

**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.

**THIRD REPORT OF DELOITTE RESTRUCTURING INC.,
IN ITS CAPACITY AS COURT APPOINTED RECEIVER OF 6382330 MANITOBA
LTD., PGRP PROPERTIES LTD., AND 6472240 MANITOBA LTD.**

March 25, 2021

RECEIVER

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TABLE OF CONTENTS

INTRODUCTION	1
TERMS OF REFERENCE	1
RECEIVER’S INTERACTIONS WITH THE PRINCIPALS OF THE COMPANIES	2
INVOLVEMENT OF ARMOUR PROPERTY MANAGEMENT	8
PROPERTY APPRAISALS	14
CONCURRENT LITIGATION PROCEEDINGS	14
CONCLUSION.....	15

APPENDICES

Appendix A – October 1, 2019 E-mail Correspondence	
Appendix B – Property Management Proposal	
Appendix C – October 2, 2019 E-mail Correspondence (Informal Offer)	
Appendix D – REMAX Listing Agreement	
Appendix E – October 9, 2019 E-mail Correspondence (Solicitation Package)	
Appendix F – October 10, 2019 REMAX E-mail Correspondence (Property Value)	
Appendix G – October 11, 2019 Receiver E-mail Correspondence (Form of Offer)	
Appendix H – November 18, 2019 Listing Agreement with Cushman Wakefield	
Appendix I – November 13, 2019 E-mail Correspondence (Armour Conflict)	
Appendix J – March 10, 2020 E-mail Correspondence from Cushman Wakefield	
Appendix K – July 21, 2020 E-mail Correspondence from the Caretaker	
Appendix L – July 21, 2020 E-mail Correspondence with Armour	
Appendix M – 2016 to 2020 Monthly Income Statements	
Appendix N – Loan Agreement	
Appendix O – May 1, 2015 Lease Agreement (Pawn Traders)	
Appendix P – October 1, 2019 Rent Roll	
Appendix Q – December 18, 2020 E-mail Correspondence from TDS	
Appendix R – August 20, 2020 Royal Bank of Canada Statement of Claim	
Appendix S – October 19, 2020 Statement of Defence (Glen Stephen Collins, Paul Owen Arsenault, 6382330 Manitoba Ltd., and 6472240 Manitoba Ltd.)	
Appendix T – October 23, 2020 Statement of Defence (Patrick Penner and PGRP Properties Inc.)	

INTRODUCTION

1. On September 19, 2019, Royal Bank of Canada (“**RBC**” or the “**Plaintiff**”) made a motion to the Court of Queen’s Bench for Manitoba (the “**Court**”) seeking an order pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985 c. B-3, as amended (the “**BIA**”) and s. 55 of *The Court of Queen’s Bench Act*, C.C.S.M. c. C280, to appoint Deloitte Restructuring Inc. (“**Deloitte**”) as receiver (the “**Receiver**”), without security, of all the present and after acquired assets, undertakings, and properties of 6382330 Manitoba Ltd. (“**638**”), PGRP Properties Inc. (“**PGRP**”), and 6472240 Manitoba Ltd. (“**647**”) (collectively the “**Companies**”) acquired for or used in connection with the business carried on at the real property located at or about 620-626 Ellice Avenue, Winnipeg, Manitoba (the “**Property**”). On September 26, 2019 (the “**Date of Receivership**”), the Honourable Justice J. G. Edmond granted an order (the “**Receivership Order**”) appointing Deloitte as Receiver in respect of the Property. A copy of the Receivership Order and other information regarding the receivership proceedings can be accessed on the Receiver’s website at www.insolvencies.deloitte.ca/en-ca/PGRP (the “**Receiver’s Website**”).
2. This report constitutes the third report of the Receiver (the “**Third Report**”). The Third Report is being filed in response to the notice of motion filed by 638 and 647 on February 22, 2021, and the notice of motion filed by PGRP on March 9, 2021, seeking, *inter alia*, an Order for leave to file a statement of claim against the Receiver, which motion is scheduled to be heard by this Honourable Court on March 30, 2021.

TERMS OF REFERENCE

3. In preparing this Third Report, the Receiver has relied upon unaudited financial information, the books and records of the Companies, and discussions with former management of the Companies, interested parties, and the stakeholders of the Companies.
4. The financial information of the Companies has not been audited, reviewed or otherwise verified by the Receiver as to its accuracy or completeness, nor has it necessarily been

prepared in accordance with generally accepted accounting principles and the reader is cautioned that this Third Report may not disclose all significant matters about the Companies. 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 financial statements in accordance with generally accepted auditing 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 this Third Report.

5. Unless otherwise stated, all monetary amounts contained in this Third Report are expressed in Canadian dollars.
6. Capitalized terms used in this Third Report but not defined herein are as defined in the first report of the Receiver dated December 10, 2020 (the "**First Report**"), the second report of the Receiver dated February 12, 2021 (the "**Second Report**"), the supplement to the Second Report dated February 16, 2021 (the "**Supplemental Report**"), and the Receivership Order.

RECEIVER'S INTERACTIONS WITH THE PRINCIPALS OF THE COMPANIES

7. As detailed in the First Report, on the Date of Receivership the Receiver attended at the Property with Glen Collins ("**Mr. Collins**") and Paul Arsenault ("**Mr. Arsenault**") (collectively "**Management**" or the "**Principals**"). Although Management initially expressed significant interest in remaining involved with the Property (as further detailed below), and the Receiver solicited input from Management on a number of occasions as the receivership proceedings progressed, commencing in early 2020, Management's involvement and apparent interest in the Property declined.
8. During the days immediately following the Date of Receivership, the Principals were actively involved in assisting with coordinating ongoing repairs to the Property and

ensuring that the existing caretakers (previously engaged by the ownership group consisting of Patrick Penner, Mr. Collins, and Mr. Arsenault (collectively the “**Owners**”)) remained engaged, despite the Receivership proceedings. Attached hereto as Appendix A is certain correspondence between the Receiver and Management for the period September 27, 2019 to October 1, 2019. As set out therein, Mr. Collins even advised that Mr. Arsenault would continue to assist with the Property for no compensation, as Mr. Arsenault was a “part owner”.

9. On October 2, 2019, an in-person meeting was arranged by the Receiver with Mr. Collins and Mark Thiessen (“**Mr. Thiessen**”) of RE/MAX Professionals (“**Remax**”), the Owners’ listing agent for the Property. That same day, the following communications occurred:

(a) Mr. Collins provided the Receiver with a proposal to manage the property (the “**Property Management Proposal**”), attached hereto as Appendix B. The Property Management Proposal detailed two (2) alternatives:

- i) Proposal A – Keep Armour Property Management (“**Armour**”) involved as property manager, the Owners would continue to assist with the Property at no charge, and the day-to-day activities in running the Property would be handled by Armour augmented by the Owners.
- ii) Proposal B – Replace Armour as property manager, the day-to-day activities in running the Property would be handled by 123 Contracting (an entity believed to be affiliated with the Owners) augmented by the Owners, and 123 Contracting would charge the Property 4% of the collected rents (instead of Armour’s 5% of the total rent roll).

In considering the Property Management Proposal, the Receiver was mindful of the fact that Armour was already familiar with the Property, given that Armour had been retained by the Owners and had acted as manager for the Property since June 2015. In considering Proposal B, the Receiver was uncertain of the infrastructure and capabilities that 123 Contracting had in place to manage the

Property, and of the affiliation of 123 Contracting with the Owners. As such, the Receiver determined that it was appropriate to continue with Armour as property manager, as augmented with the involvement of the Owners.

- (b) After verbally expressing the Owners' interest in acquiring the Property to the Receiver, Mr. Collins provided the Receiver with e-mail correspondence, attached hereto as Appendix C, highlighting the urgency for the Owners to move as quickly as possible to provide the Receiver with a \$2.8 million offer on the Property. No offer was ever submitted to the Receiver by the Owners during the receivership proceedings.
 - (c) There was a discussion with Mr. Collins and Mr. Thiessen relating to the Remax listing agreement (the "**Remax Listing Agreement**"), attached hereto as Appendix D, which had been entered into by 638 on June 5, 2019 for a six (6) month period ending December 4, 2019, for a list price of \$3.65 million. Mr. Thiessen advised that no formal offers had been received, and expressed the opinion that this was because the market value of the Property was too far below the list price of \$3.65 million, and that a listing price of \$3.2 million may be more appropriate, in anticipation that a sale may transact around \$2.8 million to \$2.9 million.
 - (d) Prior to the meeting with Mr. Thiessen, Mr. Collins had expressed concerns with the involvement of Remax, as limited interest had been expressed in the Property since the Remax Listing Agreement had been executed.
10. As detailed in the First Report and the confidential supplement to the First Report dated December 10, 2020 (the "**Confidential Report**"), based on independent discussions with Remax and Management, and with the consent of RBC and the support of Management, the Receiver determined that a solicitation process (the "**Solicitation Process**") was appropriate to solicit competing proposals from realtors to market and sell the Property. On October 9, 2019, the final invitation for proposal document was reviewed and approved by the Owners by e-mail, attached hereto as Appendix E.

11. Further, on October 10, 2019, despite the extant Remax Listing Agreement for \$3.65 million, Mr. Thiessen advised the Receiver by e-mail, attached hereto as Appendix F, that *“the mere hint that there will be a price reduction, or the fact people know it went into receivership has interested people. I don’t think there is any way it could sell for \$3M, but close as previously discussed”*. Mr. Thiessen further advised that he intended to participate in the Solicitation Process to list the Property.
12. During the month of October 2019, the Receiver had various conversations and informal meetings with Mr. Collins, given the Owners’ continued interest in acquiring the Property. On or about October 11, 2019, Mr. Collins suggested a potential offer (to be provided by the Owners) to the Receiver of \$2.35 million (which was a reduction from the October 2, 2019 suggested offer of \$2.8 million, primarily as a result of the receivership proceedings according to Mr. Collins), and requested that the Receiver provide a form of offer document for the Owners’ submission (which the Receiver provided that same day, attached hereto as Appendix G). Further, on or about October 28, 2019, Mr. Collins suggested a potential offer to the Receiver of \$2.3 million, but commented that the Owners were encountering challenges with obtaining financing, and inquired of the Receiver as to whether RBC may have an interest in continuing its involvement with the Property.
13. As a result of the Receiver’s Solicitation Process, on or about November 18, 2019, the Receiver entered into a listing agreement (the **“Cushman Listing Agreement”**) with Cushman Wakefield | Stevenson (**“Cushman”**), attached hereto as Appendix H. The Cushman Listing Agreement was discussed with Mr. Collins prior to its execution, and Mr. Collins expressed the Owners’ concern with Cushman being awarded a 2.85% commission in the event that the Owners purchased the Property. As such, paragraph 9(ii) was added to the Cushman Listing Agreement, which states the following:

Cushman will reduce the commission rate applicable to 1.425% of the total sale price or 1.425% of the exchange value of the Premises if the successful Purchaser is one of the Directors or Officers of 6383220 Manitoba Ltd., namely Glen Stephens Collins, Patrick Penner, or Paul Arsenault, or any entity

controlled either directly or indirectly by one or more of the said individuals, in the event that the successful Offer to Purchase from one or more of these individuals or entities is accepted within the first 30 days following the execution of the Listing Agreement.

