

File No. CI 19-01-23329

THE QUEEN'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 Queen's  
Bench Act*, C.C.S.M. c. C280

BETWEEN:

ROYAL BANK OF CANADA,

Plaintiff,

- and -

6382330 MANITOBA LTD., PGRP PROPERTIES INC.  
and 6472240 MANITOBA LTD.,

Defendants.

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SALE APPROVAL, VESTING AND DISTRIBUTION ORDER

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THE QUEEN'S BENCH

WINNIPEG CENTRE

THE HONOURABLE ) Wednesday, the 16<sup>th</sup> day of  
MR. JUSTICE EDMOND ) December, 2020  
)

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 Queen's  
Bench Act*, C.C.S.M. c. C280

BETWEEN:

ROYAL BANK OF CANADA,

Plaintiff,

- and -

6382330 MANITOBA LTD., PGRP PROPERTIES INC.  
and 6472240 MANITOBA LTD.,

Defendants.

SALE APPROVAL, VESTING AND DISTRIBUTION ORDER

THIS MOTION, made by Deloitte Restructuring Inc. (the "**Receiver**"), in its capacity as receiver and manager of certain property of the Defendants for, *inter alia*, an Order approving the sale transaction (the "**Transaction**") contemplated by an accepted Offer to Purchase dated September 21, 2020, as amended by amending agreements dated October 8, November 18, November 26 and December 1, 2020 (collectively, the "**Sale Agreement**") between the Receiver, as vendor, and Vida

Living (2019) Inc., as purchaser (the “**Purchaser**”) as referenced in the First Report of the Receiver dated December 10, 2020 (the “**First Report**”), and vesting in the Purchaser all of the right, title and interest of the Defendants to the assets described in the Sale Agreement, namely the land and premises (including, without limitation, buildings and fixtures) located at 620-626 Ellice Avenue, Winnipeg, Manitoba, and certain chattels used in connection with the operation of that property as described in the Sale Agreement (collectively, the “**Ellice Property**”), was heard this day at the Winnipeg Law Courts Building, 408 York Avenue in Winnipeg, Manitoba.

ON READING the First Report, the Confidential Supplement to the First Report of the Receiver dated December 10, 2020 (the “**Confidential Report**”) and the Affidavit of Marlene Starenky sworn September 10, 2019, and on hearing the submissions of counsel for the Receiver, counsel for the Plaintiff, and counsel for 6382330 Manitoba Ltd., 6472240 Manitoba Ltd., Stephen Glen Collins and Paul Owen Arsenault, no one appearing for any other person on the Service List, although properly served as appears from the Affidavit of Service of Ross A. McFadyen affirmed December 13, 2020;

1. THIS COURT ORDERS that time for service of the Notice of Motion and the supporting materials is hereby abridged and validated so that this motion is properly returnable today and hereby dispenses with further service thereof.

2. THIS COURT ORDERS AND DECLARES that the Transaction is hereby approved, and the completion of the Sale Agreement by the Receiver is hereby authorized and approved, with such minor amendments as the Receiver may deem necessary. The Receiver is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Ellice Property to the Purchaser.

3. THIS COURT ORDERS AND DECLARES that, except as otherwise set out herein, upon the delivery of a Receiver's Certificate to the Purchaser substantially in the form attached as Schedule "A" hereto (the "**Receiver's Certificate - Sale**"), all of the Defendants' right, title and interest in and to the Ellice Property as described in the Sale Agreement shall vest absolutely in the Purchaser, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise) hypothecations, mortgages, assignments, deposit arrangements, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, rights of others, including without limitation, rights of first refusal or purchase options, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "**Claims**"), including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Order of The Honourable Mr. Justice Edmond in this proceeding dated September 26, 2019 (the "**Receivership Order**");

and (ii) all charges, security interests or claims evidenced by registrations pursuant to *The Personal Property Security Act* (Manitoba) or any other personal property registry system; and those Claims listed on Schedule "B" hereto (all of which Claims and the charges and encumbrances referenced in subparagraphs (i), (ii) and (iii) are collectively referred to herein as the "**Encumbrances**", which term shall not include the permitted encumbrances and easements listed on Schedule "C" hereto (the "**Permitted Encumbrances**")) and, for greater certainty, this Court orders that, upon the delivery of the Receiver's Certificate – Sale, all of the Claims and Encumbrances affecting or relating to the Ellice Property are hereby expunged and discharged as against the Ellice Property.

4. THIS COURT ORDERS THAT upon delivery of the Receiver's Certificate – Sale to the Purchaser, the District Registrar of the Winnipeg Land Titles Office in the Province of Manitoba shall immediately cancel Certificate of Title Nos. 2607169/1 and 2607170/1 now standing in the name of the Defendant 6382330 Manitoba Ltd. and shall immediately thereafter issue new Certificates of Title in respect of the same lands in the name of the Purchaser, free and clear from any and all Claim and Encumbrances, except those Permitted Encumbrances identified in Schedule "C" hereto, notwithstanding that the time for appeal of this Order has not expired and notwithstanding that all interested parties may not have consented to the making of this Order.

