Letter.
3. Following the completion of the Transaction, the KingSett Indebtedness was repaid in full.

2.3.2 Other Creditors

1. Based on the Debtors' books and records, as at the date of the Receivership Order, the Debtors' other pre-filing obligations totalled approximately \$1.3 million. These creditors did not receive a distribution from the Transaction.

3.0 Professional Fees

1. The fees and disbursements (excluding taxes) of the Receiver since the commencement of the proceedings to February 28, 2025, and those of Cassels for the same period total \$172,563.66 and \$192,626.87, respectively.
2. Detailed invoices in respect of the fees and disbursements of the Receiver and Cassels for the referenced billing periods are attached as exhibits to the affidavits filed by KSV and Cassels in these receivership proceedings.
3. The average hourly rates for KSV and Cassels for the referenced billing periods were approximately \$703 and \$851, respectively.
4. The Receiver is requesting the Fee Accrual of \$50,000 to cover further fees and disbursements of the Receiver and Cassels incurred or to be incurred until the filing of the Discharge Certificate.
5. The Receiver is of the view that Cassel's hourly rates are consistent with the rates charged by other law firms practicing in the area of insolvency in the Vancouver market, and that its fees are reasonable and appropriate in the circumstances.
6. The Receiver is also of the view that the Fee Accrual is reasonable and appropriate in the circumstances as it provides for the estimated fees incurred or to be incurred by the Receiver and Cassels prior to the filing of the Discharge Certificate.

7. Pursuant to the APS and the Distribution Order, the Fee Accrual will be paid from the proceeds of the Transaction.

4.0 Receiver's Discharge

1. The Receiver believes it is appropriate for it to be discharged for the following reasons:
 - a) the Real Property and related personal property has been fully realized upon pursuant to the Transaction;
 - b) the Receiver has fulfilled its duties and obligations in accordance with the Receivership Order and all other Orders issued by the Court in these receivership proceedings;
 - c) the Receiver's administration is substantially complete and there are no known outstanding issues at this time that would require that the receivership proceedings continue; and
 - d) notwithstanding its discharge, the proposed Fee Approval and Discharge Order, if granted by the Court, will provide that the Receiver will continue to have the protections afforded to it at law or pursuant to the Receivership Order and the other Orders issued in these proceedings and that the Receiver shall remain Receiver for the performance of such incidental duties as may be required to complete the administration of the receivership. The Receiver believes that this provision is appropriate in the circumstances so that the Receiver can deal with any incidental issues that may arise following its discharge.
2. Prior to completing its administration, the Receiver intends to: a) pay any outstanding professional fees, which have accrued but remain unpaid as at the date of the Third Report and which will be accrued until the completion of the administration of the Receivership; and b) prepare and file the Receiver's final report as required under Section 246 of the BIA.
3. Once the Receiver has completed its activities, it intends to file the Discharge Certificate as its duties and responsibilities under the Receivership Order and other orders made in these proceedings will have been completed.

5.0 Receiver's Activities

1. Since the Second Report, the Receiver has performed the following key activities:
 - a) completing the Transaction and addressing residual matters in connection with the same;
 - b) corresponding with Aultrust regarding the Debtor's affairs, the Transaction and these proceedings;
 - c) corresponding with Cassels regarding all aspects of the receivership;
 - d) reviewing all closing documents in respect of the Transaction and corresponding with Cassels regarding same;

- e) corresponding with KingSett and its counsel regarding all aspects of this mandate, including the Transaction;
- f) corresponding with Lawson regarding the Transaction;
- g) corresponding with Canada Revenue Agency regarding the Debtors' GST accounts;
- h) corresponding with other stakeholders, as necessary, in connection with these proceedings;
- i) maintaining the Case Website for these proceedings; and
- j) preparing this Third Report and reviewing the application materials in respect of same.

6.0 Conclusion

1. Based on the foregoing, the Receiver respectfully recommends that this Honourable Court grant the relief detailed in Section 1.1(1) (e) of this Third Report.

* * *

All of which is respectfully submitted,

KSV Restructuring Inc.

**KSV RESTRUCTURING INC.,
SOLELY IN ITS CAPACITY AS RECEIVER AND MANAGER OF
3000 HENRY STREET LIMITED PARTNERSHIP AND 1520077 B.C. LTD.
AND NOT IN ITS PERSONAL OR ANY OTHER CAPACITY**