As previously noted, at no time during the receivership proceedings was a formal offer ever presented to the Receiver (or Cushman) by the Owners, or any entities either directly or indirectly controlled by the Owners.

14. In or about early November 2019, the Receiver became aware of ongoing friction between the Owners, the caretakers, and Armour. On November 13, 2019, Mr. Collins provided the Receiver with e-mail correspondence, attached hereto as Appendix I, stating that *“With this ongoing feud between the caretakers and Armour this is impacting the operation of the building and of course would negatively impact the selling price. One option is for someone else at Armour to interface with the caretakers instead of Deb”*.
15. In an attempt to facilitate a working relationship with all parties, on or about November 14, 2019, the Receiver participated in a meeting with Armour, one (1) of the caretakers (i.e. who authored the e-mail provided by Mr. Collins in Appendix I), and Mr. Collins at Armour’s head office. At this meeting, all parties resolved to work together to continue efforts to maintain and improve the operations of the Property.
16. By early March 2020, as the relationship between the caretakers and Armour had continued to deteriorate, the Receiver reached out to Cushman to determine if they were aware of any alternate property manager that may have an interest in replacing Armour. On March 10, 2020, Cushman provided e-mail correspondence, attached hereto as Appendix J, summarizing commentary received from their recommended property manager, Sunrex Group of Companies (“**Sunrex**”), which correspondence detailed the following:
 - (a) Sunrex believed that taking this Property on would have a negative impact on its business overall;

- (b) Sunrex was specifically afraid of exposing staff to the risks related to the Property, and especially exposing office staff to drop-ins from Property tenants;
 - (c) Sunrex felt that if they were to take on the re-tenanting and repair challenge, given the potentially short timeframe of the assignment, the price quote would be very high relative to what the Receiver was paying at present; and
 - (d) Sunrex would prefer to take the building on vacant and from scratch to start fresh.
17. Cushman further advised the Receiver that it approached its related property management group, Stevenson Property Management (“**Stevenson**”), and Upper Edge Property Management (“**Upper Edge**”), to determine if either party had an interest in assisting with the Property. Both Stevenson and Upper Edge declined the opportunity citing the short-term type of assignment and concerns with the nature of the Property (i.e. location and tenant mix).
18. Given the commentary from Cushman, the lack of interest from Sunrex, Stevenson, and Upper Edge, and the status of the Property, the Receiver made the determination to continue with Armour as property manager (as no apparent alternative was available), along with continuing to leverage the existing caretakers (and the involvement of the Owners, if they were so inclined to participate).
19. On or about June 3, 2020, Mr. Collins again approached the Receiver with the idea of acquiring the Property by reassuming the RBC debt (but suggested at a level of approximately \$2.2 million), having the Receiver discharged, and resuming management of the Property. However, no written proposal was ever provided by the Owners to the Receiver or RBC for consideration.
20. By early July 2020, the state of the Property had deteriorated as result of various break-ins and gang activities, and the working relationship between the caretakers and the Receiver / Armour had become unmanageable. The caretakers advised the Receiver that they intended to vacate the Property, although their intended date of departure changed multiple times. At one point, the caretakers suggested an immediate departure, which

would have resulted in the Property being left without a resident caretaker.

21. Despite the breakdown in working relationship with the caretakers, on July 21, 2020, one of the caretakers contacted the Receiver by e-mail, attached hereto as Appendix K, enquiring whether the Receiver still wanted his involvement with the repairs at the Property. The Receiver corresponded with Armour by e-mail that same day, attached hereto as Appendix L, and given Armour’s belief that the caretakers were contributing to the illicit activities at the Property (further discussed below), Armour was of the view that no additional value would accrue to the Property by retaining the caretaker. As such, on or about July 23, 2020, Armour became much more involved with the “hands-on” daily management of the Property.

INVOLVEMENT OF ARMOUR PROPERTY MANAGEMENT

22. As detailed above, Armour had been retained by the Owners and had been involved with the Property since June 2015. Attached hereto as Appendix M, and summarized in the table below, are the monthly income statements for the Property for the period January 1, 2016 to December 31, 2020, as prepared by Armour.

ARMOUR PROPERTY MANAGEMENT					
INCOME STATEMENTS					
For the Years Ended December 31					
Revenue	2016	2017	2018	2019	2020
Residential Rent	\$ 328,782	\$ 312,764	\$ 345,457	\$ 290,829	\$ 252,030
Residential Vacancy	(13,220)	(764)	(46,092)	(12,762)	-
Other	1,166	6,003	19,483	13,006	13,813
Total Revenue	316,728	318,003	318,848	291,073	265,843
Expenses					
Operating expenses	112,589	108,469	159,125	107,266	54,753
Bad Debts	-	21,379	55,503	27,620	46,939
Property taxes	40,187	10,308	6,872	20,312	-
Mortgage Payments	205,636	203,090	50,772	7,500	-
Total Expenses	358,412	343,246	272,272	162,698	101,692
Net (Loss) Income	\$ (41,684)	\$ (25,242)	\$ 46,576	\$ 128,375	\$ 164,151

23. As evidenced above, prior to the Date of Receivership, the revenues generated by the Property (approximately \$318,000 annually) were insufficient to satisfy the annual mortgage, property tax, and operating expense obligations. Although 2018 and 2019 appear to reflect a positive net income, this was primarily due to a significant reduction in mortgage payments being made by Management. It is important to note that the operating expenses of the Property in 2020, as reported by Armour above, are not

representative of the actual operating costs, as certain expenses were paid directly by the receivership estate.

24. Although total revenues generated by the Property declined in 2019 (by approximately \$28,000) and again in 2020 (by a further \$25,000) (as compared to 2018), the reduction can be attributed to the following (each of which is further detailed below):
- (a) Eighteen (18) months of free rent provided to the sole commercial tenant in 2019 and 2020;
 - (b) Impact of the Covid-19 pandemic on monthly rent collections;
 - (c) Increased vacancies; and
 - (d) The successful purchaser indicating that a vacant building was more attractive.

Rent-Free Period

25. On May 17, 2018, Management entered into a loan agreement (the “**Loan Agreement**”), attached hereto as Appendix N, with the commercial tenant, Ric Doering (“**Mr. Doering**”) (o/a Pawn Traders), whereby Mr. Doering agreed to provide Management with a \$25,000 loan to be repaid in full on September 3, 2018 (the “**Repayment Date**”). If the loan was not repaid on or before the Repayment Date, Pawn Traders would receive eighteen (18) months of free rent for the commercial space commencing January 1, 2019 and ending on July 1, 2020, at a rate of \$2,100 (plus GST) per month (as per the May 1, 2015 lease agreement, attached hereto as Appendix O). As Management failed to retire the loan by the Repayment Date, total uncollected rental revenue in 2019 was \$25,200 (excluding GST), and in 2020 was \$12,684 (excluding GST), as a result of the rent-free period triggered by the Loan Agreement.

Impact of Covid-19

26. As a result of the Covid-19 pandemic, on March 24, 2020, Bill 58 was passed by the Manitoba Legislature, amending *The Residential Tenancies Act* (the “**RTA**”). One (1) of the amendments to the RTA prohibited landlords from issuing a notice of termination,

other than for impairment of safety or unlawful activities that pose an immediate health and safety risk, between April 1, 2020 and September 30, 2020 (the “**RTA Amendment**”).

27. Even prior to the RTA Amendment, as several of the tenants’ primary source of income was from Employment Income Assistance (“**EIA**”), collecting rent on a monthly basis was challenging. However, prior to the RTA Amendment, Armour was able to apply to the Residential Tenancies Branch (the “**RTB**”) for a hearing to have a non-paying tenant evicted. With the RTA Amendment, this recourse was no longer available to the Receiver (and Armour), and accordingly, monthly rent became even more difficult to collect from certain tenants.

Increased Vacancies

28. As at October 1, 2019, based on the Property rent roll prepared by Armour, attached hereto as Appendix P, thirty-two (32) of the available thirty (39) units in the Property were occupied, and the monthly rent roll approximated \$24,700. During the period October 2019 to November 2020 (the “**Receivership Period**”), the vacancies ranged from a low of three (3) (8%) in March 2020 to a high of twenty-six (26) (67%) in November 2020. The table below summarizes the monthly vacancy for the Receivership Period.

**ARMOUR PROPERTY MANAGEMENT
RENT ROLL SUMMARY**
For the Period September 30, 2019 to November 30, 2020

	Occupancy	Vacancy	Vacancy %
Sep-19	32	7	18%
Oct-19	32	7	18%
Nov-19	29	10	26%
Dec-19	25	14	36%
Jan-20	26	13	33%
Feb-20	32	7	18%
Mar-20	36	3	8%
Apr-20	34	5	13%
May-20	34	5	13%
Jun-20	33	6	15%
Jul-20	28	11	28%
Aug-20	24	15	38%
Sep-20	21	18	46%
Oct-20	21	18	46%
Nov-20	13	26	67%

29. The occupancy at the Property varied considerably during the Receivership Period, and

can be segregated into three (3) noteworthy periods, all while Armour was involved as property manager:

- (a) September 2019 to January 2020, where Management continued to be involved with the day-to-day activities and repairs at the Property, and was working closely with the caretakers;
 - (b) February 2020 to July 2020, where Management had limited involvement with the Property and the Receiver was much more involved with the day-to-day activities with the caretakers and with Armour; and
 - (c) August 2020 to November 2020, subsequent to the caretakers departing the Property and Armour assuming the day-to-day management of the Property.
30. Prior to the departure of the caretakers in July 2020, it had become apparent to the caretakers, Armour, and the Receiver that various illicit activities were ongoing at the Property and were being aided by certain tenants. Armour further advised the Receiver that it was their belief that the former caretakers were helping to facilitate certain of the illicit activities. Accordingly, with the assistance of the City of Winnipeg Police Tactical Gang Unit (the “**Police**”), various problematic tenants were vacated from the Property, resulting in the increased vacancies commencing in August/September 2020.

Purchaser’s Interest in a Vacant Asset

31. As detailed in the First Report and the Confidential Report, on September 21, 2020, with the consent of RBC, the Receiver entered into an offer to purchase (the “**VLI Offer**”) with Vida Living (2019) Inc. (“**VLI**”).
32. Prior to the execution of the VLI Offer, on September 11, 2020, Cushman advised the Receiver that VLI’s intention was to “fully vacate” the Property following its acquisition. More specifically, Cushman advised the Receiver as follows:

“We spoke to Ross Ransby today following his tour and his conversations with Vida Living and further analysis. Feedback following the showing and review of latest rent roll was not positive in that we did not affirm or improve their impressions of the asset.

