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

THIRD REPORT OF THE RECEIVER

June 25, 2026

THIRD 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 holdback funds held in trust by Clark Wilson LLP ("**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 Court directed Clark Wilson to pay the Contested Holdback to the Receiver.

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. On December 9, 2025, this Honourable Court granted an order (the "**Distribution Order**") authorizing and directing the Receiver to pay to National Bank of Canada ("**NBC**") the net proceeds from sales of Units sold to date up to the full amount of 107's outstanding indebtedness owing to NBC.

10. Concurrently with filing this "**Third Report**" of the Receiver, the Receiver has filed a notice of application seeking:

a) an order (the "**Second Sales Approval Order**") amending the minimum price at which the Receiver may accept an offer on the Residential Units (the "**Revised Minimum Price**");

b) an order (the "**Approval and Vesting Order**") approving the contract of purchase and sale dated May 1, 2026 (the "**Commercial Purchase Agreement**") between the Receiver and Inni Home (Real Estate) Ltd. (the "**Commercial Purchaser**") to purchase the remaining Commercial Units free and clear of all financial encumbrances; and

c) an order sealing the Confidential Supplement to the Third Report of the Receiver, dated June 25, 2026 (the "**Sealing Order**").

11. The purpose of this Third Report is to provide this Honourable Court with information with respect to the following:

a) the Receiver's activities since the Second Report of the Receiver dated November 18, 2025;

b) the Receiver's efforts to sell the Units;

c) the Receiver's application for the Approval and Vesting Order;

d) a summary of the Receiver's interim statement of cash receipts and disbursements for the period from the Receivership Date to June 18th, 2026 ("**R&D**"); and

e) the Receiver's conclusion and recommendations.

12. 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

13. In preparing this Third 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**").

14. Except as described in this Third 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 Third Report in a manner that would comply with the procedures described in the Chartered Professional Accountants of Canada Handbook.

15. Future oriented financial information reported or relied on in preparing this Third Report is based on assumptions regarding future events. Actual results may vary from forecasts, and such variations may be material.

16. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars.

RECEIVER'S ACTIVITIES

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

a) overseen Urban One Special Projects Inc. ("**Urban One**") perform construction, warranty and deficiency work;

b) instructing Urban One to perform various construction work including, among other things, repairing water damage to a suite and investigating a leak in a residential unit;

c) ongoing communication with Marcus & Millichap REIS Canada Inc. ("**M&M**") and Exclusive Vancouver Real Estate Group ("**EV**") as real estate brokers for the Commercial Units and Residential Units, respectively;

d) evaluating and accepting offers received for Commercial Units;

e) evaluating and accepting offers for Residential Units pursuant to the Sales Approval Order;

f) completing the sales of 11 Residential Units;

g) attending all excise tax, property tax and vacancy tax filing matters;

h) making three distributions to NBC totaling $27.8 million;

i) 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

j) preparing this Third Report.

SALES UPDATE

18. As described in the First Report, the Receiver selected M&M and EV to act as exclusive brokers for the Commercial Units and Residential Units, respectively.

19. To date, the Receiver has completed the sales of nineteen Residential Units pursuant to the Sales Approval Order as well as the two Commercial Units pursuant to the Commercial SAVO. The sales have resulted in net proceeds to the Receiver from the Residential Units and Commercial Units of approximately $27.6 million and $2.9 million, respectively.

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

	Completed	Firm Sale	Conditional Sale	Unsold
Residential Units	19	-	1	4
Commercial Units	2	-	9	-

SECOND SALES APPROVAL ORDER

21. As described in the First Report of the Receiver dated July 4, 2025, the Sales Approval Order allowed for the approval, sale and vesting of the Residential Units by desk order upon the filing of a Certificate by the Receiver in respect of each Residential Unit that, among other things, confirms that the gross purchase price in respect of the subject Residential Unit falls above a minimum price (the "**Minimum Price**"). The Minimum Price was prepared in consultation with the listing agents and the senior secured creditors and took into consideration the state of the Lower Mainland real estate market, as described in the Confidential Supplement to the First Report of the Receiver.

22. While the Receiver has been successful in selling 19 Residential Units, the sales activity has slowed and the Receiver, in consultation with the listing agent, has determined that a revision to the approved Minimum Price is required in order to sell the remaining units in an expeditious manner.

23. In addition, a surplus of five parking stalls and one private garage remain available for sale and may generate additional recoveries for the estate after the allocation to the remaining residential strata lots.

