



COURT FILE NO. H-250991
VANCOUVER REGISTRY
ESTATE NO. 11-254902

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN BANKRUPTCY AND INSOLVENCY

IN THE MATTER OF THE RECEIVERSHIP OF

**KELTIC (PRIOR) DEVELOPMENT LIMITED PARTNERSHP, 1319191 B.C. LTD.,
AND 1232616 B.C. LTD.**

FIRST REPORT OF THE RECEIVER

FEBRUARY 5, 2026

FIRST REPORT OF THE RECEIVER

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INTRODUCTION

1. On September 5, 2025 (the “**Receivership Date**”) FTI Consulting Canada Inc. (“**FTI**” or the “**Receiver**”) was appointed as receiver, without security, of the lands having the legal description of:

PID: 031-756-083

Lot 1 District Lots 1096 and 2037 Group 1 New Westminster District Plan
EPP111791 (the “**Lands**”),

together with all of the assets, undertakings and property of Keltic (Prior) Development Limited Partnership, 1319191 B.C. Ltd. and 1232616 B.C. Ltd. (collectively, the “**Debtors**” or “**Keltic**”) located at, related to or derived from the Lands, including all proceeds.

2. The Lands are being developed to include a 10-storey medical office, manufacturing and retail building and four levels of underground parking, comprising approximately 102,000 square feet (the “**Project**”). The Project is planned to comprise 68 commercial strata units (the “**Strata Units**”) which vary in size and layout.
3. The Project is located directly adjacent to the new St. Paul’s Hospital at the corner of Station Street and Prior Street in Vancouver B.C. and was approximately 79% complete as at the Receivership Date.
4. Following its appointment, the Receiver engaged the Project’s general contractor, Syncra Construction Corp. (“**Syncra**”) to continue construction, and has advanced the Project to approximately 89% complete as at January 30, 2026. The Project is scheduled to complete in April 2026.
5. The senior secured lender in relation to the Project is Shape Capital Corp. (“**Shape**”). As at the Receivership Date, the Debtors owed Shape approximately \$62 million. Shape has since advanced an additional \$10.5 million under Receiver’s Certificates.

6. The Receiver has prepared this First Report in connection with its application seeking, among other things,
 - a. an order (the “**Sale Approval Order**”) that the Receiver is at liberty to obtain approval and vesting orders in respect of any Strata Units by way of desk order by filing with the Court an executed Receiver’s Sale Certificate (each, a “**Certificate**”) which shall certify that the Receiver has contracted to sell a particular Strata Unit(s), and confirming:
 - i. that the deposit for the sale of the applicable Strata Unit(s) has been paid to the Receiver and that the time for rescission in respect to the agreement of purchase and sale for the applicable Strata Unit(s) has passed;
 - ii. the civic address and legal description for the applicable Strata Unit(s); and
 - iii. that the gross purchase price in respect of the applicable Strata Unit(s) falls within the “Price Range” for that particular Strata Unit(s), as defined and set out in the Confidential Supplement to the First Report of the Receiver dated February 5, 2026 (the “**Confidential Supplement**”),
 - b. an order approving the Receiver’s activities as set out in this First Report (the “**Activities Approval Order**”); and
 - c. an order sealing the Confidential Supplement until 90 days after the Receiver’s discharge (the “**Sealing Order**”).

PURPOSE

7. The purpose of this First Report is to provide this Honourable Court with information with respect to the following:
 - a. the activities of the Receiver since the Receivership Date;

- b. an appraisal (the “**AY Appraisal**”) completed in November 2025 for the Receiver by Avison Young Valuation & Advisory Service, LP (“**AY Valuation**”) in respect of the Project;
 - c. the Receiver’s application for the Sale Approval Order;
 - d. the Receiver’s interim statement of cash receipts and disbursements for the period ending January 31, 2026 (the “**Interim R&D**”); and
 - e. the Receiver’s conclusions and recommendations.
8. The Receivership Order and other publicly available information in respect of these proceedings are posted on the Receiver’s website at <https://cfcanada.fticonsulting.com/keltic/default.htm>.