That said, they have stated that they remain committed to pursuing the asset on the basis of the fact that the issues they see are primarily “people” issues, not “building” issues. Their intention is to fully vacate the asset following acquisition and repair and renovate to fit their affordable housing model.

They have revised their offer to \$2.2M, with a \$100k initial deposit and 60 days due diligence. Primarily citing additional repair/renovation cost and desire to vacate the asset to start fresh.”

Further, Armour advised the Receiver that on October 20, 2020, VLI contacted Armour as part of its due diligence respecting the Property. Armour advised the Receiver that during the call, VLI requested that no additional tenants be placed in the Property, if at all possible. When Armour raised VLI’s request with the Receiver, the Receiver confirmed with Armour that such a request would only be considered once the VLI Offer became unconditional (which occurred on December 4, 2020).

33. On December 18, 2020, the Receiver’s legal counsel, Thomson Dorfman Sweatman LLP (“TDS”), received e-mail correspondence from VLI’s legal counsel, McInnes Cooper LLP, seeking a purchase price reduction (between \$92,750 and \$136,200), asserting same as a result of vacancies as well as alleged significant damage to the base building and units following the date of the binding VLI Offer. TDS responded via e-mail, attached hereto as Appendix Q, clearly disagreeing with the concerns over the degradation of the Property, and raising that the issue of vacancies runs completely contrary to the position previously expressed on behalf of VLI to the effect that it would prefer the Property as vacant as possible. Furthermore, as detailed in the Statement of Receipts and Disbursements attached as Appendix E to the Second Report, a nominal price adjustment of \$10,000 was agreed upon by the Receiver (with the consent of RBC) and VLI. From the Receiver’s perspective, the nominal adjustment was evidence of the lack of merit in VLI’s claims for a material price reduction.
34. As a result of VLI’s explicit interest in acquiring a vacant building, Armour did not aggressively attempt to address the growing vacancies in the October 2020 to December 2020 period.

Armour's Activities

35. Given the transient nature of the Property's tenants, since the Date of Receivership, Armour provided administration for the placement of thirty-one (31) tenants into the Property, twenty-five (25) of which were sourced and recommend by the caretakers. Accordingly, 81% of the tenants placed in the Property since the Date of Receivership were identified by the caretakers.
36. As noted above, commencing on or about July 23, 2020 (with the departure of the caretakers) until the sale closing on December 18, 2020, Armour became much more involved with the daily onsite management of the Property, which included, but was not limited to, the following:
- (a) Working closely to ensure a heavy Police presence to evict problematic tenants, remove squatters, and address various break-ins, gang activity, and illicit drug trafficking occurring inside and around the Property;
 - (b) Repairing damage to the common areas, security cameras, mailboxes, and suites resulting from the illicit activities and break-ins;
 - (c) Collecting ongoing rents;
 - (d) Assisting Cushman with on-site tours (in person and video) of the Property with prospective purchasers;
 - (e) Liaising with the RTB to resolve seven (7) open compliance matters to enable closing of the Property sale transaction; and
 - (f) Working with the Receiver to provide financial reporting for the Property.
37. Given the state of the building, tenant mix, and illicit activities occurring at the time of the caretakers' departure in late July 2020, it is the Receiver's view that Armour's involvement with the Property was instrumental in stabilizing the building, enabling the closing of the sale to VLI.

PROPERTY APPRAISALS

38. Based on two (2) independent appraisals of the Property prepared in June 2015 and November 2019, there was an approximate \$1.51 million reduction in value as detailed below:
- (a) On June 10, 2015, Hoffer Wilkinson & Associates Ltd. Real Estate Appraisers and Consultants appraised the Property at \$4.8 million, which appraisal is attached as Exhibit “A” to the Affidavit of Stephen Glen Collins affirmed February 22, 2021; and
 - (b) On November 8, 2019, Red River Group Real Property Solutions appraised the Property at \$3.29 million, which appraisal is attached as Exhibit “A” to the Confidential Report.
39. Further, as previously noted above, Mr. Thiessen of Remax advised the Receiver on October 10, 2019, that he believed the Property would likely sell for a price below \$3.0 million at that time.
40. Based on the Receiver’s experience to-date and its discussions with Cushman, the significant economic impacts resulting from the Covid-19 pandemic have further depressed real estate pricing as market uncertainty has resulted in a decline in the availability of credit, and investors were more inclined to hold onto capital, waiting for the appropriate opportunity to acquire assets at reduced prices.

CONCURRENT LITIGATION PROCEEDINGS

41. The Receiver further brings to the attention of the Court that the Owners have all been named as defendants in actions commenced by RBC (the “**RBC Claim**”), attached hereto as Appendix R, based on their status as guarantors of the mortgage loan made by RBC to 638 in relation to the Property. The Owners have all defended the RBC Claim (collectively the “**Statements of Defence**”), attached hereto as Appendix S (Mr. Collins, Mr. Arsenault, 638, and 647) and Appendix T (Mr. Penner and PGRP), and the allegations made by the Owners in the Statements of Defence appear to be tied to the

concerns raised about Armour and the Receiver in the receivership proceedings.

CONCLUSION

42. Based on the above, and as detailed in the Supplemental Report, the Receiver believes that the leave motion is without merit, has directly resulted in prolonging the Receivership proceedings to the detriment of RBC, and has unnecessarily increased the professional costs of the proceedings.

All of which is respectfully submitted at Winnipeg, Manitoba, this 25th day of March, 2021.

DELOITTE RESTRUCTURING INC.

In its capacity as Receiver of 6382330 Manitoba Ltd.,
PGRP Properties Inc., and 6472240 Manitoba Ltd.
and not in its personal capacity.



Per: Brent Warga, CPA, CA, CIRP, LIT
Senior Vice-President

Appendix A – October 1, 2019 E-mail Correspondence

From: [Glen Collins](#)
To: [Warga, Brent](#); [Fritz, John](#)
Cc: [Anderson, Nate](#); [Patrick Penner](#)
Subject: [EXT] RE: 620 - 626 Ellice Avenue Receivership
Date: Tuesday, October 1, 2019 11:56:45 AM
Attachments: [image008.png](#)
[image006.png](#)
[image009.png](#)
[image010.png](#)
[620 626 Ellice Repair Estimate for Deloitte.xlsx](#)

Hi Brent

The gross hourly wage for Preston is \$15, and for Paul \$0 since he is part owner.

I have been reminded by Paul that in row 43, painting supplies for all suite repairs (\$395) and row 51, cleaning supplies for all suites (\$91) should have been included in the approvals for suite 02 and 08. Do we have Deloitte approval for these two items? The repair estimate spreadsheet is attached for your quick reference.

Regards
Glen.

NOTE: My new email address is: sglencollins@outlook.com. Please update my contact information.

From: Warga, Brent <bwarga@deloitte.ca>
Sent: October 1, 2019 11:43 AM
To: Glen Collins <sglencollins@outlook.com>; Fritz, John <jofritz@deloitte.ca>
Cc: Anderson, Nate <nanderson@deloitte.ca>; Patrick Penner <pkharpenn@shaw.ca>
Subject: RE:620 - 626 Ellice Avenue Receivership

Glen,

Further to the e-mail below (and John Fritz's voicemail from earlier today), as previously discussed on September 26, 2019, any work being performed by Preston/Paul (or others) will be based on a **contractor** basis as between the individual and the Receiver. The Receiver is not employing any individuals (and accordingly will not be responsible for employee withholdings, insurance, etc.). Please provide the basis of compensation (i.e. gross hourly wage) for Preston / Paul such that we can draft the necessary contractor agreements.

As appears to have been the case in the past, such labor costs will then be submitted to Armour for payment in the ordinary course.

Regards,

Brent Warga, CPA, CA, CIRP, CFE, LIT, M. Acc.
Partner | Restructuring Services | Financial Advisory
Deloitte
360 Main Street, Suite 2300
Winnipeg, MB R3C 3Z3 Canada
O: (204)942-0051 | D: (204)944-3611 | F: (204)947-2689
bwarga@deloitte.ca | deloitte.ca



Deloitte.

[LinkedIn](#) | [Facebook](#) | [Twitter](#) | [YouTube](#)

Please consider the environment before printing.

From: Glen Collins <sglencollins@outlook.com>

Sent: Monday, September 30, 2019 9:44 PM

To: Warga, Brent <bwarga@deloitte.ca>; Fritz, John <jofritz@deloitte.ca>

Cc: Anderson, Nate <nanderson@deloitte.ca>; Patrick Penner <pkharpenn@shaw.ca>; Paul
(paul1977spud@gmail.com) <paul1977spud@gmail.com>

Subject: [EXT] RE: 620 - 626 Ellice Avenue Receivership

Thanks Brent. I will get the construction crew going on Tuesday.

NOTE: My new email address is: sglencollins@outlook.com. Please update my contact information.

From: Warga, Brent <bwarga@deloitte.ca>

Sent: September 30, 2019 9:31 PM

To: Glen Collins <sglencollins@outlook.com>; Fritz, John <jofritz@deloitte.ca>

Cc: Anderson, Nate <nanderson@deloitte.ca>; Patrick Penner <pkharpenn@shaw.ca>; Paul
(paul1977spud@gmail.com) <paul1977spud@gmail.com>

Subject: RE:620 - 626 Ellice Avenue Receivership

Glen,

Based on the trust account statement received from Armour this evening, there appears to be sufficient funds being held in trust to accommodate the requested repairs to suite 02 (\$1,205) and 08 (\$1,740). Accordingly, please consider this e-mail as approval from the Receiver to complete the suite repairs, provided that the estimated repair budgets are adhered to.

Please compile receipts for the repairs and provide same to the Receiver in due course, and we will arrange with Armour for reimbursement of same.

Regards,

Brent Warga, CPA, CA, CIRP, CFE, LIT, M. Acc.

Partner | Restructuring Services | Financial Advisory
Deloitte

360 Main Street, Suite 2300

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bwarga@deloitte.ca | deloitte.ca



Deloitte.

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Please consider the environment before printing.

From: Warga, Brent
Sent: Monday, September 30, 2019 11:19 AM
To: Glen Collins <sglencollins@outlook.com>; Fritz, John <jofritz@deloitte.ca>
Cc: Anderson, Nate <nanderson@deloitte.ca>; Patrick Penner <pkharpenn@shaw.ca>; Paul (paul1977spud@gmail.com) <paul1977spud@gmail.com>
Subject: RE: 620 - 626 Ellice Avenue Receivership

Glen,

We are in the process of confirming the funds on had with Armour as at September 30, 2019.