5. THIS COURT ORDERS that, for the purposes of determining the nature and priority of Claims and Encumbrances, the net proceeds from the sale of the Ellice Property (the "**Net Proceeds**") shall stand in the place and stead of the Ellice Property, and that from and after the delivery of the Receiver's Certificate - Sale, all Claims and Encumbrances shall attach to the Net Proceeds from the sale of the Ellice Property with the same priority as they had with respect to the Ellice Property immediately prior to the sale, as if the Ellice Property had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

6. THIS COURT ORDERS AND DIRECTS the Receiver to file with the Court a copy of the Receiver's Certificate - Sale, forthwith after delivery thereof to the Purchaser.

7. THIS COURT ORDERS that, notwithstanding:

- (a) the pendency of these proceedings;
- (b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act (Canada)* in respect of any of the Defendants, and any bankruptcy order issued pursuant to any such applications; and

- (c) any assignment in bankruptcy made in respect of any of the Defendants;

the vesting of the Ellice Property in the Purchaser pursuant to this Order shall be binding on any licensed insolvency trustee of the bankruptcy estate that may be appointed in respect of any of the Defendants and shall not be void or voidable by creditors of the Defendants, nor shall it constitute nor be deemed a settlement, fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada), or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

8. THIS COURT ORDERS that upon delivery of the Receiver's Certificate - Sale, all of the rights and obligations of Defendants under the lease agreements relating to the Ellice Property with: (i) Coinamatic Canada Inc.; (ii) Richard Doering operating as "Pawn Traders"; and (iii) residential tenants (collectively, the "**Lease Agreements**") shall be assigned to and assumed by the Purchaser.

9. THIS COURT ORDERS that the assumption by the Purchaser of the rights and obligations of the Defendants under the Lease Agreements and the assignment of the Lease Agreements to the Purchaser by this Order are valid and binding upon the Purchaser notwithstanding any restriction or prohibition contained in

the said Lease Agreements relating to the assignment thereof, including any provisions requiring the consent of any party to the assignment.

10. THIS COURT ORDERS that upon delivery of the Receiver's Certificate - Sale, the Defendants' right, title and interest in the Lease Agreements shall vest absolutely in the Purchaser free and clear of all Claims and Encumbrances. The Purchaser shall pay any amount owing by any of the Defendants under the Lease Agreements and shall perform all obligations arising under the Lease Agreements from and after closing of the Transaction.

11. THIS COURT ORDERS that following the closing of the Transaction, subject to the repayment of the Receiver's Borrowing Facility and the retention of a residual holdback on account of the estimated fees and disbursements of the Receiver and its legal counsel, the Receiver is hereby authorized and directed to make a distribution of funds to creditors of the Defendants in accordance with the scheme of distribution as set out at paragraph 33 of the First Report, as follows:

- (a) to the City of Winnipeg in the required amount on account of the Property Tax Claim (as defined at paragraph 32(c) of the First Report);  
and
- (b) after making the payments described above, the Receiver shall pay the remainder of the Net Proceeds to the Plaintiff on account of the



additional amounts owing by the Defendants to the Plaintiff, which amounts were secured by the Plaintiff's security as against the Ellice Property.

12. THIS COURT APPROVES all activities, actions, and proposed courses of action of the Receiver to date in relation to the discharge of its duties and mandate as Receiver of the Ellice Property, as such actions of the Receiver are more particularly described in the First Report and the Confidential Report, as well as the Receiver's Statement of Receipts and Disbursements contained in the First Report.

13. THIS COURT APPROVES the professional fees and disbursements of the Receiver and its legal counsel, as set out in the First Report, without the necessity of a formal passing of accounts.

14. THIS COURT ORDERS that the Confidential Report shall be treated as confidential and sealed and shall neither form part of the public record nor be disclosed to any party to this proceeding or otherwise, except:

- (a) by further Order of this Court, following notice to the Receiver of any motion seeking such an Order; or
- (b) upon the date on which the Receiver files with the Court the Receiver's Certificate – Sale, certifying that all transactions relating to the assets

dealt with in the Confidential Report have closed to the satisfaction of the Receiver;

whichever shall first occur, whereupon the Confidential Report shall form part of the public record and shall no longer be sealed.

15. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States of America to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

December , 2020

J.G.

Edmond, J

Digitally signed by J.G.  
Edmond, J  
Date: 2020.12.16  
14:18:55 -06'00'

I, ROSS A. MCFADYEN OF THE FIRM OF THOMPSON DORFMAN SWEATMAN LLP HEREBY CERTIFY THAT I HAVE RECEIVED THE CONSENTS AS TO FORM OF THE FOLLOWING PARTIES: THE PLAINTFF AND 6382330 MANITOBA LTD., 6472240 MANITOBA LTD., STEPHEN GLEN COLLINS AND PAUL OWEN ARSENAULT, AS DIRECTED BY THE HONOURABLE MR. JUSTICE EDMOND.

