



NO. H250150
VANCOUVER REGISTRY

IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN:

PETERSON INVESTMENT GROUP INC.

PETITIONER

AND:

1076255 B.C. LTD., LIGHTSTONE DEVELOPMENT LTD.,
1082463 B.C. LTD., 1218548 B.C. LTD., GOLD COAST
INDUSTRIES LTD., XIAO SONG ZHENG, XIAO LI, YING ZHENG
YU, also known as YINGZHENG YU, BLUESHORE LEASING LTD.,
GOULD LEASING LTD., LI JIANG, BEI CHEN, QING SU, JIDE LIU,
686912366 INVESTMENT LTD., LEI BUN LEUNG, XIAO LIAN
ZHANG, JOHNSON RUI LEUNG, JON KIT LEUNG, KAREN
LEUNG, SHUN FENG INVESTMENT LTD., LIWEI SUN,
12503343 B.C. LTD., DONG HE also known as HE DONG,
FANGCHI YU, and WENXUAN ZHANG

RESPONDENTS

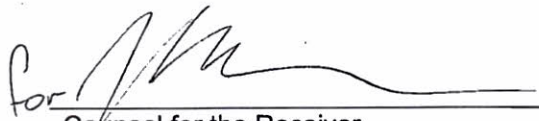
REQUISITION – GENERAL

Filed by: FTI Consulting Canada Inc., in its capacity as court-appointed receiver and manager without security, of all of the assets, undertakings and property of 1076255 B.C. Ltd. and Lightstone Development Ltd.

Required:

1. To file the Second Report of the Receiver in these proceedings dated November 18, 2025.

DATE: November 28, 2025

for 
Counsel for the Receiver,
FTI Consulting Canada Inc.
McCarthy Tétrault LLP
(H. Lance Williams)

Name and address of counsel:

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NO. H250150
VANCOUVER REGISTRY
ESTATE NO. 11-254748, 11-254749

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RESPONDENTS

SECOND REPORT OF THE RECEIVER

November 18, 2025

SECOND REPORT OF THE RECEIVER

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INTRODUCTION

1. On February 24, 2025 (the “**Receivership Date**”), FTI Consulting Canada Inc. (“**FTI**”) was appointed as receiver and manager (in such capacity, the “**Receiver**”), without security, of all of the assets, undertaking and property (collectively, the “**Property**”) of 1076255 B.C. Ltd. and Lightstone Development Ltd. (the “**Debtors**”) pursuant to an order pronounced by the Supreme Court of British Columbia on February 13, 2025 (the “**Receivership Order**”).
2. The Receivership Order authorizes the Receiver to, among other things, take possession of and exercise control over the Property, manage, operate and carry on the business of the Debtors, and to market any or all of the Property, including advertising and soliciting offers to purchase the Property.
3. The primary assets of the Debtors are the unsold residential and retail commercial strata units in the real estate development located at 2096 West 47th Avenue, Vancouver, British Columbia, known as “**Chloe**”, in the Kerrisdale neighbourhood of Vancouver, British Columbia.
4. Chloe is a mixed-use, stratified building consisting of 46 residential strata lots and 11 commercial strata lots. As at the Receivership Date, 24 residential strata lots (the “**Residential Units**”) and all 11 commercial retail strata lots (the “**Commercial Units**”) and together with the Residential Units, the “**Units**”) remained unsold.
5. On July 16, 2025, this Honourable Court granted, the following orders, among others:
 - a) an order declaring that the funds held in trust by Clark Wilson LP (“**Clark Wilson**”) pursuant to the *Strata Property Act*, S.B.C. 1998, c 43 (the “**SPA Holdback**”), less certain amounts contested by lien claimants (the “**Contested Holdback**”) are Property of the Debtors, and directing Clark Wilson to pay the

SPA Holdback less the Contested Holdback to the Receiver (the **"Declaration and Direction to Pay Order"**);

- b) an order approving the disclaimer of 20 pre-receivership contracts for purchase and sale of Units;
 - c) an order (the **"Sales Approval Order"**) that the Receiver is at liberty to obtain approval and vesting orders in respect of any of the Residential Units by way of a desk order by filing with the Court an executed Receiver's Sale Certificate;
 - d) an order (the **"Commercial SAVO"**) approving the purchase agreement of Commercial Units 1 and 2 between the Receiver and 7D Holdings Ltd.; and
 - e) an order authorizing the Receiver to make an assignment in bankruptcy in respect of one or more of the Debtors.
6. On July 31, 2025, the Receiver made assignments in bankruptcy on behalf of the Debtors.
7. On August 19, 2025, the Receiver applied to confirm the status of the Contested Holdback as Property (as defined in the Receivership Order), and the priority of claims related to the Contested Holdback. On October 22, 2025, this Court ruled that the Contested Holdback is Property, and that the claims of mortgagees stand in priority. The Receiver will request Clark Wilson to release the Contested Holdback to the Receiver after the order is finalized and entered.
8. On August 21, 2025, this Honourable Court granted orders for the following:
- a) approving the disclaimer of an additional pre-receivership contract for purchase and sale of a Residential Unit; and