If there are sufficient funds to complete the work on Suites 02 (\$1,205) and 08 (\$1,740), then we can likely proceed with the work. What will likely be most efficient is to have Paul (or Glen/Patrick) incur the costs and then submit the summarized expenses to Deloitte / Armour for reimbursement.

However, please wait for a follow up e-mail from either John or I.

Regards,

Brent Warga, CPA, CA, CIRP, CFE, LIT, M. Acc.
Partner | Restructuring Services | Financial Advisory
Deloitte
360 Main Street, Suite 2300
Winnipeg, MB R3C 3Z3 Canada
O: (204)942-0051 | D: (204)944-3611 | F: (204)947-2689
bwarga@deloitte.ca | deloitte.ca



Deloitte.

[LinkedIn](#) | [Facebook](#) | [Twitter](#) | [YouTube](#)

Please consider the environment before printing.

From: Glen Collins <sglencollins@outlook.com>
Sent: Monday, September 30, 2019 10:37 AM
To: Fritz, John <jofritz@deloitte.ca>
Cc: Warga, Brent <bwarga@deloitte.ca>; Anderson, Nate <nanderson@deloitte.ca>; Patrick Penner <pkharpenn@shaw.ca>; Paul (paul1977spud@gmail.com) <paul1977spud@gmail.com>
Subject: [EXT] RE: 620 - 626 Ellice Avenue Receivership

Hi John

Over the weekend we have provided you with lots of documents. Could you concentrate on item #9. We have tenants waiting to move into suites 02 (row 20) and 08 (row 25) and need your approval prior to proceeding. I have attached the spreadsheet again for quick reference.

If you need to discuss any aspect of the repairs either call Paul at 204-981-2139 or his email address is contained above. Phone call is probably quicker.

Thanks
Glen.

NOTE: My new email address is: sglencollins@outlook.com. Please update my contact information.

From: Glen Collins
Sent: September 29, 2019 9:40 PM
To: 'Fritz, John' <jofritz@deloitte.ca>
Cc: 'Warga, Brent' <bwarga@deloitte.ca>; 'Anderson, Nate' <nanderson@deloitte.ca>; 'Patrick Penner' <pkharpenn@shaw.ca>
Subject: RE: 620 - 626 Ellice Avenue Receivership

Hi John

Find attached the following requested documents:

- #1 – Appraisal
- #3 – Pawn Store Lease along with pre paid rent agreement.
- #4 – Contact for Pawn Stove. Ric Doering, Owner Pawn Traders, 250-486-0267, bctraders@hotmail.com
- #7 – Listing Agreement with Mark
- #9 – Statement of Work, this is to bring the building back to the state it was when the appraisal was developed. It will not be identical but it would be close. Paul would be purchasing material and supervising this work at no cost. Paul is available to meet you on site to review the Work.
- #12 – These are the last 12 months from the 620E CIBC account. There is not a lot of activity. I paid for most of the repairs totalling over \$100K from one of my corporate accounts.
- #13 – We worked on this over the weekend and are just finalizing it.

If we have missed anything, please let us know.

Regards
Glen.

NOTE: My new email address is: sglencollins@outlook.com. Please update my contact information.

From: Patrick Penner <pkharpenn@shaw.ca>
Sent: September 27, 2019 10:57 AM
To: 'Fritz, John' <jofritz@deloitte.ca>; 'Glen Collins' <sglencollins@outlook.com>
Cc: 'Warga, Brent' <bwarga@deloitte.ca>; 'Anderson, Nate' <nanderson@deloitte.ca>
Subject: RE: 620 - 626 Ellice Avenue Receivership

Glen and I have divided up the information requested, everything on my list has been requested from the place I need the information.

Attached is the coinomatic cheque/info that I will put in mail today, and the management agreement.

I will send the balance as received.

Patrick Penner
Harpenn Construction Inc.
P.O. Box 285-971 Corydon Avenue
Winnipeg, MB R3M 3S7
Phone (204) 797-6742
www.harpenn.ca



CCIM Institute
Equipping the world's best minds in commercial real estate

From: Fritz, John [<mailto:jofritz@deloitte.ca>]
Sent: September 27, 2019 10:19 AM
To: Patrick PENNER <pkharpenn@shaw.ca>; Glen Collins <sglencollins@outlook.com>
Cc: Warga, Brent <bwarga@deloitte.ca>; Anderson, Nate <nanderson@deloitte.ca>
Subject: RE:620 - 626 Ellice Avenue Receivership

Patrick,

Mail works, please direct to my attention as follows:

Deloitte Restructuring Inc.
Attention: John R. Fritz
2300 – 360 Main Street
Winnipeg, MB R3C 3Z3

Much appreciated,

John R. Fritz LIT
Deloitte | Financial Advisory
2300 – 360 Main Street
Winnipeg, MB R3C 3Z3
Phone: (204)942-0051 | Fax: (204)947-2689
www.deloitte.ca

From: Patrick PENNER <pkharpenn@shaw.ca>
Sent: Friday, September 27, 2019 10:16
To: Fritz, John <jofritz@deloitte.ca>; Glen Collins <sglencollins@outlook.com>
Cc: Warga, Brent <bwarga@deloitte.ca>; Anderson, Nate <nanderson@deloitte.ca>
Subject: [EXT] RE:620 - 626 Ellice Avenue Receivership

correct

mail it?

Patrick

From: Fritz, John <jofritz@deloitte.ca>

Date: Fri Sep 27 2019 10:07:17 GMT-0500 (Central Daylight Time)

To: Patrick PENNER <pkharpenn@shaw.ca>, Glen Collins <sglencollins@outlook.com>

Cc: Warga, Brent <bwarga@deloitte.ca>, Anderson, Nate <nanderson@deloitte.ca>

Subject: RE:620 - 626 Ellice Avenue Receivership

Patrick,

Please direct this cheque, and any others received related to the Building, to our office and we will deposit it in our trust account for the proceedings. Would you confirm that the payee for the cheque is 6382230 Manitoba Ltd?

Regards,

John R. Fritz LIT

Deloitte | Financial Advisory

2300 - 360 Main Street

Winnipeg, MB R3C 3Z3

Phone: (204)942-0051 | Fax: (204)947-2689

www.deloitte.ca

From: Patrick PENNER

Sent: Friday, September 27, 2019 10:00

To: Glen Collins ; Fritz, John

Cc: Warga, Brent ; Anderson, Nate

Subject: [EXT] RE: 620 - 626 Ellice Avenue Receivership

we received a cheque dated Sept 12th from coinomatic for \$169, are we able to still cash it or do we have to send that to you.

As mentioned yesterday we do not have any outside parkers at this time so this would be the only cheque we would receive and i assume in October this would go to you.

Let me know.

Patrick

From: Glen Collins <sglencollins@outlook.com>

Date: Fri Sep 27 2019 09:56:59 GMT-0500 (Central Daylight Time)

To: Fritz, John <jofritz@deloitte.ca>, pkharpenn@shaw.ca
<pkharpenn@shaw.ca>

Cc: Warga, Brent <bwarga@deloitte.ca>, Anderson, Nate <nanderson@deloitte.ca>
Subject: RE: 620 - 626 Ellice Avenue Receivership

Thanks John.

Pat and I will work at getting you the requested info.

Regards
Glen.

NOTE: My new email address is:sglencollins@outlook.com. **Please update my contact information.**

From: Fritz, John
Sent: September 27, 2019 9:55 AM
To:sglencollins@outlook.com; pkharpenn@shaw.ca
Cc: Warga, Brent ; Anderson, Nate
Subject: 620 - 626 Ellice Avenue Receivership

Glen and Patrick,

Thank you for taking the time to meet today. Further to our discussions, would you please provide the following:

1. The most recent appraisal for 620 – 626 Ellice Avenue (the “Building”);
2. The insurance policy for the Building and the status of payment arrears;
3. Pawn King’s lease and any supporting documentation (i.e. receipts, bank deposits, correspondence, etc.) with respect to the prepaid lease payments received;
4. Contact information for Rick at Pawn King;
5. The property management agreement with Armour;
6. Copies of the last 12 months of Building statements and invoices from Armour;
7. The listing agreement for the Building with Mark Thiessen and Mark’s contact details;
8. The most recent reporting from Coinmatic with respect to the net laundry profits;
9. Forecast estimate of costs to bring suites 002 and 008 up to rentable condition and other costs necessary to maintain and/or enhance the salability of the Building;
10. 6382330 Manitoba Ltd.’s most recent tax return;
11. The current rent roll;
12. Copies of the Companies’ bank account statements(i.e. CIBC, SCU and any other) for the last 12 months; and
13. Details of the terms under which yourselves and Paul are willing to assist with the Buildings operations.

In addition to the foregoing, would you undertake to provide an introductory email to Preston (copying myself) and providing my direct phone number (204)944-3586. If you could also provide his direct telephone number, it would be appreciated.

Should you have any questions with respect to the foregoing, please do not hesitate to let us know.

Regards,

John R. Fritz LIT

Deloitte | Financial Advisory
2300 – 360 Main Street
Winnipeg, MB R3C 3Z3
Phone: (204)942-0051 | Fax: (204)947-2689
www.deloitte.ca

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620/6 Ellice Repair Estimate for Deloitte

