

File No. CI 23-01-39421

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.

FOURTH REPORT OF MNP LTD., RECEIVER-MANAGER

PITBLADO LLP

Barristers and Solicitors
2500 - 360 Main Street
Winnipeg, MB R3C 4H6

CATHERINE E. HOWDEN

Telephone No. (204) 956-0560
Fax No. (204) 957-0227
Email: howden@pitblado.com

(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 **FOURTH REPORT OF MNP LTD., RECEIVER-MANAGER**

DATED **AUGUST 28, 2024**

ADDRESS FOR
SERVICE AND
CONTACT INFORMATION OF
PARTY FILING
THIS DOCUMENT

PITBLADO LAW
2500-360 Main Street
Winnipeg, MB R3C 4H6
Canada

ATTN: CATHERINE HOWDEN
TEL: 204-956-3532
EMAIL: howden@pitblado.com

RECEIVER-MANAGER
MNP LTD.
Suite 1200 242 Hargrave St
MNP Ltd. R3C 0T8

ATTN: VICTOR P. KROEGER / RICK ANDERSON
TEL: 204-927-2912 / 403-537-8424
EMAIL: victor.kroeger@mnp.ca / rick.anderson@mnp.ca

MNP LTD

True North Square

242 Hargrave Street, Suite 1200, Winnipeg MB, R3C 0T8

1.877.231.6167 T: 204.336.6167 F: 204.772.9687

APPENDICES

Appendix A Summary of Professional Fees and Disbursements of Pitblado LLP and
MNP Ltd. for the Period Ended July 31, 2024 and Estimate to Complete.

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 where the Receiver obtained an April 28, 2023 Court Order to run a sales process to list the Property for sale.
5. The second report of the Receiver (the “**Second Report**”) was issued on June 9, 2023 where the Receiver obtained a July 7, 2023 Court approval to list the Property with Avison Young Commercial Real Estate (Manitoba) Inc.
6. The third report of the Receiver (the “**Third Report**”) was issued on February 7, 2024 where the Receiver obtained a sale approval and vesting order of the Property to 4589093 Manitoba Ltd. which was granted on February 13, 2024.
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 fourth report (the “**Fourth 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 Fourth 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 Third Report. Any use, which any party makes of the Fourth Report, or any reliance or decision to be made based on the Fourth 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 Fourth Report is to provide this Honourable Court with the Receiver's comments and information in respect of the September 10, 2024, application of the Receiver (the "Application") seeking approval of, among other things of:

- a. The reported actions of the Receiver described in this Fourth Report since the filing of the Third Report;
- b. The Receiver's Final Statement of Receipts and Disbursements for the period March 17, 2023 to August 19, 2024 (the "Final SRD");
- c. The fees and disbursements of the Receiver for the period ended July 31, 2024 plus an estimate to complete;
- d. The fees and disbursements of the Receiver's legal counsel, Pitblado LLP ("Pitblado") for the period ended July 31, 2024 plus an estimate to complete;
- e. Approving the distribution of funds to First National; and
- f. Approving the discharge of the Receiver subject to the filing of a Receiver's Certificate.

ACTIVITIES OF THE RECEIVER

12. Since the Third Report, the Receiver has completed the following:
- a. Corresponded and dealt with issues as brought forward by ASH Management Group (“ASH”) the property manager;
 - b. Maintained adequate insurance on the Property;
 - c. Closed the transaction to 4589093 Manitoba Inc. as approved by this Honourable Court on March 11, 2024;
 - d. Communicated with and provided updates to First National;
 - e. Drafted reports to the Court;
 - f. Communicated with other stakeholders; and
 - g. Addressed the property tax accounts.