- b) amending the Sales Approval Order to reflect charges registered on title to the Residential Units after the Sales Approval Order was granted.
9. Concurrently with filing this second report of the Receiver (the “**Second Report**”), the Receiver intends to file a notice of application for an order authorizing and directing the Receiver to pay to National Bank of Canada (“NBC”) the net proceeds from sales of Units sold to date (as described in more detail below) up to the full amount of 107’s outstanding indebtedness owing to NBC (the “**Distribution Order**”).
10. The purpose of this Second Report is to provide this Honourable Court with information with respect to the following:
- a) the Receiver’s activities since the First Report of the Receiver, dated July 4, 2025 (the “**First Report**”);
 - b) the Receiver’s efforts to sell the Units;
 - c) the Receiver’s application for the Distribution Order;
 - d) a summary of the Receiver’s interim statement of cash receipts and disbursements for the period from the Receivership Date to November 3, 2025 (“**R&D**”); and
 - e) the Receiver’s conclusion and recommendations.
2. The Receivership Order and other publicly available information in respect of these proceedings are posted on the Receiver’s website at <http://cfcanada.fticonsulting.com/107/>.

TERMS OF REFERENCE

11. In preparing this Second Report, the Receiver has relied upon audited and unaudited financial information, other information available to the Receiver and, where appropriate, the Debtors' books and records and discussions with various parties (collectively, the "Information").
12. Except as described in this Second Report:
 - a) The Receiver has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Generally Accepted Assurance Standards pursuant to the Chartered Professional Accountants of Canada Handbook; and
 - b) The Receiver has not examined or reviewed financial forecasts and projections referred to in this Second Report in a manner that would comply with the procedures described in the Chartered Professional Accountants of Canada Handbook.
13. Future oriented financial information reported or relied on in preparing this Second Report is based on assumptions regarding future events. Actual results may vary from forecasts and such variations may be material.
14. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars.

RECEIVER'S ACTIVITIES

15. The Receiver's activities since the First Report include, among other things, the following:

- a) retaining Urban One Contractor Inc. to assist with construction, warranty and deficiency work;
- b) evaluating the offers received for Commercial Units;
- c) completing and closing sale for Commercial Units 1 and 2;
- d) evaluating and accepting offers for Residential Units pursuant to the gross purchase price range in the Sales Approval Order;
- e) completing and closing sales for nine Residential Units;
- f) repaying the Receiver's borrowings provided by NBC;
- g) assigning the Debtors into bankruptcy;
- h) providing periodic updates to NBC, Westmount West Services Inc. ("Westmount"), and Peterson Investment Group Inc ("Peterson") in their capacities as senior secured lenders to the Debtors; and
- i) preparing this Second Report.

SALES UPDATE

- 16. As described in the First Report, the Receiver selected Marcus & Millichap REIS Canada Inc. ("M&M") and Exclusive Vancouver Real Estate Group ("EV") to act as exclusive brokers for the Commercial Units and Residential Units, respectively.
- 17. To date, the Receiver has completed the sales of nine Residential Units pursuant to the Sales Approval Order as well as the two Commercial Units pursuant to the Commercial SAVO.

18. The current sales status of the Units is summarized in the table below:

	Completed	Firm Sale	Within Recession Period	Unsold
Residential Units	9	9	2	4
Commercial Units	2	-	-	9

INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS

19. The R&D for the period from the Receivership Date to November 3, 2025 is summarized below:

R&D	
For the period from February 28, 2025 to November 03, 2025	
CAD Thousands	
Receipts	
Opening Cash	\$ 20
Receiver Borrowings	500
Residential Sales Proceeds	11,438
Commercial Sales Proceeds	2,898
Commercial Lease Proceeds	22
SPA Holdback Funds	2,386
Total Receipts	17,264
Disbursements	
Operating Expenses	(267)
Appraisal Fees	(12)
Marketing agent	(20)
Insurance	(105)
Strata	(115)
Bank Fees and Interest	(15)
Professional Fees	(1,037)
Receiver Borrowings Repayment	(503)
Total Disbursements	(2,073)
Cash on Hand	\$ 15,191