29 Sept 2019

Priority	Activity	Materials / Assignments	Status	Materials	Labour	Total	Man Days
Common Areas				\$7,829	\$4,520	\$12,349	27.63
Preston							
	Install Door Numbers on Suites that have them Missing	Preston	pending	\$100	\$40.00	\$140	0.25
	Install Plastic baseboards where required	Plastic Baseboards and Glue	Plastic Baseboards in Caretakers Room	\$0	\$20.00	\$20	0.5
	Prime/Paint Plywood Deadbolt Protectors	Black Door Paint		\$35	\$40.00	\$75	0.5
	replace all common area carpet with vinyl plank flooring	vinyl plank flooring 1st 582 sq ft 2nd 582 sq ft 1st 359 sq ft total 1523 sf		\$4,569	\$1,600.00	\$6,169	10
	paint basement halls 1st and 3rd floor stairwells and 301 to 304 hall areas			\$225	\$480.00	\$705	3
	Install Weather Stripping on Fire Exit Doors, check all fire exits	Door Weather Striping		\$200	\$320.00	\$520	2
	replace two fire doors, back door main flr & 3rd East end	2 fire doors		\$600	\$80.00	\$680	0.5
	repair damaged stair railings	spindles		\$40	\$60.00	\$100	0.375
	repair damaged mailboxes	Preston has locks			\$60.00	\$60	0.375
	repair 1 fire door small window			\$10	\$20.00	\$30	0.125
	stain 2 outdoor wood fire escapes			\$500	\$480.00	\$980	3
	install cameras in basement	conduit wire runs and cameras and dvr		\$1,500	\$1,000.00	\$2,500	5
	replace screws on roof that are leaking	screws		\$50	\$320.00	\$370	2
Suite Repairs							
002				\$865	\$340	\$1,205	2.13
Tenant waiting to Move In							
	replace baseboards			\$25	\$80.00	\$105	0.5
	repair window			\$200	\$20.00	\$220	0.125
	install carpet and transition strip	Preston has carpet		\$40	\$80.00	\$120	0.5
	new suite door	door and frame		\$600	\$160.00	\$760	1
008				\$700	\$1,040.00	\$1,740.00	4.50
Tenant waiting to Move In							
	repair ceiling	20 sheets 5/8 x 4 x 8 fireguard drywall and mud and tape		\$540	\$960.00	\$1,500	4
	install: bathroom kit / suite door knob / kitchen taps / bathroom door and handle	bath door in stock		\$160	\$80.00	\$240	0.5
310				\$50	\$25.00	\$75.00	3.13
Tenant Skipped out last week							
	install oven door handle	oven door handle		\$50	\$20.00	\$70	0.125
	install smoke alarm	in stock room		\$0	\$5.00	\$5	0.03125
	Paint Suite			\$0	\$160.00	\$160	1
005				\$850	\$305	\$1,155	1.91
	replace flooring	vinyl plank flooring		\$600	\$200.00	\$800	1.25
	repair window			\$200	\$20.00	\$220	0.125
	install smoke alarm	smoke alarm		\$25	\$5.00	\$30	0.03125
	replace baseboards	baseboards		\$25	\$80.00	\$105	0.5
007				\$640	\$320	\$960	2.06
	new deadbolt	deadbolt		\$40	\$10.00	\$50	0.0625
	replace flooring	vinyl plank flooring		\$600	\$200.00	\$800	1.25
	install baseboards bath and kitchen	baseboards		\$40	\$120.00	\$160	0.75
211							
205							
suite repairs				\$395	\$0.00	\$395.00	\$0.00
		5 gallons ceiling paint		\$80			
		5 gallons Touch of Grey		\$80			
		2 gallons semi-gloss trim paint		\$60			
		2 gallons black suite door paint		\$60			
		5 gallons drywall primer		\$80			
		paint sleeves		\$15			
		sanding blocks		\$20			
cleaning				\$91	\$0.00	\$91.00	\$0.00
		2 gallons floor cleaner		\$30			
		4 cans oven cleaner		\$16			
		contractor garbage bags		\$25			
		toilet cleaner		\$20			
Suite Totals				\$3,591	\$2,030	\$5,621	\$13.72

Building Totals	\$11,420	\$6,550	\$17,970	\$41.34
------------------------	-----------------	----------------	-----------------	----------------

Appendix B – Property Management Proposal

From: [Glen Collins](#)
To: [Fritz, John](#)
Cc: [Warga, Brent](#); [Anderson, Nate](#); [Patrick PENNER \(pkharpenn@shaw.ca\)](#); [Paul \(paul1977spud@gmail.com\)](#)
Subject: [EXT] Proposal to Deloitte Property Management of 620E
Date: Wednesday, October 2, 2019 11:46:19 AM
Attachments: [Deloitte Proposal to Manage 620E v2.docx](#)

Hi John

Find attached the proposal responding to item 13 of your email from Sept 27th.

If you wish we can discuss after the Mark meeting this afternoon.

Regards

Glen.

NOTE: My new email address is: sglencollins@outlook.com. Please update my contact information.

Deloitte Proposal to Manage 620/6 Ellice

In order to better manage the building in order to facilitate the highest price for a sale we propose the following two proposals:

Proposal A – Keep Armour as Property Manager

1. All rental income will go to Deloitte's trust account.
2. All expenses will go to Deloitte for payment.
3. The Ownership group comprising Pat, Glen and Paul will continue to work on the property at no charge.
4. Due to the challenging nature of the building it requires constant daily management in order to achieve the highest sales price.
5. The day to day activities in running the building would be handled by property managers at Armour augmented by the Owners.

Proposal B – Replace Armour as Property Manager

Same a Proposal A except for the following:

1. The day to day activities in running the building would be handled by property managers at 123 Contracting augmented by the Owners. See attached contract.
2. The Ownership group will coordinate and assist the transition from Armour to 123 Contracting.
3. 123 Contracting would charge the building 4% of the collected rents instead of Armour's 5% of the total rent roll.

With 123 Contracting we feel the property management of the building will be substantial improvement over Armour. Our goal is to reduce expenses and maximize rental income in order to achieve the highest price at a sale.

Appendix C – October 2, 2019 E-mail Correspondence (Informal Offer)

From: [Glen Collins](#)
To: [Fritz, John](#); [Warga, Brent](#)
Cc: [Patrick PENNER \(pkharpenn@shaw.ca\)](mailto:Patrick.PENNER@shaw.ca)
Subject: [EXT] Notes from Oct 2nd 2019 Meeting
Date: Wednesday, October 2, 2019 11:51:51 PM

Hi Guys

Good meeting today. Please review my notes below and identify any errors and/or omissions.

- a. Glen to determine the number of months that Armour collected \$429 for Security cameras and provide to John/Brent.
- b. The ownership group should move as quickly as possible to provide John/Brent a \$2.8M offer.
- c. Pat to provide SCU bank statements.
- d. Glen to ask Ron F payment history for building Insurance.
- e. Glen to email John/Brent caretaker contracts, including the termination of Ross Wilson in 201.
- f. Pat to determine if he knows any investors interested in the property.
- g. Glen to get Preston Invoice updated with the correct date and his name and address.

Regards

Glen.

NOTE: My new email address is: sglencollins@outlook.com. Please update my contact information.

Appendix D – REMAX Listing Agreement



REAL ESTATE LISTING CONTRACT

BETWEEN 6382330 MB LTD.
(Name of owner(s) ("Seller"))
534 STRADBROOK AVE.
Address

AND REMAX PROFESSIONALS/EXES.
("Listing Brokerage")
1601 Bullhale / 520 ACADEMY
Address

A member of the Portage la Prairie Real Estate Board and/or Brandon Area REALTORS® and/or Winnipeg REALTORS® Association and/or Manitoba Real Estate Association ("Association").

1. LISTING AUTHORITY AND TERM

A. The Seller hereby lists exclusively with the Listing Brokerage the property described in Paragraph 2 ("Property") until 11:59 p.m. on 4, December, 2019 unless renewed in writing.

This contract comes into full force and effect on 5, JUNE, 2019.

B. The Seller hereby:

- i) authorizes the Listing Brokerage to obtain any and all information concerning the Property from any person, corporation or governmental authority;
- ii) authorizes the Listing Brokerage to advertise the Property in any medium including the Internet, and if deemed appropriate by the Listing Brokerage, to publish, display and distribute any descriptive advertisement relating to the Property. The Seller acknowledges and agrees that it is not a breach of the Listing Brokerage's duty to the Seller if the publication of authorized information relating to the Property by the Multiple Listing Service(s)® results in the information becoming known to members of the public, including a prospective buyer and agents of a buyer;
- iii) authorizes the Listing Brokerage to use, disclose and retain personal and property information provided for purposes relating to the listing and marketing of the property;
- iv) agrees to give the Listing Brokerage full opportunity to show the Property to buyers during reasonable hours; and
- v) agrees to allow the Listing Brokerage to place "For Sale" and "Sold" signs upon the Property and to allow other members of the Associations that cooperate with the Listing Brokerage ("Co-operating Agents") to show the property to prospective buyers.

2. PROPERTY

626 ELLICE
(Civic address) (Name of city, town or municipality)

(Insert brief legal description)

3. TERMS OF SALE

3,650,000.00
(Listing price)

ASAP
(Possession date)

4. LISTING DETAILS AND CO-OPERATING AGENTS

The Seller authorizes the Listing Brokerage:

- A. To list the Property with the Multiple Listing Service® of the Associations or any other real estate Associations in Manitoba that the Listing Brokerage selects and has access to, all of whose members I hereby expressly authorize to act as Co-operating Agents.
- B. To publish in the Multiple Listing Service® of the Associations or of any other Associations that the Listing Brokerage selects and has access to, the information contained in this listing contract, the Data Input Form and the Property Disclosure Statement (when attached and signed by the Seller), and the sale price of the Property once an unconditional accepted offer exists. This information will also be provided to subscribers with contract access to these Multiple Listing Services®.
- C. To place the listing information and any sale information in the database(s) of the appropriate MLS® system(s) and acknowledges that the MLS® database is the property of the Associations and can be licensed, resold, or otherwise dealt with by the Board/Association. The seller further acknowledges that the Board/Association may:
 - i) distribute the information to any persons authorized to use such service which may include other brokers, government departments, appraisers, municipal organizations and others;
 - ii) market the property, at its option, in any medium, including electronic media;
 - iii) compile, retain and publish any statistics including historical MLS® data;
 - iv) make such other use of information as the Associations deem appropriate.

5. LISTING BROKERAGE'S REMUNERATION

The Seller agrees;

A. To pay the Listing Brokerage a commission on the total selling price or rental value of the property listed as follows:
(Insert commission arrangement expressed as a percentage(s) or dollar amount)

\$ or % 5.0 plus applicable GST, if:
(fill in only one - lump sum or commission %)

- i) a legally enforceable contract of sale between a buyer and the Seller is entered into during the period of this contract (from any and all sources whatsoever); or
 - ii) a person inspects the Property during the period of this listing contract and purchases the Property within sixty (60) days (unless otherwise negotiated) after the expiry date of this contract; or
 - iii) a legally enforceable contract of sale between a buyer and the Seller is entered into within sixty (60) days (unless otherwise negotiated) after the expiry date of this listing contract in respect of which the efforts of the Listing Brokerage were an effective cause;
- provided however that if the Property is subsequently listed after the expiration of this listing contract then the Seller shall be liable only for the payment of one commission on any sale, and such commission shall be payable to the Brokerage which has a current listing contract with the Seller.

B. To pay alternate compensation to the Listing Brokerage if:

- i) a buyer presents an unconditional offer to purchase the Property upon the terms outlined in this listing contract but the Seller does not accept the offer to purchase without cause, in which case the full commission as outlined in 5A will be payable; or

ii) a legally enforceable contract of sale is entered into between a buyer and the Seller but the transaction is not concluded because the buyer defaults, in which case the compensation will be either 50% of the deposit or the commission payable as outlined in 5A, whichever is less.

C. That to assist in obtaining a buyer for the Property, the Listing Brokerage will offer to Co-operating Agents a portion of the Listing Brokerage's remuneration in the amount of:

\$ or % 2.0 of the sale price plus applicable GST.
(fill in only one - lump sum or commission %)

D. Exclusions: (if none, state "none") NONE.

E. The Seller hereby irrevocably assigns to the Listing Brokerage, from the proceeds of sale of the Property, the amount of remuneration due to the Listing Brokerage and authorizes the Listing Brokerage to retain this amount from the deposit monies.