TERMS OF REFERENCE

9. In preparing this First Report, the Receiver has relied upon information available to the Receiver and, where appropriate, discussions with various parties (collectively, the “**Information**”).
10. Except as described in this report, 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.
11. The Receiver has not examined or reviewed financial forecasts and projections referred to in this First Report in a manner that would comply with the procedures described in the Chartered Professional Accountants of Canada Handbook.
12. Future oriented financial information reported to be relied on in preparing this First Report is based on the Debtors’ management’s assumptions regarding future events. Actual results may vary from forecast and such variations may be material.

13. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars. Capitalized terms not otherwise defined are as defined in the Receivership Order.

RECEIVER'S ACTIVITIES

14. Since the Receivership Date, the Receiver's activities have included, among other things, the following:

- a. attending an initial meeting with representatives of Keltic to notify them of the receivership and explain the Receivership Order;
- b. retaining Lawson Lundell LLP to act as Receiver's counsel;
- c. attending to various statutory notices pursuant to the BIA, including mailing a Notice and Statement of Receiver to creditors identified in the books and records of Keltic and posting a copy of the notice on the Receiver's website;
- d. freezing all of Keltic's bank accounts and setting up estate bank accounts;
- e. attending the construction site and performing walkthroughs of the Project;
- f. reviewing pre-filing amounts owing to Syncra and project consultants, in the amounts of approximately \$1.4 million and \$113,000, respectively, and determining, in consultation with Shape, to fund these amounts in order to avoid further disruption and delays in the completion of the Project;
- g. reviewing Project budgets;
- h. meeting with the principals of Syncra to discuss status, funding and issues affecting the Project's schedule and budget;

- i. attending to monthly draw requests and arranging for the issuance of six Receiver's Certificates in respect of Receiver's borrowings provided by Shape to fund the construction of the Project;
- j. attending to monthly GST remittances to the Canada Revenue Agency;
- k. reviewing and approving change order requests from Syncra;
- l. reviewing monthly quantity surveyor reports detailing the progress of the Project;
- m. attending weekly meetings with Syncra to review progress and status of construction;
- n. working closely with Shape to leverage their strong expertise and resources in commercial construction projects;
- o. corresponding with Rachel Lei, CEO of Keltic, and her legal counsel to seek further background in respect of the Project;
- p. meeting with a marketing firm that Keltic had engaged to sell Strata Units in overseas markets;
- q. attending to insurance matters, including informing BFL Canada of the receivership and adding FTI as first loss payee;
- r. engaging AY Valuation to complete an appraisal for the Project;
- s. soliciting competitive proposals from commercial real estate brokerages and selecting Avison Young Commercial Real Estate Services, LP by its general partner Avison Young GP, Inc. ("AY"), in consultation with the Shape, to lead the sales process of the Project;

- t. attending bi-weekly progress meetings with AY to review pricing, marketing materials and target lists;
- u. participating in the development of the Price Range;
- v. providing periodic updates to Keltic's management and corresponding with other stakeholders;
- w. reviewing and considering letters of intent received; and
- x. preparing this First Report.

AY APPRAISAL

15. The Receiver commissioned the AY Appraisal to inform the Receiver's realization efforts and support any Court application to approve one or more sales. The Receiver selected AY Valuation over other appraisers based on their knowledge of the market and experience in valuing commercial properties in Vancouver.
16. To facilitate preparation of the AY Appraisal, AY Valuation was provided with measurements, floorplans and other details in respect of the Project, and performed a site visit.
17. On November 20, 2025, AY Valuation issued the AY Appraisal which valued the Project under two scenarios:
 - a. the hypothetical market value of the stratified Project, assuming construction is 100% complete to shell condition and Strata Units are sold to individual purchasers as of the effective date of valuation ("**Scenario 1**"); and
 - b. the hypothetical market value of the Project, unstratified, assuming construction is 100% complete to shell condition and the entire building is sold to a single purchaser.