20. The key components of the R&D are described as follows:

- a) Opening Cash was transferred from the Debtors' bank accounts to the Receiver's estate bank accounts on March 10, 2025;
- b) The Receiver Borrowings—consisting of the \$500,000 the Receiver borrowed from NBC pursuant to the Receivership Order, which were secured by the Receiver's Borrowing Charge, as defined in the Receivership Order—were repaid in full on August 14, 2025;
- c) Residential Sales Proceeds relates to the nine Residential Units sales completed to date, including approximately \$469,000 of GST;
- d) Commercial Sales Proceeds relates to the sale of Commercial Units 1 and 2;
- e) Commercial Lease Proceeds relates to Commercial Unit 6 which is leased to a pilates studio;
- f) SPA Holdback Funds relates to the Declaration and Direction to Pay Order authorizing release of the SPA Holdback held in trust by Clark Wilson, less the Contested Holdback;
- g) Operating Expenses include costs for, among other things, deficiency work and construction costs, pilates lease decoration allowance payment, disclosure statement filing fees and utilities;
- h) Appraisal Fees relates to amounts incurred in respect of an appraisal of the unsold units prepared by Avison Young Valuation & Advisory Services, LP;
- i) Marketing Agent Fees relates to EV's unit staging fees and marketing event costs;

- j) Insurance Costs include property, liability and strata insurance;
- k) Strata relates to strata corporation monthly strata fees for unsold Units; and
- l) Professional Fees relates primarily to the Receiver's fees and Receiver's counsel's legal fees. The professional fees paid to date by firm are summarized in the table below:

Professional Fee Summary CAD Thousands						
Firm	Role		Fees	Disbursements	Taxes	Total
FTI Consulting Canada Inc.	Receiver	\$	523	\$ 1	\$ 26	\$ 551
McCarthy Tétrault LLP	Receiver's Counsel		419	17	51	486
Total		\$	942	\$ 18	\$ 77	\$ 1,037

- 21. As at November 3, 2025, the Receiver held approximately \$15.2 million in the estate bank accounts.

SECURITY REVIEW

- 22. As more fully described in the First Report, the Receiver is aware of the following secured claims and charges that are owed by the Debtors:
 - a) approximately \$49.7 million, including accrued interest and legal costs to its senior secured lender, owing to NBC,
 - b) an undetermined amount is owing to the Debtors' senior secured second lien lender, Westmount, in respect of the Debtors' deposit protection insurance;
 - c) approximately \$21.3 million including accrued interest and legal costs to its senior secured third lien lender, Peterson; and
 - d) \$10.9 million in total owing to the "Fourth Priority Lenders", summarized as follows:

- i. \$3.5 million to Lei Bun Leung, Xiao Lian Zhang, Johnson Rui Leung, Jon Kit Leung, and Karen Leung;
 - ii. \$4 million to Li Jiang;
 - iii. \$2.5 million to Bei Chen, Qing Su, Jide Liu; and
 - iv. \$850,000 to 686912366 Investment Ltd.
- 23. The Receiver's counsel has completed an independent review of the security held by NBC and Westmount in relation to the Property and determined, subject to standard qualifications and assumptions, that:
 - a) The NBC security documents constitute a legal, valid and binding obligation in first priority financial charge against the Property; and
 - b) The Westmount security documents constitute a legal, valid and binding obligation in second priority financial charge against the Property.
- 24. Peterson obtained an order from this Court on April 3, 2025 validating its security position in priority to the Fourth Priority Lenders, resulting in third priority financial charge against the Property.
- 25. The Receiver has not received any assertion from the Canada Revenue Agency of a statutory priority claim for unpaid GST or HST under applicable tax legislation, nor any similar super priority claim from any other potential creditor of the Debtors.

DISTRIBUTION ORDER

- 26. As described above, the Receiver is currently holding approximately \$15.2 million of cash on hand.

27. The Receiver is seeking the Distribution Order to repay NBC out of available funds to reduce the amount owing to NBC and mitigate the interest costs accruing in priority to other creditors.
28. Based on the current recovery analysis review, the Receiver anticipates further Unit sales will generate additional recoveries.
29. The Receiver is planning to withhold approximately \$1.5 million of the net proceeds from the proposed distribution to fund ongoing construction matters and the administration of the Receivership proceedings.

RECEIVER'S RECOMMENDATIONS

30. Based on the foregoing, the Receiver respectfully recommends that this Honourable Court grant the Distribution Order.

All of which is respectfully submitted this November 18, 2025.

FTI Consulting Canada Inc.
in its capacity as receiver of
1076255 B.C. Ltd. and Lightstone Development Ltd.



Tom Powell
Senior Managing Director



Hailey Liu
Director