THE RECEIVER'S FINAL STATEMENT OF RECEIPTS AND DISBURSEMENTS

13. The Receiver's Final SRD is below.

5684961 Manitoba Ltd.	
Statement of Receipts & Disbursements	
For the period March 17, 2023 to August 19, 2024	
<hr/>	
Receipts:	
Interest earned	\$ 2,985.22
Misc refunds	7,192.56
Insurance claims received	180,533.72
Sale of assets	200,000.00
Receiver's certificate issued	260,000.00
Total Receipts	\$ 650,711.50
Disbursements:	
Filing fees	\$ 72.82
Commission	6,138.10
PST paid	7,354.78
Appraisal fees	12,815.00
GST paid and recoverable	13,584.93
Security	14,075.00
Insurance	18,198.10
Property taxes	23,200.41
Operating expense	76,399.65
Legal fees/disbursements	65,926.63
Receivers Fees and Costs	118,590.45
Receiver's certificate repaid	260,000.00
Interest paid on Receiver's certificate	4,874.14
Total Disbursements	\$ 621,230.01
Excess of Receipts over Disbursements represented by Cash in Bank	\$ 29,481.49

Receipts:

14. The Receiver received sales proceeds of \$200,000 for the Property.
15. The amounts received for insurance claims relate to payments received for insurance claims from various fires at the Property that occurred pre-receivership of \$180,533.72.

Disbursements:

16. The Receiver paid the following:
 - a. Security costs of \$14,075 to safeguard the Property;
 - b. Insurance on the Property of \$18,198;
 - c. Real estate commissions of \$6,138;
 - d. Property taxes of \$23,200; and
 - e. Operating expenses of \$76,400 for property management fees (\$22,968) utilities costs (\$20,876) and repairs and maintenance (\$32,556) to the Property.

PROFESSIONAL FEES

17. The Receiver's and Pitblado's total fees and disbursements are summarized in the summary of professional fees and disbursements of Pitblado LLP and MNP Ltd. for the period ended July 31, 2024 and estimate to complete (the "**Summary of Professional Fees**"). The Summary of Profession Fees is attached hereto as Appendix "A."
18. The Receiver's fees and disbursements total \$118,590.45 plus GST inclusive of estimated cost to complete of \$6,000 to complete its remaining responsibilities in this administration. The Receiver's time charged to the engagement totals 249.1 hours for the period ended July 31, 2024.
19. Pitblado's fees and disbursements total \$65,926.63 plus GST and RST inclusive of estimated cost to complete of \$5,000. Pitblado's time charged to the engagement totals 135.7 hours for the period ended July 31, 2024.
20. The professional fees of the Receiver and Pitblado have been charged at their standard hourly rates which, in the Receiver's experience, are comparable to the standard rates of other providers of similar services in Manitoba. Subject to redactions for privilege, the Receiver will

make copies of its, and those of Pitblado, accounts available to the Court or any interested person upon request.

LEGAL

21. The Receiver has obtained an independent legal opinion prepared by Pitblado stating that, subject to the usual assumptions and qualifications, the First National Security is a valid and enforceable first ranking charge against the Property.

DISTRIBUTION TO SECURED CREDITOR

22. First National hold the first mortgage on the Property. At the time of the Receiver's Notice and Statement of Receiver issued on March 17, 2023, First National was owed \$2,470,012.69 with interest and costs continuing to accrue.

23. Based on the Receiver's Final SRD, there will be insufficient funds to fully repay that amount.

24. The Receiver is not aware of any claims that would rank in priority to First National and upon completing its remaining duties, seeks the Court's approval to pay the balance in the Receiver's trust account to First National without any further reporting to the Court.

25. The amount the Receiver expects to pay to First National, subject to any additional interest the Receiver may earn while the trust funds are held is expected to be approximately \$29,000.

DISCHARGE OF THE RECEIVER

26. There are certain administrative matters in these receivership proceedings that remain outstanding, which are summarized as follows:

- a. Distributing funds on deposit to the secured creditor, First Nationals;
- b. Preparing the final GST returns;
- c. Preparing and issuing the Receiver's final report pursuant to subsection 246(3) of the BIA; and
- d. Completing any other matters incidental to the wind up of the administration of the receivership proceedings of 5684961 Manitoba Ltd.

27. Upon resolution of the above noted administrative matters, which are not material, the Receiver believes these administrative matters should not prevent this Honourable Court

from granting the Receiver its discharge, the Receiver's administration of the receivership of 5684961 Manitoba Ltd. will be completed.

