



**Estate File No.: 31-3119902**

**IN THE MATTER OF THE BANKRUPTCY OF  
MAPLEVIEW DEVELOPMENTS LTD.  
OF THE CITY OF RICHMOND HILL, IN THE PROVINCE OF ONTARIO**

**TRUSTEE'S REPORT TO CREDITORS ON  
PRELIMINARY ADMINISTRATION**

## **1.0 Introduction**

1. Pursuant to an order of the Ontario Superior Court of Justice (Commercial List) (the "Court") made on March 14, 2024 (the "Receivership Order"), KSV Restructuring Inc. ("KSV") was appointed receiver and manager (in such capacity, the "Receiver") of the real property described in Schedule "A" to the Receivership Order (the "Real Property"), and all present and future assets, undertakings and personal property, with the exception of the Deposit Monies (as defined in the Receivership Order), of Maplevue Developments Ltd. ("Maplevue"), Pace Maplevue Ltd. ("Pace") and 2552741 Ontario Inc. ("255 Ontario" and together with Maplevue and Pace, the "Debtors"), located at, related to, used in connection with or arising from or out of the Real Property (collectively, the "Property").
2. Pursuant to an order of the Court made on May 30, 2024 (the "Sale Process Order"), the Court approved:
  - a) a sale process for the property and assets of the Debtors (the "Sale Process"); and
  - b) a Stalking Horse Agreement of Purchase and Sale dated May 9, 2024 (the "APS") between the Receiver and Dunsire Homes Inc. (the "Purchaser"), to be used as a "stalking horse bid" in the Sale Process.
3. In accordance with the Sale Process Order, the Receiver conducted the Sale Process from June 3, 2024 to July 3, 2024, pursuant to which the transaction set out in the APS (the "Transaction") was identified to be the successful bid.<sup>1</sup>

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<sup>1</sup> Further details on the Sale Process can be found in the Second Report of the Receiver dated July 26, 2024, accessible on the case website maintained by KSV at: <https://www.ksvadvisory.com/experience/case/maplevue>.

4. On August 16, 2024 the Court issued:
  - a) an Approval and Vesting Order (the “AVO”), among other things: (i) approving the Transaction; (ii) following the Receiver’s delivery of the Receiver’s certificate in a form approved by the Court, transferring and vesting all of the Debtors’ right, title and interest in and to the Purchased Assets (as defined and set out in the APS) in the Purchaser, free and clear of all liens, charges, security interests and encumbrances, other than certain permitted encumbrances; and (iii) authorizing the Receiver to take certain additional steps and actions as required to complete the Transaction;
  - b) a Distribution Order (the “Distribution Order”), among other things, authorizing and directing the Receiver to make certain payments and distributions and maintain certain reserves from the proceeds of the Transaction (the “Purchase Proceeds”); and
  - c) a Bankruptcy Order (the “Bankruptcy Order”), pursuant to a motion brought by KingSett Mortgage Corporation (“KingSett”), the principal secured creditor of the Debtors, among other things: (i) authorizing and directing the Receiver to file an assignment in bankruptcy in respect of each of the Debtors pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (“BIA”); (ii) authorizing and directing KSV to file an assignment in bankruptcy in respect of the Debtors, naming KSV as trustee in bankruptcy (in such capacity, the “Trustee”); and (iii) providing that all proceeds from the property of the Debtors realized by the Receiver prior to, on or after the bankruptcy of the Debtors, including the Purchase Proceeds, will be maintained by the Receiver in a segregated account of the Receiver and will not form part of the bankruptcy estate of the Debtors.
5. The Transaction closed on August 23, 2024 (the “Closing”).
6. On August 23, 2024, the Receiver assigned each of the Debtors into bankruptcy pursuant to the BIA. KSV was appointed the Trustee of each of the Debtors, subject to affirmation at the First Meeting of Creditors to be held on September 13, 2024.

## 1.1 Restrictions

1. In preparing this report (the “Report”), the Trustee has relied upon: (i) discussions with the Debtors’ management (“Management”); (ii) the Debtors’ unaudited financial information; (iii) information provided by KingSett, the Debtors’ principal secured creditor; (iv) discussions with various stakeholders in these proceedings (including their legal representatives) and information and documentation provided by such stakeholders; and (v) the receivership application materials (collectively, the “Information”).