24. The Receiver is seeking the approval of a revised Minimum Price (the "**Revised Minimum Price**") as set out in the Confidential Supplement to the Third Report of the Receiver in respect of the remaining residential units, parking stalls and garage.

25. The Revised Minimum Price has been developed in consultation with EV based on, among other things:

    a) recent historic sales of comparable units in the Kerrisdale neighbourhood;

    b) projected absorption in the Kerrisdale residential condominium market;

c) feedback received from potential purchasers of the units; and

d) the attributes and relative attractiveness of each of the remaining individual Residential Units.

26. The Receiver's comments with respect to the Second Sales Approval Order are as follows:

a) the remaining Units have been actively marketed by EV for almost a year without being sold;

b) the real estate market in the Kerrisdale neighbourhood has remained challenged with a number of other developments entering insolvency proceedings;

c) reducing the pricing to encourage a quicker absorption of the remaining units will mitigate the cost of the ongoing Receivership proceedings;

d) NBC, as the primary economic stakeholder, is supportive of the Revised Minimum Price and the Second Sales Approval Order;

e) the Receivership Order allows for the sale of assets outside of the ordinary course of business without the approval of this Honourable Court in respect of up to $50,000 for a single transaction and $100,000 in aggregate which is below the anticipated proceeds to be generated from the sale of the remaining parking stalls and garage. Including these assets in the Revised Minimum Price will allow for the Receiver to generate incremental recoveries without incurring the cost of a Court application for each transaction; and

f) overall, the Second Sales Approval Order will allow the Receiver to pursue timely sales of the Residential Units and is in the best interests of the Debtors' stakeholders.

27. Additional details with respect to the Revised Minimum Price are included in the Confidential Supplement to the Third Report of the Receiver.

COMMERCIAL UNITS MARKETING PROCESS

28. On June 24, 2025, M&M listed the remaining 9 Commercial Units for sale at a combined total list price of $22.5 million.

29. The marketing campaign (the "**Marketing Process**") undertaken by M&M included, among other initiatives, the following:

a) publication in the Western Investor Newspaper in the October 2025 to April 2026 issues;

b) website listing on SpaceList.ca, a website that links to M&M's website, posting since June 2025;

c) social media posts on LinkedIn in July 2025, November 2025, December 2025, and February 2026;

d) social media posts on Instagram on June 24, 2025, and October 28, 2025;

e) an online brochure highlighting the key attributes and selling features of the property;

f) email marketing campaign; and

g) data room access to those who executed a confidentiality agreement.

30. M&M provided the following statistics regarding listing activity during the Marketing Process:

a) the website listing received approximately 390 views;

b) social media posts generated 8,748 views on LinkedIn and 2,980 views on Instagram;

c) email distributions were sent to 4,942 recipients on June 24, 2025, 4,181 recipients on October 28, 2025, and 4,131 recipients on February 10, 2026;

d) 150-200 groups made inquiries;

e) 13 confidentiality agreements were signed; and

f) 40-50 tours were provided.

31. In December 2025, M&M advised the Receiver that the 'as is, where is' nature of the receivership sales process might pose obstacles for prospective buyers. The Receiver instructed M&M to revise marketing materials to allow reasonable conditionality on offers, to the extent necessary for due diligence and technical review.

32. In January 2026, the Receiver reviewed and approved M&M's revising the listing price from $22.5 million to $20.6 million for the 9 Commercial Units.

33. In mid-February 2026, M&M re-launched the marketing process with the revised listing price. However, the relaunch failed to generate any acceptable offers.

34. Over the course of the Marketing Process to date, 12 offers were received, which are detailed in the Confidential Supplement to the Third Report of the Receiver and summarized as follows:

a) 1 offer was accepted but the buyer was unable to satisfy or waive conditions;

b) 4 offers were withdrawn and resubmitted at revised pricing;

c) 6 offers were rejected due to unfavourable pricing or excessive conditionality; and

d) 1 offer, which included all remaining Commercial Units, was accepted, subject to the approval of this Honourable Court, and resulted in the Commercial Purchase Agreement.

COMMERCIAL PURCHASE AGREEMENT

35. The key commercial terms of the Commercial Purchase Agreement are summarized as follows:

a) the Commercial Purchaser is Inni Home (Real Estate) Ltd.;

b) the purchase price is $14,466,843 (the "**Purchase Price**");

c) the purchased property includes all of the remaining commercial retail strata lots, Commercial Unit 3 to Commercial Unit 11;

d) a deposit of $150,000 is held by the Receiver in trust and will form part of the Purchase Price;

e) the transaction is conditional upon approval by this Honourable Court; and

f) closing is to occur within 90 days following the date on which the Commercial Purchase Agreement is approved by this Honourable Court.