6. THE LISTING BROKERAGE AGREES AS FOLLOWS:

- A. To act only as the agent for the Seller with respect to the Property except where the Seller consents to limited joint representation as outlined in subparagraph 7 C below.
- B. To provide information about the Property to Co-operating Agents.
- C. Not to accept remuneration from the buyer without the knowledge and consent of the Seller.

7. THE SELLER ACKNOWLEDGES AND AGREES AS FOLLOWS:

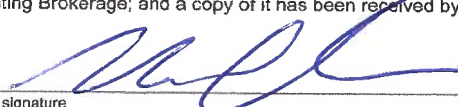
- A. To promptly advise the Listing Brokerage of, and refer to the Listing Brokerage, all enquiries for the purchase of the Property, and to deliver to the Listing Brokerage all offers to purchase which may be received during the period of this listing contract or arising by reason of it.
- B. That the real estate commission outlined herein is payable to the Listing Brokerage when the buyer assumes legal possession of the Property. The Seller further agrees that the Listing Brokerage is entitled to charge interest on unpaid commissions calculated at a date thirty (30) days from the date of legal possession at a rate of 2% per month (24% per annum).
- C. The Listing Brokerage is permitted to list or show property of, or have agency relationships with, other sellers and buyers. When the Listing Brokerage also acts for a potential buyer or lessee of the listed property, both the buyer and seller will be asked to sign an acknowledgement of limited joint representation which will set out the limits of the Brokerage's agency duties.
- D. Unless the Seller is otherwise advised, other Co-operating Agents will be representing the buyer or lessee of the Seller's property as the buyer's or lessee's agent.
- E. The Seller hereby pledges all of the Seller's interest in the Property to the Listing Brokerage as security for payment of all money which may be owed by the Seller to the Listing Brokerage under this contract and hereby acknowledges that the Listing Brokerage is entitled to register and maintain a caveat at the Land Titles Office to give notice of this charge upon the Seller executing a legally enforceable contract of sale of the Property.
- F. The Manitoba Real Estate Association and its Member Boards are collectors and distributors of information relating to the Property and are not responsible for its accuracy. The Seller agrees to release the Manitoba Real Estate Association and its Member Boards from any liability or legal action by the Seller concerning the accuracy of information relating to the Property.
- G. Where the Seller's spouse is not an owner of the Property, the Seller will advise the Listing Brokerage if the Seller's spouse has occupied the Property at any time, or whether the Seller is otherwise aware that the Property is subject to a "homestead" interest.
- H. To promptly advise the Listing Brokerage of any material change in the physical condition or status of the Property during the listing term, including any extensions to the term.

8. MISCELLANEOUS PROVISIONS

- "period" or "date of expiration" of this contract includes the period or date of expiration of any written extensions.
- "Property" may include a leasehold interest or a manufactured home, plus any other property designated by the Seller in the data input form or any addendum attached.
- "Sale" includes an exchange and "sale price" includes the value of the Property exchanged.
- For the purposes of interpretation and correlation between this document and the Offer To Purchase Real Estate pursuant to The Real Estate Brokers Act, the following terms are interchangeable in their use, namely: "buyer" and "purchaser"; "Seller" and "vendor"; "Listing Brokerage" and "listing broker"; "Co-operating Agent" and "selling broker".
- Interpretation of this listing contract and all matters concerning its enforcement by the parties shall be governed by the laws of the Province of Manitoba.
- The parties acknowledge that this contract fully sets out the terms of the agreement between them. Any alteration, variation or amendment to this agreement shall be made only in writing, signed by the Seller and by the Listing Brokerage's representative in multiple copies and a copy shall be delivered to each party to this listing contract.
- This listing contract shall be binding upon and benefit not only the parties but their respective heirs, executors, administrators, successors and assigns.

9. ENTIRE AGREEMENT

This Listing Contract means and includes this agreement, the data input form and Seller's Property Condition Statement (when attached and signed by the Seller). The Seller acknowledges having read and understood this listing contract; that it accurately describes the agreement with the Listing Brokerage; and a copy of it has been received by the Seller this date.



Seller's signature

SIGNED THIS 6 DAY OF JUNE, 2019

Seller's signature



Witness to seller's signature



Listing Brokerage's representative

Appendix E – October 9, 2019 E-mail Correspondence (Solicitation Package)

Fritz, John

From: Glen Collins <sglencollins@outlook.com>
Sent: Wednesday, October 9, 2019 23:40
To: Fritz, John; Patrick Penner
Cc: Warga, Brent
Subject: [EXT] RE: 620 - 626 Ellice Avenue

Hi John

Looks fine to me. Nothing to add.

Regards
Glen.

NOTE: My new email address is: sglencollins@outlook.com. Please update my contact information.

From: Fritz, John <jofritz@deloitte.ca>
Sent: October 9, 2019 7:47 PM
To: Patrick Penner <pkharpenn@shaw.ca>; 'Glen Collins' <sglencollins@outlook.com>
Cc: Warga, Brent <bwarga@deloitte.ca>
Subject: 620 - 626 Ellice Avenue

Glen and Patrick,

Further to our Receivership appointment, we intend to circulate the attached Request for Proposals or Offers document primarily to locally based realtors and property management/ownership groups to solicit sales proposals and/or offers for the Property. Please review and advise if you note any suggested changes as we intend to distribute same forthwith.

If there are specific parties to which you think the document should be provided, please provide us with their name (and contact information if available) and we will ensure they are provided with a copy.

Should you have any questions, please do not hesitate to let us know (204)944-3586.

Regards,

John R. Fritz LIT
Deloitte | Financial Advisory
2300 – 360 Main Street
Winnipeg, MB R3C 3Z3
Phone: (204)942-0051 | Fax: (204)947-2689
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Appendix F – October 10, 2019 REMAX E-mail Correspondence (Property Value)

From: [Mark Thiessen](#)
To: [Fritz, John](#)
Cc: [Warga, Brent](#)
Subject: [EXT] 620 Ellice Update
Date: Thursday, October 10, 2019 1:58:25 PM

John,

Just returned to the office and was on phone with another party that may write on the way in. I truly think that momentum has been created no that will ensure the highest possible selling price. The mere hint that there will be a price reduction, or the fact that people know it went into receivership has interested people. I don't think there is any way it could sell for \$3M, but close as previously discussed.

I reread the appraisal again when I got back to the office and I would suggest you use a different firm to provide a fresh appraisal, even though a small cost may be saved. I have another appraisal from the same appraiser of one she did in the area and used all the same comparables. I'm not sure that anyone is qualified to make adjustments to compare the blocks on St. Anne's Road, Stamford Street or even Magnus. They have nothing to do with one another. Different tenants, belongings, jobs, etc., etc. The best example in the report is Maryland at a 6.59% cap in 2014. I would suggest using Colliers, Ferguson & Assoc. or Daryl Benoit Appraisals and get a fresh set of eyes on the property. That will give you a true 3rd party estimation of value. Not for financing purposes, but of market value.

I spoke to the agent in our office about his offer and advised him that it should be cleaned up or it would not likely be dealt with and an offer date may be coming (ie. competition). We'll see what he does.

I'm happy to enter the process you suggest but don't believe it will result in anything higher. Time passes and more windows will be broken and more repairs required. I always provide the best advice to everybody, so I can look people in the eye. Winnipeg is a small town and I don't want to have to jump into an alleyway to avoid someone or excuse myself from a batmitzvah.

Best,
Mark



Appendix G – October 11, 2019 Receiver E-mail Correspondence (Form of Offer)

From: [Fritz, John](#)
To: [Glen Collins](#)
Cc: [Warga, Brent](#); [Patrick Penner](#)
Subject: Form of Offer
Date: Friday, October 11, 2019 5:45:03 PM
Attachments: [Form of Offer \(FINAL\).pdf](#)

Glen,

Further to our telephone conversation, please find the Form of Offer document contemplated in the Request for Proposals or Offers document previously provided.

Regards,

John R. Fritz LIT
Deloitte | Financial Advisory
2300 – 360 Main Street
Winnipeg, MB R3C 3Z3
Phone: (204)942-0051 | Fax: (204)947-2689
www.deloitte.ca

OFFER TO PURCHASE

**TO: DELOITTE RESTRUCTURING INC.,
Receiver of 6382330 Manitoba Ltd., PGRP Properties Inc., and 6472240 Manitoba Ltd.**
Suite 2300 - 360 Main Street
Winnipeg, MB R3C 3Z3

Attention: John Fritz

1. Full Legal Name of Offeror: _____
2. Address of Offeror: _____
3. Telephone and fax: _____
4. E-mail address: _____

The undersigned, being an authorized representative of the Offeror, acknowledges that the Offeror has inspected and satisfied itself as to the condition of the 620-626 Ellice Avenue (the "**Property**") and that this Offer is made for the Property on an entirely "as-is, where is" basis with no representations or warranties any kind from Deloitte Restructuring Inc. as Receiver. The undersigned further acknowledges and understands that any acceptance of this Offer by the Receiver will require the further approval of the Court.

***Offer in Canadian dollars
(excluding any applicable taxes)***

Offer Price	\$
-------------	----

Financial terms and conditions (if any)

Source of financing for Offer Price

Proposed closing date

Signed
Per:
Title:

Witness

Appendix H – November 18, 2019 Listing Agreement with Cushman Wakefield

Date: November 18th, 2019

CW WINNIPEG INC.

EXCLUSIVE AUTHORITY TO SELL

BETWEEN: **Deloitte Restructuring Inc.**

AND: **CW Winnipeg Inc.
Operating as "Cushman"**

WHEREAS Deloitte Restructuring Inc. ("Deloitte") was appointed Receiver (the "Receiver") of all assets, undertakings and properties of 6382330 Manitoba Ltd., PGRP Properties Inc., and 6472240 Manitoba Ltd. (collectively the "Debtors") acquired for or used in relation to the business carried on by the Debtors at the real property located at 620-626 Ellice Avenue, Winnipeg, Manitoba pursuant to an order from the Court of the Queen's Bench for Manitoba dated September 26th, 2019.

Deloitte hereby appoints CW Winnipeg Inc. (hereinafter referred to as "Cushman") as its sole and exclusive agent to sell the entire property known as, 620-626 Ellice Avenue, in the city of Winnipeg, in the province of Manitoba, (hereinafter referred to as the "Premises"), and Deloitte and Cushman agree as follows:

1. This agreement shall be for a period of approximately Six (6) months commencing immediately upon execution of this listing agreement and expiring on May 15th, 2020.

This Agreement shall be renewed automatically for periods of not less than Three (3) months, unless terminated by either party, by giving One (1) month's prior notice, in writing, before the end of any such period, at the price and terms herein set forth or at any other price and term agreed upon by the parties.