CONCLUSION

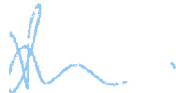
28. Based upon the foregoing, the Receiver respectfully recommends this Honourable Court issue an Order approving the following:

- a. the reported actions of the Receiver and its counsel in administering these receivership proceedings, provided that only the Receiver, in its personal capacity and with respect to its own personal liability, shall be entitled to rely upon or utilize in any way such approvals:
- b. the Final SRD;
- c. the fees and disbursements of the Receiver for the period ended July 31, 2024 and its estimate to complete this administration of \$118,590.45 plus GST;
- d. the fees and disbursements of Pitblado for the period ended July 31, 2024 and its estimate to complete this administration of \$65,926.63 plus GST and RST;
- e. the distribution of funds to First National in accordance with paragraph 25 above; and
- f. the discharge of the Receiver subject to the filing of a Receiver's Certificate.

All of which is respectfully submitted this 28th day of August 2024

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

APPENDIX A

In the Matter of the Receivership of
864191 Manitoba Ltd.
Summary of Professional Fees and Disbursements of Pillado LLP and MNP Ltd. for the Period Ended July 31, 2024 and Estimate to Complete

Invoice date	Invoice No.	Total professional hours	Description	Professional fees	Disbursements	Subtotal	Total taxes (GST and RST)	Total
23-04-14	517837	22.8	Professional fees	9,252.00	98.93	9,349.93	1,113.58	10,463.51
23-05-24	518370	25.4	Professional fees	10,545.00	427.55	10,972.55	1,273.81	12,246.36
23-10-31	525626	6.2	Professional fees	1,533.00	-	1,533.00	183.86	1,716.86
23-12-19	527859	14.7	Professional fees	6,272.50	114.00	6,386.50	754.28	7,140.78
24-04-28	531337	8.2	Professional fees	4,100.00	165.04	4,265.04	500.28	4,765.32
24-01-31	529492	18.7	Professional fees	8,701.00	18.25	8,719.25	1,045.04	9,764.29
23-08-24	522734	6.7	Professional fees	2,814.50	72.74	2,887.24	353.39	3,240.63
23-07-07	521078	10.3	Professional fees	4,480.50	214.37	4,694.87	540.80	5,235.77
24-02-29	530688	22.7	Professional fees	11,350.00	668.25	12,018.25	1,386.59	13,405.94
Subtotal- Pillado LLP		135.70		59,148.50	1,778.13	60,926.63	7,151.83	68,078.46
Estimate to complete				5,000.00	-	5,000.00	585.00	5,585.00
MNP Ltd.				64,148.50	1,778.13	65,926.63	7,736.83	73,663.46
Invoice date	Invoice No.	Description	Professional fees	Disbursements	Subtotal	GST	Total	
23-04-05	10869902	Professional fees for the period of January 12 - March 31, 2023	16,378.65	-	16,378.65	818.83	17,197.58	
23-05-29	11056935	Professional fees for the period of April 1 - 30, 2023	16,865.15	975.00	17,840.15	892.01	18,732.16	
23-06-15	11092675	Professional fees for the period of May 1 - 31, 2023	18,185.35	975.00	19,160.35	860.52	18,070.87	
23-07-04	11127899	Professional fees for the period of June 1 - 30, 2023	15,652.85	7,985.00	23,647.85	1,182.39	24,830.24	
23-08-04	11171842	Professional fees for the period of July 1 - 31, 2023	6,734.10	4,985.00	11,719.10	86.96	1,826.06	
23-09-05	11211988	Professional fees for the period of August 1 - 31, 2023	1,573.65	-	1,573.65	78.68	1,652.33	
23-10-05	11253881	Professional fees for the period of September 1 - 30, 2023	6,074.80	-	6,074.80	303.74	6,378.54	
23-11-02	11269884	Professional fees for the period of October 1 - 31, 2023	3,012.50	-	3,012.50	150.62	3,163.12	
24-02-06	11434083	Professional fees for the period of November 1, 2023 - January 31, 2024	24,077.80	-	24,077.80	1,203.88	25,281.68	
24-06-06	11865651	Professional fees for the period of June 1 - July 31, 2024	1,035.60	-	1,035.60	51.78	1,087.38	
Subtotal - MNP Ltd			109,590.45	3,000.00	112,590.45	5,629.52	118,219.97	
Estimate to complete			6,000.00	-	6,000.00	300.00	6,300.00	
Total			179,738.95	4,778.13	184,517.08	8,929.62	193,446.70	