18. As further described below, the Price Range assumes stratification of the Project, and is based on the Scenario 1 valuation in the AY Appraisal, among other things.
19. The Receiver is of the view that disclosure of the AY Appraisal may jeopardize the Receiver's efforts to maximize and realize the Project's value for the benefit of stakeholders. In particular, the Receiver expects that interested purchasers will submit offers at or near the bottom end of the Price Range if they have access to the AY Appraisal, even if those purchasers would otherwise be willing to offer more. As such, the Receiver has included the AY Appraisal in the Confidential Supplement.

MARKETING EFFORTS TO DATE

20. The Receiver solicited competing proposals from three commercial real estate brokerage firms to act as listing agent for the Project. The Receiver provided each of the three firms with details of the Project and access to the building to perform walkthroughs.
21. The Receiver met with each of the brokers to discuss their proposals, including valuation assumptions, proposed sales strategy, marketing approach and pricing guidance.
22. The Receiver, in consultation with Shape, then engaged AY to act as exclusive listing agent for the Project based on, among other things, the following factors:
 - a. the favourable pricing guidance and fee structure included in AY's proposal;
 - b. AY's reputation as a market leading broker in Vancouver and their experience conducting commercial unit sales in a receivership context;
 - c. AY's focus on the medical use and uniqueness of the Project; and
 - d. AY's previous experience acting as Keltic's listing agent prior to the receivership, which provided them with in-depth knowledge of the Project and a strong understanding of the potential purchaser market.

23. In addition to marketing individual Strata Units, AY has been engaged to solicit *en bloc* offers for the completed building. In the event the Receiver accepts an *en bloc* offer, it plans to make a separate application to this Honourable Court to seek its approval.

24. Since its engagement, AY, in consultation with the Receiver and Shape, has focused its efforts on developing a price list, prospective target list and marketing materials, including a fully refreshed branding strategy. AY plans to formally launch its marketing process in February 2026 and has commenced discussions and conducted site visits with parties who have previously expressed interest in the Project.

SALE APPROVAL ORDER

25. The Sale Approval Order that the Receiver is currently seeking will allow for the approval, sale and vesting of the Strata Units by desk order upon the filing of a Certificate by the Receiver in respect of each Strata Unit that, among other things, will confirm that the gross purchase price in respect of the subject Strata Unit falls within the Price Range.

26. The Price Range was developed by AY, in consultation with the Receiver and Shape, and is based on, among other things:

- a. the Scenario 1 valuation set out in the AY Appraisal;
- b. recent historic sales of comparable commercial units in the area;
- c. marketing proposals provided to the Receiver by brokers other than AY;
- d. projected absorption in the commercial unit market; and
- e. the attributes and relative attractiveness of each of the individual Strata Units.

27. The Receiver's comments with respect to the Sale Approval Order are as follows:

- a. the Receiver is of the opinion that selling the Strata Units on an individual basis will provide stakeholders with the greatest possible recovery, if an *en bloc* sale of the Project to one purchaser does not materialize;
- b. the Sale Approval Order will permit the Receiver to expeditiously and efficiently complete the sale of the Strata Units at a lower cost than having Court hearings to approve each individual sale;
- c. the Price Range has been developed in consultation with AY and in consideration of other indicia of value, as set out above, all of which the Receiver considers as a matter of practice when recommending prices for and selling commercial properties;
- d. the Price Range has been developed to maximize recoveries while incentivizing timely sales to mitigate ongoing interest costs and costs of the receivership proceedings;
- e. the Receiver does not expect that it will be able to sell any of the Strata Units for higher prices than are set out in the Price Range, regardless of whether or not the Court grants the Sale Approval Order;
- f. the AY listing agreement provides for the Strata Units to be broadly marketed in a fair and transparent manner;
- g. the Receiver has shared the Price Range with key stakeholders including legal counsel for Keltic; and
- h. overall, the Sale Approval Order will allow the Receiver to pursue timely sales of the Strata Units and is in the best interests of Keltic's stakeholders.

