

THE KING'S BENCH

WINNIPEG CENTRE

IN THE MATTER OF:

THE APPOINTMENT OF A RECEIVER PURSUANT TO SECTION 243 OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, C. B-3, AS AMENDED, AND SECTION 55 OF *THE COURT OF KING'S BENCH ACT*, C.C.S.M. C. C280

BETWEEN:

FIRST NATIONAL FINANCIAL GP CORPORATION,

Applicant,

- and -

**5684961 MANITOBA LTD. 6315402 MANITOBA LTD.
and K & P PROPERTIES INC.,**

Respondents.

SUPPLEMENT TO THE SECOND REPORT OF MNP LTD., RECEIVER-MANAGER

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(File No. 61972.3)

Clerk's Stamp

COURT FILE NO. 21-081615

COURT COURT OF KING'S BENCH OF MANITOBA

JUDICIAL CENTRE WINNIPEG

IN THE MATTER OF THE RECEIVERSHIP OF 5684961 MANITOBA LTD.

DOCUMENT **SUPPLEMENT TO THE SECOND REPORT OF MNP LTD., RECEIVER-MANAGER**DATED **JUNE 29, 2023**ADDRESS FOR
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CONTACT
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INTRODUCTION AND BACKGROUND

1. 5684961 Manitoba Ltd. (the “**Company**” or “**568**”) was placed into receivership pursuant to an order granted on March 17, 2023 (the “**Receivership Order**”) by the Court of King’s Bench of Manitoba naming MNP Ltd. as Receiver and Manager (the “**Receiver**”) over all of the current and future assets of the Company.
2. The only asset of the Company is a four-story, 32 unit apartment building located at 485 Furby Street in Winnipeg, Manitoba (the “**Property**”). The property has been vacant due to a fire in late 2022 that, due to safety concerns, resulted in the Property being boarded up by the City of Winnipeg Fire Service.
3. The Receivership Order was granted pursuant to an application by First National Financial GP Corporation, (“**First National**”), who holds a first-registered mortgage against the Property, general security agreements against 568 and a general assignment of rents and leases (the “**Furby Security**”).
4. The first report of the Receiver (the “**First Report**”) was issued on April 25, 2023. The second report of the Receiver (the “**Second Report**”) was issued on June 9, 2023.
5. This is the supplement to the Second Report (the “**Supplement Report**”).
6. Defined terms used in the Supplement Report and not otherwise defined will have the same meaning as in the Second Report.
7. A copy of the Receivership Order and other information regarding these proceedings can be found on the Receiver’s website at https://mnpdebt.ca//5684961_manitoba_ltd

NOTICE TO READER

8. In preparing this Supplement Report and in making comments herein, the Receiver has been provided with, and has relied upon, certain unaudited, draft and/or internal financial information of the Company, books and records of the Company, and information from other third-party sources (collectively, the “**Information**”). The Receiver has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with generally accepted assurance standards

or other standards established by the Chartered Professional Accountants of Canada (the “**Standards**”). Additionally, none of the Receiver’s procedures were intended to disclose defalcations or other irregularities. If the Receiver were to perform additional procedures or to undertake an audit examination of the information in accordance with the Standards, additional matters may have come to the Receiver’s attention. Accordingly, the Receiver does not express an opinion, nor does it provide any other form of assurance on the financial or other information presented herein. The Receiver may refine or alter its observations as further information is obtained or brought to its attention after the date of the Supplement Report.

9. The Receiver assumes no responsibility or liability for any loss of damage occasioned by any party as a result of the use of the Supplement Report. Any use, which any party makes of the Supplement Report, or any reliance or decision to be made based on the Supplement Report, is the sole responsibility of such party.

10. All amounts included herein are in Canadian dollars unless otherwise stated.

PURPOSE OF THE REPORT

11. The purpose of the Supplement Report is to:

- a. Provide this Honourable Court with details relating to the Receiver engaging CWS (defined below) and Browaty (defined below) to complete appraisals of the Property; and
- b. Support the Receiver’s application for an order sealing the second confidential supplement to the Receiver’s Second Report (the “**Receiver’s Second Confidential Supplement**”).

REAL ESTATE APPRAISALS FOR 485 FURBY STREET

12. Legal counsel to First National advised the Court and the Receiver at the June 14 Hearing that Canada Mortgage & Housing Corporation, the insurers of the First National loan, requires two appraisals when considering sales of residential properties that have 30 or more suites or apartments and may not accept the opinions of value that the Receiver had received

prior to the June 14, 2023 hearing (the "**June 14 Hearing**").

13. As a result, the June 14 Hearing was adjourned to July 7, 2023 so that the Receiver could engage two certified real estate appraisers to complete appraisals of the Property.
14. The Receiver engaged Cushman Wakefield Stephenson ("**CWS**") to provide a fair market and forced sale appraisal of the Property in order to comply with First National's requirements.
15. CWS provided its appraisal to the Receiver with an effective date of June 12, 2023. A copy of the CWS appraisal is attached as Appendix "A" to the Receiver's Second Confidential Supplement.
16. The Receiver also engaged Dennis Browaty & Associates ("**Browaty**") to prepare a fair market and forced sale appraisal of the Property.
17. Browaty provided its appraisal to the Receiver with an effective date of June 9, 2023. A copy of the Browaty appraisal is attached as Appendix B to the Receiver's Second Confidential Supplement.

SECOND CONFIDENTIAL SUPPLEMENT TO THE RECEIVER'S SECOND REPORT

18. The Receiver's Second Confidential Supplement is being provided to the Court with copies of the CWS and Browaty appraisals of the Property which contain commercially sensitive information.
19. The Receiver is seeking a Sealing Order until after a sale of the Property closes, or until a further Order of this Honourable Court directs the release of that information, to ensure the market for the Property will be preserved until a Court approved sale closes as there is no other effective way to keep this information confidential.

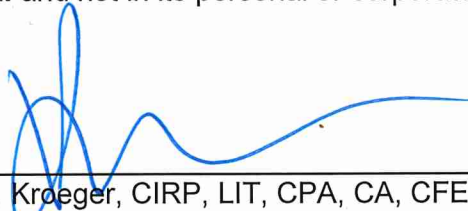
CONCLUSION

20. Based upon the foregoing the Receiver seeks the Court's approval of a Sealing Order of the Receiver's Second Confidential Supplement.

All of which is respectfully submitted this 29th day of June 2023.

MNP Ltd.

In its capacity as Receiver-Manager of **5684961 Manitoba Ltd.** and not in its personal or corporate capacity



Per: Victor P. Kroeger, CIRP, LIT, CPA, CA, CFE
Senior Vice President