36. The Receiver's comments with respect to the Commercial Purchase Agreement are as follows:

a) the Marketing Process undertaken by M&M was fair and transparent, providing all participants with equal access to information and an opportunity to submit an offer;

b) the Commercial Purchase Agreement has the greatest deal certainty and the highest overall recovery;

c) a timely transaction with an en-bloc sale will mitigate the ongoing costs associated with preserving the Property and administering the Receivership;

d) the Vancouver real estate market has experienced significant volatility in the past year, with fluctuating interest rates and shifting buyer sentiments contributing to uncertainty in valuation and transaction timelines. The market may continue to deteriorate. In this context, the Receiver considers the Commercial Purchase Agreement to reflect a commercially reasonable outcome, notwithstanding its deviation from the listing price;

e) the sale is supported by NBC; and

f) overall, the Receiver is of the view that completing the transaction contemplated by the Commercial Purchase Agreement is reasonable in the circumstances and is in the best interests of the Debtors' creditors.

INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS

37. The R&D for the period from the Receivership Date to June 18, 2026, is summarized below:

R&D For the period from February 28, 2025 to June 18, 2026 CAD Thousands	
Receipts	
Opening Cash	20
Receiver Borrowings	500
Residential Sales Proceeds	27,573
Commercial Sales Proceeds	2,898
Commercial Sale Deposit	150
Commercial Lease Proceeds	83
SPA Holdback Funds	3,146
Other Receipts	0
Total Receipts	**34,370**
Disbursements	
Operating Expenses	(548)
Appraisal Fees	(12)
Asset Marketing	(24)
Insurance	(107)
Property Taxes	(481)
Strata	(242)
Commission	(5)
GST Remittance	(1,221)
Bank Fees and Interest	(16)
Professional Fees	(1,800)
Third-party Contractor	(33)
Receiver Borrowings Repayment	(503)
Distribution to Secured Creditors	(27,800)
Total Disbursements	**(32,791)**
Cash on Hand	**$ 1,578**

38. 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 of $500,000 advanced by NBC pursuant to the Receivership Order, which were secured by the Receiver's Borrowing Charge, were repaid in full on August 14, 2025;

c) Residential Sales Proceeds relates to the 19 Residential Units sales completed to date, including approximately $1,267,000 of GST;

d) Commercial Sales Proceeds relate to the sale of Commercial Units 1 and 2;

e) Commercial Lease Proceeds relate to Commercial Unit 6 which is leased to a pilates studio;

f) SPA Holdback Funds relate to the Declaration and Direction to Pay Order authorizing release of the SPA Holdback held in trust by Clark Wilson;

g) Operating Expenses include costs for, among other things, deficiency work and construction costs, a pilates lease decoration allowance payment, disclosure statement filing fees, appraisal fees, marketing agent fees and utilities;

h) Insurance Costs include property, liability and strata insurance;

i) Property Taxes related to the fiscal year 2025 property taxes and the fiscal year 2026 advance taxes paid;

j) Strata relates to strata corporation monthly strata fees for unsold Units;

k) GST remittances relate to excise tax filed and paid for Residential Unit sales, Commercial lease rents, partially offset by excise tax on operating expenses to administer the Receivership;

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	$	1,003	$	6	$	50	$	1,059
McCarthy Tétrault LLP	Receiver's Counsel		633		31		77		741
Total		**$**	**1,636**	**$**	**36**	**$**	**127**	**$**	**1,800**

m) Distribution to Secured Creditors relates to the three distributions made to NBC pursuant to the Distribution Order.

39. As at June 18, 2026, the Receiver held approximately $1.6 million in the estate bank accounts.

RECEIVER'S RECOMMENDATIONS

40. Based on the foregoing, the Receiver respectfully recommends that this Honourable Court grant the following relief:

a) the Second Sales Approval Order;

b) the Approval and Vesting Order authorizing and approving the Receiver to complete the Commercial Purchase Agreement; and

c) the Sealing Order.

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All of which is respectfully submitted this June 25, 2026.

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

Tessa Chiricosta for Tom Powell Senior Managing Director	Tessa Chiricosta for Hailey Liu Senior Director