**SCHEDULE "A"**

FORM OF RECEIVER'S CERTIFICATE - SALE

THE QUEEN'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 Queen's Bench Act*, C.C.S.M. c. C280

BETWEEN:

ROYAL BANK OF CANADA,

Plaintiff,

- and -

6382330 MANITOBA LTD., PGRP PROPERTIES INC.  
and 6472240 MANITOBA LTD.,

Defendants.

RECEIVER'S CERTIFICATE - SALE

RECITALS

A. Pursuant to the Order of the Honourable Mr. Justice Edmond of the Manitoba Court of Queen's Bench (the "**Court**") dated September 26, 2019, Deloitte Restructuring Inc. was appointed as the receiver and manager (the "**Receiver**") of certain undertaking, property and assets of the Defendants.

B. Pursuant to an Order of the Court dated December 16, 2020, the Court approved the acceptance of the Offer to Purchase dated September 21, 2019, as amended by amending agreements dated October 8, November 18, November 26 and December 1, 2020 (collectively, the "**Sale Agreement**") between the Receiver, as vendor, and Vida Living (2019) Inc., as purchaser (the "**Purchaser**"), as described in the First Report of the Receiver dated December 10, 2020, and provided for the

vesting in the Purchaser of the right, title and interest of the Defendants in and to the assets described in the Sale Agreement, namely the land and premises (including buildings and fixtures) located at 620-626 Ellice Avenue, Winnipeg, Manitoba, and certain chattels used in connection with the operation of that property as described in the Sale Agreement (collectively, the “**Ellice Property**”), which vesting is to be effective with respect to the Ellice Property upon the delivery by the Receiver to the Purchaser of a certificate confirming: (i) the payment by the Purchaser of the Purchase Price for the Ellice Property; (ii) that the conditions to closing as set out in the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; and (iii) the Transaction has been completed to the satisfaction of the Receiver.

C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Sale Agreement.

THE RECEIVER CERTIFIES the following:

1. The Purchaser has paid and the Receiver has received the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the Sale Agreement;
2. The conditions to closing as set out in the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; and
3. The Transaction has been completed to the satisfaction of the Receiver.
4. This Certificate was delivered by the Receiver at the City of Winnipeg, in Manitoba on the \_\_\_\_\_ day of \_\_\_\_\_, 2020.

Deloitte Restructuring Inc., in its capacity as Receiver of the undertaking, property and assets of the Defendants, and not in its personal capacity

per: \_\_\_\_\_  
Name:  
Title:

**SCHEDULE "B"**

**REAL PROPERTY TO BE VESTED – ENCUMBRANCES TO BE EXPUNGED**

Title No. 2607169/1

SP LOTS 23, 24, 25 AND 26 PLAN 33483 WLTO  
IN RL 71 AND 72 PARISH OF ST JAMES

*Encumbrances to be Expunged From Title No. 2607169/1:*

Mortgage No. 4615316/1 from 6382330 Manitoba Ltd. to Royal Bank of Canada

Personal Property Security Notice 4615317/1 from Royal Bank of Canada

Caveat No. 4615318/1 from Royal Bank of Canada

Mortgage No. 4990183/1 from 6382330 Manitoba Ltd. to Advantage Mortgage Centre Inc.

Caveat No. 4995180/1 from Advantage Mortgage Centre Inc.

Personal Property Security Notice 4995181/1 from Advantage Mortgage Centre Inc.

Title No. 2607170/1

SP LOT 22 PLAN 33483 WLTO  
IN RL 71 AND 72 PARISH OF ST JAMES

*Encumbrances to be Expunged From Title No. 2607170/1:*

Mortgage No. 4615316/1 from 6382330 Manitoba Ltd. to Royal Bank of Canada

Personal Property Security Notice 4615317/1 from Royal Bank of Canada

Caveat No. 4615318/1 from Royal Bank of Canada

Mortgage No. 4990183/1 from 6382330 Manitoba Ltd. to Advantage Mortgage Centre Inc.

Caveat No. 4990184/1 from Advantage Mortgage Centre Inc.

Personal Property Security Notice 4990185/1 from Advantage Mortgage Centre Inc.

**SCHEDULE "C"**

**PERMITTED ENCUMBRANCES**

Title No. 2607169/1

Caveat No. 4282773/1 in favour of Coinamatic Canada Inc.

Notice No. 4621849/1 in favour of the Director of Residential Tenancies, Province of Manitoba

Title No. 2607170/1

Caveat No. 4282773/1 in favour of Coinamatic Canada Inc.