28. Additional details with respect to the AY listing agreement, AY Appraisal, and Price Range are included in the Confidential Supplement.

INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS

29. The Receiver's Interim R&D for the period of September 5, 2025 to January 31, 2026 is summarized below:

Interim Statement of Receipts and Disbursements	
For the period from September 5, 2025 to January 31, 2026	
\$000s	
Receipts	
Cash on Hand	\$ 2,554
Receiver Borrowings	10,533
Other Receipts	241
Total Receipts	13,328
 Disbursements	
General Contractor	5,283
General Contractor - Holdback Release	1,462
Consultants	467
Insurance	101
Property Tax	499
Professional Fees	524
Total Disbursements	8,336
 Net Cash on Hand	 \$ 4,991
 <i>Memo:</i>	
<i>Cash in Estate Trust Accounts</i>	1,059
<i>Cash in Segregated Holdback Account</i>	3,932
Total	\$ 4,991

30. The key components of the Interim R&D are as follows:

- a. the Receiver collected approximately \$2.6 million from Keltic's bank accounts upon its appointment, comprised of the following:
 - i. \$1.9 million in construction holdbacks;

- ii. \$574,000 in pre-filing deposits related to the sale of two Strata Units contracted for prior to the Receivership Date; and
 - iii. \$80,000 in operating cash on hand.
- b. the Receiver has borrowed approximately \$10.5 million from Shape under six Receiver's Certificates which is secured by the Receiver's Borrowing Charge as defined in the Receivership Order. As described in the Affidavit #1 of Raymond Ng dated August 25, 2025, the holdback account established for the benefit of the contractors of the Project had been depleted prior to the appointment of the Receiver. Shape replenished the depleted funds via a Receiver's Certificate on September 18, 2025 in the amount of approximately \$2.9 million;
- c. other receipts relate to the collection of GST refunds and the release of a letter of credit related to a remediation agreement with the City of Vancouver;
- d. approximately \$5.3 million has been paid to Syncra in relation to its monthly progress billings since the Receivership Date. An additional \$1.5 million has been disbursed from the holdback account as certain contractors achieved substantial completion milestones under their contracts;
- e. consultant costs relate to the external consultants assisting the Receiver with the completion of the Project, including the architectural, mechanical, geotechnical, civil and other required disciplines. The Receiver funded approximately \$113,000 in pre-filing consultant costs in order to maintain momentum and complete the Project;
- f. insurance costs of \$101,000 include builder's risk, wrap-up liability and equipment breakdown insurance;
- g. property taxes have been brought current through 2025; and

h. professional fees relate to the Receiver and its legal counsel.

31. As at January 30, 2026, the Receiver held approximately \$1.1 million in its estate trust accounts and \$3.9 million in its segregated holdback account.

32. All advances made by Shape under the Receiver's Certificates have been advanced pursuant to a pre-existing credit facility between Shape and Keltic (the "Facility"). The Facility matured on January 31, 2026 and is presently being extended to October 31, 2026.

RECEIVER'S CONCLUSIONS AND RECOMMENDATIONS

33. Granting the Sale Approval Order will allow the Receiver and AY to maximize stakeholder recoveries by soliciting offers for the planned Strata Units in the Project while concurrently pursuing offers for an *en bloc* transaction.

34. Based on the foregoing, the Receiver respectfully recommends that this Honourable Court grant the Sale Approval Order, Activities Approval Order, and Sealing Order.

All of which is respectfully submitted this 5th day of February, 2026.

FTI Consulting Canada Inc.
in its capacity as Receiver of Keltic
and not in its personal or corporate capacity


For: Tom Powell
Senior Managing Director


Mike Clark
Managing Director