2. Sale Listing Price as follows:

The advertised listing price for the entire property shall be **\$3,450,000**

3. The listing price for the Premises has been recommended by Cushman, and Deloitte reserves the right at any time and at its sole discretion to change the list price and/or other terms and conditions under which the Premises are to be offered by Cushman as its marketing agent, providing such changes are transmitted to Cushman in writing.
4. Cushman is to use its best efforts to secure purchaser(s) for the said Premises.

Cushman & Wakefield Winnipeg

Unit 200 - 55 Donald Street
Winnipeg, MB R3C 1L8
Tel: 204 928 5000
Fax: 204 928 5010
www.cushwakestevenson.ca

	
Landlord	Cushman

5. All purchasers shall execute a standard Agreement of Purchase and Sale for the Premises, as provided by Deloitte, amended to incorporate the provisions of the proposed transaction unless directed otherwise by Deloitte.
6. All in-house marketing materials and signage shall be at Cushman's expense, unless otherwise agreed. Incidental office expenses shall also be paid directly by Cushman. All advertising and sales promotion material shall mention Cushman, and only Cushman, as sales agents during the currency of this Agreement.
7. It is understood and agreed that any and all enquiries from any source whatsoever in respect of the Premises will be referred to Cushman, and all Offers to Purchase submitted to Cushman in respect of the Premises during the term of this Agreement will be brought to the immediate attention of Deloitte. After an Offer to Purchase has been successfully negotiated, Cushman agrees to use its best efforts to finalize the Agreement of Purchase and Sale with the Purchaser incorporating the purchase price and other terms and conditions.
8. Deposits presented with an Offer to Purchase shall be made payable to "CW Winnipeg Inc. in trust" and Cushman agrees to hold such funds in a trust account in accordance with provincial statutes and regulations until the finalization of the transaction.
9. Deloitte agrees to pay Cushman a commission based on the following calculations:

Sale of Property – 2.85% of the total sale price or 2.85% of the exchange value of the Premises forthwith following successful completion of any sale or exchange of the Premises;

- i. Cushman will reduce the commission rate applicable to 2.35% of the total sale price or 2.35% of the exchange value of the Premises if the successful PURCHASER is unrepresented by a real estate agent and presented an Offer to Purchase to Deloitte by noon CST on October 25th, 2019 in response to Deloitte's Request for Proposals or Offers for 620-626 Ellice Avenue (Dated October 8th, 2019).
- ii. Cushman will reduce the commission rate applicable to 1.425% of the total sale price or 1.425% of the exchange value of the Premises if the successful PURCHASER is one of the Directors or Officers of 6383220 Manitoba Ltd., namely Glen Stephen Collins, Patrick Penner, or Paul Arsenault, or any entity controlled either directly or indirectly by one or more of the said individuals, in the event that the successful Offer to Purchase from one or more of these individuals or entities is accepted within the first 30 days following execution of this Listing Agreement.

Deloitte further agrees to pay Cushman a commission, following successful completion of any sale or exchange of the Premises, in the following situations:

- (i) in the event of an Offer to Purchase including the purchase price and other terms and conditions as specified by Deloitte being received by Cushman

or Deloitte during the currency of this exclusive listing from any source whatsoever; or

- (ii) in the event of an Offer to Purchase being received and accepted by Deloitte resulting from negotiations commenced or instituted by Cushman during the currency of this exclusive listing; or
- (iii) in the event of an acceptable Offer to Purchase made at any time of which Cushman was the effective cause during the currency of this exclusive listing; or
- (iv) in the event of an Offer to Purchase made within 120 days from any party introduced to the Premises by Cushman during the currency of this exclusive listing regardless of whether negotiations were commenced or instituted during the currency of this exclusive listing.

Said commission shall also be payable forthwith in the event that Deloitte should fail for any reason:

- (i) to complete any sale of the Premises, as a result of default by Deloitte under a binding agreement of Purchase and Sale resulting from the efforts of Cushman as aforesaid.
10. Deloitte also agrees that the deposit accompanying the purchaser's offer shall be applied firstly on account of the commission earned in accordance with the foregoing and hereby authorizes Cushman to deduct same from the deposit monies. Should the purchaser fail to complete the sale and the deposit becomes forfeited, Deloitte then authorizes Cushman to retain as agreed compensation for services rendered fifty (50%) percent of said deposit (but not to exceed the commission payable had a sale been consummated) and to pay the balance of the deposit to the Deloitte.
11. If a sale is affected through the introduction of a Purchaser by a licensed real estate broker other than Cushman, Cushman agrees to reimburse the co-operating broker in accordance with the accepted trade practice in the City of Winnipeg from its commission earned pursuant to paragraph 9 hereof.
12. Deloitte hereby agrees to pay Cushman any and all goods and services taxes or any other taxes imposed on or collectible by Cushman with respect to the above noted commissions and/or services rendered.
13. Deloitte acknowledges and agrees:
- (a) Cushman is the agent of Deloitte and represents Deloitte;
 - (b) Cushman may provide to prospective purchasers, information regarding the market, which Cushman deems necessary to properly inform the prospective purchaser.
 - (c) Cushman may show said Premises to prospective purchaser(s) during reasonable hours, and to place a "For Sale" sign(s) upon the Premises.

Cushman & Wakefield Winnipeg

Unit 200 - 55 Donald Street
Winnipeg, MB R3C 1L8
Tel: 204 928 5000
Fax: 204 928 5010
www.cushwakestevenson.ca



- (d) Deloitte agrees to hold Cushman harmless for any loss or damage to said property or its contents due to fire, theft, vandalism or any other cause whatsoever, save and except in the case of loss or damage caused by the negligence of Cushman, its employees, or its authorized agents and representatives.
14. This Agreement may be extended for a further period of time upon the mutual consent in writing of the parties hereto.
15. Deloitte hereby consents to the collection, use and disclosure of personal information by Cushman for the purpose of listing and marketing the property including, but not limited to:
- (i) listing and advertising the property using any medium including the Internet:
 - (ii) disclosing property information to prospective purchasers, brokers, salespersons and others who may assist in selling the property.
16. That any notice herein provided for or given hereunder if given by Cushman to Deloitte shall be sufficiently given if mailed in Canada by registered mail, postage prepaid, or Email to Deloitte at:

John R. Fritz LIT
Deloitte Restructuring Inc.
2300 – 360 Main Street
Winnipeg, MB R3C 3Z3
Phone: (204) 942-0051
jofritz@deloitte.ca

That any notice herein provided for or given hereunder if given by Deloitte to Cushman shall be sufficiently given if mailed in Canada by registered mail, postage prepaid, or Email to Cushman at:

Jonah Levine
Cushman & Wakefield Winnipeg
Unit 200 – 55 Donald
Winnipeg, MB R3C 1L8
Phone: (204) 934-6211
Jonah.Levine@cwstevenson.ca

17. Time shall be of the essence of this Agreement.
18. This Agreement shall be binding upon the parties' respective successors and assigns.

DATED at Winnipeg, in the Province of Manitoba, this 27th day of Nov., 2019.

Witnessed in the presence of:

B. Warg
witness

Brent Warg
print name

Deloitte Restructuring Inc. *in its capacity as Receiver and not in its personal capacity*

PER: [Signature]
signature (I have the authority to bind the corporation)

John Fritz
print name

Vice-President
title

Appointment accepted by:

Witnessed in the presence of:

[Signature]
witness

Frank Lorne
print name

CW Winnipeg Inc.
Operating as "Cushman"

PER: [Signature]
signature - Authorized Representative

Martin McARDY
print name

Cushman & Wakefield Winnipeg

Unit 200 - 55 Donald Street
Winnipeg, MB R3C 1L8
Tel: 204 928 5000
Fax: 204 928 5010

www.cushwakestevenson.ca

<u>[Signature]</u>	<u>[Signature]</u>
Landlord	Cushman

Appendix I – November 13, 2019 E-mail Correspondence (Armour Conflict)

From: [Glen Collins](#)
To: [Fritz, John](#)
Cc: [Warga, Brent](#); [Patrick PENNER \(pkharpenn@shaw.ca\)](#); [Paul \(paul1977spud@gmail.com\)](#)
Subject: [EXT] FW: Bycotting Armour at all costs
Date: Wednesday, November 13, 2019 12:42:19 AM

Hi John

I am forwarded you the email below from the caretaker at 620E to ensure you understand what is going on.

With this ongoing feud between the caretakers and Armour this is impacting the operation of the building and of course would negatively impact the selling price.

One option is for someone else at Armour to interface with the caretakers instead of Deb.

Regards
Glen.

NOTE: My new email address is: sglencollins@outlook.com. Please update my contact information.

From: Paul Arsenault <paul1977spud@gmail.com>
Sent: November 12, 2019 9:34 PM
To: Glen Collins <sglencollins@outlook.com>
Subject: Fwd: Bycotting Armour at all costs

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From: Paul Arsenault <paul1977spud@gmail.com>
Sent: Tuesday, November 12, 2019 9:33:57 PM
To: ppreston144@gmail.com <ppreston144@gmail.com>; Lana Cassivi <lanacassivi@gmail.com>
Subject: Re: Bycotting Armour at all costs

Thanks for the update. Glen is working on this problem with Armour. Hopefully we get something resolved soon

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From: Lana Cassivi <lanacassivi@gmail.com>
Sent: Tuesday, November 12, 2019 7:56:31 PM
To: Paul Arsenault <paul1977spud@gmail.com>; ppreston144@gmail.com <ppreston144@gmail.com>
Subject: Bycotting Armour at all costs

Hi Paul,

I am not comfortable going to Armour, it seems that they have a vendetta against us and I choose not to put myself in that situation. Over the past two weeks Debra has been stirring the pot and blowing things out of proportion. I am feeling like a target and that isn't right. Debra obviously knew our hydro was being cut off as she stated a few nights before "when your lights get turned off" It just didn't register with me. If that wasn't enough I no longer have medical benefit through EIA as Debra told them I work full time. They cut me off medical, dental and that was all I had with them.

I contacted hydro to ask why my bill wasn't being sent monthly, strangely enough they couldn't find my account. As the name on the account for 202 is incorrect. Isn't that strange.

I am very upset, depressed and sick of feeling like I have to be on guard. I will not go to Armour under any circumstance because I can not trust that I wouldn't slap her face.

I didn't want to overload you with negativity, but I do believe you know how I am feeling right now.

Lana

Appendix J – March 10, 2020 E-mail Correspondence from Cushman Wakefield

Fritz, John

From: Jonah Levine <Jonah.Levine@cwstevenson.ca>
Sent: Tuesday, March 10, 2020 16:51
To: Fritz, John
Cc: Warga, Brent; Taylor Caldwell; Chris Hourihan
Subject: [EXT] RE: 620 Ellice Weekly Call

Works for us, please send new calendar item.

