

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 -

**6525785 MANITOBA LTD. 6472240 MANITOBA LTD.
and PGRP PROPERTIES INC.,**

Respondents.

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

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(File No. 61972.2)

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 6525785 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. 6525785 Manitoba Ltd. (the “**Company**” or “**652**”) 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 24-unit, four-story apartment building located at 480 Young Street in Winnipeg, Manitoba (the “**Property**”). Following a significant fire in the fall of 2022, the City of Winnipeg Fire Department removed all tenants and boarded up the Property. Upon certain repairs being completed by January 2023, the City of Winnipeg issued a partial occupancy permit that allowed the Company to lease 14 of the units. Prior to the receivership 11 of the units had been leased and an additional 3 units were leased after the Receivership Order was granted. Additional repairs are required before the balance of the units in the Property will be given an occupancy permit such that they can be leased.
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 652 and a general assignment of rents and leases (the “**Young 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//6525785_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 Supplementary Report is to:
 - a. Provide this Honourable Court with details relating to the Receiver engaging CWS (defined below) to complete an appraisal 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 APPRAISAL FOR 480 YOUNG 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 an appraisal when considering sales of all residential properties and would 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 a certified real estate appraiser to provide an appraisal 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 as of June 21, 2023, and a copy of the CWS appraisal is attached as “Appendix A” to the Receiver’s Second Confidential Supplement, defined below.

SECOND CONFIDENTIAL SUPPLEMENT TO THE RECEIVER’S SECOND REPORT

16. The Receiver’s Second Confidential Supplement is being provided to the Court with a copy of the CWS appraisal of the Property which contains commercially sensitive information.
17. 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.

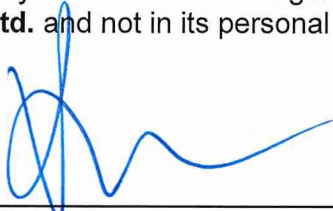
CONCLUSION

18. 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 **6525785 Manitoba Ltd.** and not in its personal or corporate capacity



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