2. The Trustee 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 Trustee 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 Trustee accepts no responsibility for any reliance placed on the Information in this Report by any party.
3. Additional background information regarding the Debtors and the reasons for the appointment of the Trustee are provided in the motion materials of KingSett. Copies of the Court materials filed to-date in this proceeding and the receivership proceeding in respect of the Debtors (the “Receivership Proceeding”) are available on the [Receiver’s website](#) (the “Website”).
4. All references to dollar amounts in this report are to Canadian dollars, unless otherwise stated.

## 2.0 Background

1. Maplevue is a single purpose entity whose principal asset prior to Closing was the Real Property, municipally known as 700-780 Maplevue Drive East, Barrie, Ontario, on which it was developing a residential real estate townhome project (the “Project”) known as “Urban North Townhomes”. Maplevue held such Real Property for the mutual benefit of Pace and 255 Ontario.
2. Pace is an entity that is an affiliate of the Pace Developments group of companies (collectively, the “Pace Group”). The Pace Group is a residential real estate developer with its head office in Richmond Hill, Ontario. The Trustee understands that the development of the Project was being led by the Pace Group.
3. The Receiver understands that the Debtors do not have any employees and that all employees involved with the developing of the Project are employed by one or more of the companies within the Pace Group.

### 2.1 The Project

1. Urban North Townhomes is a residential townhome project consisting of approximately 1,057 units across six phases, that is being developed on 50 developable acres of land in Barrie, Ontario. Construction at the Project has been halted due to the commencement of the Receivership Proceeding.
2. The Project was being conducted through multiple phases. Construction of Phases I and II is significantly advanced, where sale transactions for approximately 265 of 311 units in Phases I and II had closed prior to the commencement of the Receivership Proceeding, and the remaining 46 units were partially complete.

3. As at the date of the Receivership Order, construction had not yet commenced on Phases III, IV, V and VI.
4. The Trustee understands that there were approximately 576 pre-sale homebuyers for the remaining units at Phase I and II and Phases III and IV. There were no pre-sales for Phases V and VI.

### **3.0 Assets**

1. As a result of the Transaction, substantially all of the Debtors' assets were vested in the Purchaser and the Debtors neither carry on any ongoing business nor hold any remaining assets of any significant value.
2. Additionally, as set out above, pursuant to the Bankruptcy Order, the proceeds from any Property that are realized by the Receiver prior to, on or after the commencement of this bankruptcy proceeding, including the Purchase Proceeds, continue to be maintained by the Receiver in a segregated account, separate and apart from the bankrupt estate and will be distributed in the Debtors' Receivership Proceeding.

### **4.0 Creditors**

#### **4.1 Secured Creditors**

1. The Trustee understands that:
  - a) As more fully detailed in the receivership application materials, as at the date of the Receivership Order, KingSett was the principal secured creditor of the Debtors pursuant to various mortgages registered on title to the Real Property. Pursuant to the Distribution Order, KingSett's mortgages were repaid in full from the Purchase Proceeds.
  - b) As at the date of the Receivership Order, Aggregated Investments Inc. ("AI"), through MarshallZehr Group Inc. ("MarshallZehr") as the bare trustee of its rights under the charges, was the sole beneficial owner of the second-ranking mortgage charge (behind KingSett) registered on title to certain of the Real Property (the "AI Mortgage"). As at the date of the Receivership Order, the amount owing under the second-ranking mortgage under which AI was the beneficiary was approximately \$75 million. The AI Mortgage was assumed by the Purchaser pursuant to the Transaction.
  - c) MarshallZehr also held two other charges. As at the date of the Receivership Order, MarshallZehr was owed approximately \$24 million in respect of its second, third and fourth-ranking mortgages (not including the amounts owed under the AI Mortgage) (the "MarshallZehr Mortgages").

- d) Westmount has made available to Maplevue certain surety facilities in respect of the deposit monies received from the pre-sale purchasers of the non-freehold townhomes being developed on the Real Property (the “Deposit Monies”). Westmount’s security charge is subordinate to MarshallZehr (and is not registered on title to certain portions of the Real Property, except as against the Deposit Monies held in trust at Devry Smith Frank LLP (“DSF LLP”), on which it has a first ranking charge. As at the date of this Report, the Trustee understands that Westmount’s exposure is approximately \$6,380,000 (the “Westmount Indebtedness”), which represents the Deposit Monies that were previously released to Maplevue.

## **4.2 CRA**

1. The Trustee understands that Maplevue collected HST on the sales of 266 closed townhomes, of which approximately \$7.3 million was not remitted to the Canada Revenue Agency (“CRA”). The Trustee further understands that given that the Maplevue entity is a bare trustee, the beneficial owners elected to make the HST filings in respect of Maplevue through Pace.

## **4.3 Other Creditors**

1. Based on Maplevue’s books and records, as at the date of the Receivership Order, Maplevue’s other pre-filing obligations totaled approximately \$91.7 million. These amounts include:
  - a) approximately \$57.3 million owing to MarshallZehr for unsecured amounts; and
  - b) approximately \$34.4 million owing to other creditors, including construction contractors and other vendors, certain of which had registered construction liens on the Real Property.
2. While the Trustee has not yet conducted a claims process in respect of Maplevue in order to identify any unsecured creditors, it is possible that Maplevue has additional unsecured creditors that the Trustee is not currently aware of.

## **4.4 Homebuyer Claims**

1. The Trustee understands that there were approximately 494 homebuyers of pre-sale units that have not yet closed, of which approximately (i) 173 were homebuyers of freehold units where the deposits were paid directly to Maplevue; and (ii) 321 are homebuyers of stacked condo-townhouse units where deposits were paid into a trust account with DSF LLP.
2. Pursuant to the AVO, the Receiver terminated and disclaimed all existing pre-sale purchaser agreements in respect of the Project (the “Purchase Agreements”).
3. The Trustee understands that all deposits relating to Purchase Agreements for freehold homes that were paid directly to Maplevue have been spent by Maplevue.

4. Accordingly, homebuyers of freehold homes will hold unsecured claims against Maplevue for any amounts provided to Maplevue in connection with their Purchase Agreements which are not recoverable under the deposit protection program provided by Tarion Warranty Corporation ("Tarion").
5. The Trustee further understands that Tarion would assert a subrogated claim against Maplevue for any amounts paid to homebuyers in respect of their Purchase Agreements by Tarion under its deposit protection program.

#### **4.5 Property of the Bankrupt Not Divisible Amongst Creditors**

1. The Trustee is not aware of any property that would not be divisible amongst Maplevue's creditors by virtue of subsection 67(1) of the BIA or otherwise.

#### **5.0 Books and Records**

1. The Trustee has taken possession of the books and records required to complete its duties and obligations under the BIA. The Trustee has requested the Debtors' minute books from Management.

#### **6.0 Preferences and Transfers at Undervalue**

1. As part of its statutory duties, the Trustee is required to conduct a preliminary review for potential preferences and transfers at undervalue by examining Maplevue's bank statements and accounting records for the year preceding the date of bankruptcy.
2. The Receiver had requested and received relevant bank statements and accounting records of Maplevue from the banking institutions where Maplevue conducted business, but has not completed a review of such records at this time. The Trustee intends to provide a further update to the inspectors (once appointed) on this matter, while considering the fact that the Purchased Assets include claims to recover amounts transferred to the Debtors' affiliates or other non-arm's length persons.

#### **7.0 Payment of KSV's Bankruptcy Proceeding Fees**

1. Pursuant to the Bankruptcy Order, the Receiver is authorized and empowered to fund the costs of administering the bankruptcy estates of the Debtors from the property of the Debtors. In that regard, the Purchase Proceeds under the Transaction provided for an amount of \$400,000 to fund, among other things, the costs to administer bankruptcy in accordance with the Bankruptcy Order.

#### **8.0 Anticipated Realization and Projected Distribution**

1. Substantially all of the Debtors' Property was sold through the Transaction. Additionally, pursuant to the Bankruptcy Order, any proceeds realized by the Receiver on the Property of Debtors remain within the Receivership Proceedings and do not form part of the bankruptcy estates of the Debtors. As a result, the Trustee does not expect there will be funds available for distribution to Debtors' creditors in these bankruptcies.

## 9.0 Other Matters

1. There are no other matters to discuss at this time.

\* \* \*

DATED at Toronto, Ontario, this 13<sup>th</sup> day of September, 2024.

A handwritten signature in blue ink that reads "KSV Restructuring Inc.".

**KSV RESTRUCTURING INC.**

**IN ITS CAPACITY AS LICENSED INSOLVENCY TRUSTEE OF  
MAPLEVIEW DEVELOPMENTS LTD.**

**AND NOT IN ITS PERSONAL OR CORPORATE CAPACITIES**