By the way, finally pinned down Phil McAmmond from Sunrex earlier today for a frank chat. Here's the feedback:

- He and his team thought long and hard about this. Commented that he hates turning away business and would like to build a relationship with Deloitte,
- In the final analysis, he concluded that taking this file on would have a negative impact on his business overall. He was specifically afraid of exposing his staff to the risks related to this asset, and especially exposing his office staff to drop ins from 620-626 Ellice tenants,
- He felt that if he were to take the re-tenanting and repair challenge on, given to potentially short timeframe of the assignment, his price quote would be very high relative to what you're paying right now. He continued on to editorialize that he'd prefer to take the building on vacant and from scratch to start fresh.

Jonah Levine | Cushman & Wakefield | Stevenson

Senior Associate

Direct: +1 204 934 6211 | Mobile: +1 204 918 1438 | Main: +1 204 928 5000

From: Fritz, John <jofritz@deloitte.ca>
Sent: March 10, 2020 2:38 PM
To: Jonah Levine <Jonah.Levine@cwstevenson.ca>
Cc: Warga, Brent <bwarga@deloitte.ca>
Subject: 620 Ellice Weekly Call

Jonah,

Could we move our call on Thursday to 4:00 p.m.? If this works on your end, I will send an updated meeting invitation for everyone's calendars.

Let me know when you have a moment,

John R. Fritz LIT

Deloitte | Financial Advisory

2300 – 360 Main Street

Winnipeg, MB R3C 3Z3

Phone: (204)942-0051 | Fax: (204)947-2689

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Appendix K – July 21, 2020 E-mail Correspondence from the Caretaker

Fritz, John

From: Preston Trudel <trudelpreston475@gmail.com>
Sent: Tuesday, July 21, 2020 12:17
To: Fritz, John; Lana Cassivi
Subject: [EXT] Renovations at 626 Ellice

Hi John .

Last week I sent in photos of suite 107 to be approved . was it approved for payment?

I will send pics of #102 by end of day

Do I continue with approved repairs at 626 Ellice ?

Thank you .

Preston.

Appendix L – July 21, 2020 E-mail Correspondence with Armour

From: [Mike Romani](#)
To: [Fritz, John](#)
Cc: [Warga, Brent](#)
Subject: [EXT] Re: Renovations at 626 Ellice
Date: Tuesday, July 21, 2020 2:57:05 PM

Both Lana and have Preston have not responded to a dozen phone calls to gather the remaining keys for us to service the building, as such we have drilled some locks and now have complete access. As mentioned I don't believe they will create any value in having them around but I would hold off until we have the building rekeyed Thursday.

Let me know if you want to chat further

Mike Romani
President & C.E.O.
Armour Management
P. 204-958-5734
C. 204-292-5537

On Jul 21, 2020, at 2:47 PM, Fritz, John <jofritz@deloitte.ca> wrote:

Mike,

We received the below correspondence from Preston regarding his potential continued involvement in the building.

It is my understanding, based on our discussions, Preston continuing to complete renovations/work on the building was not expected to be constructive to the goal of completing a sale of the building but please let me know if you have any thoughts to the contrary.

If a further discussion is helpful, please advise.

Thanks,

John R. Fritz, LIT
Deloitte | Financial Advisory
[2300 – 360 Main Street](#)
[Winnipeg, MB R3C 3Z3](#)
Phone: [\(204\)942-0051](tel:(204)942-0051) | Fax: [\(204\)947-2689](tel:(204)947-2689)
www.deloitte.ca

Begin forwarded message:

From: Preston Trudel <trudelpreston475@gmail.com>
Date: July 21, 2020 at 12:17:34 CDT
To: "Fritz, John" <jofritz@deloitte.ca>, Lana Cassivi

<lanacassivi@gmail.com>

Subject: [EXT] Renovations at 626 Ellice

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Appendix M – 2016 to 2020 Monthly Income Statements

**ARMOUR MANAGEMENT
INCOME STATEMENT**

October 18, 2019 3:27 PM

Page 1

For the 12 Months Ending December 31, 2016
626 ELLICE AVE

ACTUAL / BUDGET

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	
REVENUE													
Sublet Fee	0.00	0.00	0.00	50.00	0.00	0.00	50.00	50.00	(50.00)	0.00	0.00	0.00	100.00
Residential Rent	27,960.00	32,140.00	27,409.00	28,413.00	25,855.00	26,036.00	27,326.00	28,756.00	25,425.00	24,683.00	26,027.00	28,752.00	328,782.00
Discount Rent	(236.00)	(280.00)	(236.00)	(209.00)	(235.00)	(411.00)	(451.00)	(556.00)	(493.00)	(376.00)	(641.00)	(918.15)	(5,042.15)
Residential Vacancy	(2,644.00)	(5,288.00)	(1,905.00)	(3,383.00)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(13,220.00)
Parking Revenue	375.00	375.00	375.00	275.00	230.00	230.00	185.00	140.00	140.00	140.00	190.00	234.00	2,889.00
Chargeback	362.50	100.00	0.00	0.00	0.00	0.00	0.00	0.00	20.00	0.00	0.00	30.00	512.50
Tenant Recoverable Charge Quarterly	0.00	0.00	0.00	0.00	1,260.50	318.99	0.00	0.00	0.00	20.00	0.00	0.00	1,599.49
Late Fee Revenue	30.00	91.00	16.00	40.00	70.00	22.00	74.00	0.00	0.00	100.00	56.00	88.00	587.00
Other Revenue	30.00	30.00	30.00	100.00	0.00	15.00	60.00	70.00	70.00	50.00	0.00	65.00	520.00
TOTAL REVENUE	25,877.50	27,168.00	25,689.00	25,286.00	27,180.50	26,210.99	27,244.00	28,460.00	25,112.00	24,617.00	25,632.00	28,250.85	316,727.84
EXPENSES													
Property Taxes	1,478.00	1,478.00	1,478.00	1,478.00	3,517.00	3,517.00	4,541.00	4,541.00	4,541.00	4,541.00	4,541.00	4,535.52	40,186.52
Cleaning - Contract Services	348.00	0.00	0.00	182.70	0.00	91.35	0.00	91.35	182.70	170.00	85.00	0.00	1,151.10
Bulky Waste	315.00	126.00	0.00	0.00	0.00	0.00	173.25	0.00	288.75	36.75	0.00	0.00	939.75
STE. Repair & Maintenance	0.00	210.00	1,333.50	0.00	160.00	0.00	105.00	0.00	277.50	105.00	56.50	0.00	2,247.50
Cleaning - Supplies	9.45	0.00	37.80	74.04	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	121.29
Carpet Cleaning	0.00	0.00	0.00	0.00	0.00	0.00	399.00	0.00	0.00	0.00	0.00	0.00	399.00
Cleaning - Garbage Removal	31.50	0.00	63.00	31.50	31.50	31.50	31.50	31.50	31.50	0.00	63.00	33.02	379.52
Carpet Cleaning Common Area	0.00	0.00	0.00	235.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	235.00
Appliance Repair	0.00	0.00	64.01	0.00	0.00	0.00	0.00	215.83	0.00	0.00	0.00	0.00	279.84
Appliance Replacement	0.00	0.00	0.00	0.00	0.00	0.00	0.00	257.75	0.00	0.00	0.00	0.00	257.75
R&M - Fire & Safety	0.00	0.00	0.00	0.00	0.00	0.00	1,723.62	252.56	0.00	49.35	0.00	2,338.68	4,364.21
R&M - Locksmith	0.00	0.00	107.35	291.96	120.35	0.00	0.00	0.00	0.00	0.00	0.00	517.49	1,037.15
Building Repairs & Maintenance	283.92	1,482.96	1,981.35	371.21	42.00	249.34	356.27	0.00	2,626.82	1,788.27	1,864.81	702.89	11,749.84
Coinmatic Rental	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	56.50	0.00	56.50
Door/Window Replacement	189.84	0.00	339.60	0.00	342.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	871.44
Utilities - Electricity	0.00	0.00	837.73	2,803.38	2,500.00	1,955.78	8,727.55	(736.56)	(6,714.22)	0.00	1,235.12	2,338.01	12,946.79
Phone/Internet Communications	34.88	0.00	148.33	125.46	188.41	0.00	112.13	43.83	0.00	153.20	76.84	280.78	1,163.86
Cable/Internet	20.69	0.00	642.06	0.00	0.00	0.00	574.65	0.00	369.26	0.00	110.69	0.00	1,717.35
Building Water	0.00	0.00	0.00	468.97	0.00	0.00	778.79	605.43	0.00	0.00	2,581.98	2,817.26	7,252.43
Monthly Pest Control Contract	0.00	0.00	10.17	84.00	0.00	102.90	102.90	0.00	102.90	18.38	102.90	0.00	524.15
Outside Mtce - Contract Services	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	31.50	0.00	0.00	31.50
Outside Mtce - Landscaping	0.00	0.00	0.00	0.00	0.00	105.00	0.00	131.25	105.00	0.00	0.00	0.00	341.25

ARMOUR MANAGEMENT
INCOME STATEMENT

October 18, 2019 3:27 PM

Page 2

For the 12 Months Ending December 31, 2016
626 ELLICE AVE

ACTUAL / BUDGET

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	
Outside Mtce - Snow Removal/ lawn main	0.00	210.00	0.00	315.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	105.00	630.00
Security - Video Monitoring Fee	0.00	0.00	0.00	2,126.16	531.54	0.00	0.00	1,036.59	0.00	694.16	0.00	0.00	4,388.45
Residential Tenancies Fee	0.00	0.00	60.00	0.00	120.00	60.00	60.00	0.00	0.00	0.00	0.00	60.00	360.00
Admin - Management Fees	1,459.50	1,459.50	1,459.50	1,459.50	1,459.50	1,459.50	1,459.50	1,459.50	1,459.50	1,459.50	1,459.50	1,459.50	17,514.00
Leasing - Advertising	63.00	63.00	220.50	0.00	63.00	63.00	63.00	63.00	63.00	63.00	63.00	63.00	850.50
Leasing - Commissions	0.00	0.00	0.00	131.25	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	131.25
Caretaking Fee	897.00	1,838.85	0.00	941.85	941.85	663.39	941.85	941.85	941.85	941.85	941.85	1,883.70	11,875.89
Insurance (O.P)	1,940.24	0.00	4,617.04	2,160.49	2,050.89	2,078.87	2,078.87	3,333.13	3,333.13	4,080.84	309.40	2,001.97	27,984.87
Key / Lock Expense	0.00	0.00	29.83	7.91	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	37.74
Bank Charges	39.00	39.00	39.00	129.00	39.00	39.00	39.00	39.00	39.00	39.00	0.00	39.00	519.00
Mortgage Payments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	205,636.31	205,636.31
Tenant Deposit Interest	3.58	.12	1.39	.96	0.00	1.49	6.95	0.00	1.68	2.96	.90	0.00	20.03
Snow Removal	210.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	210.00
TOTAL EXPENSES	7,323.60	6,907.43	13,470.16	13,418.34	12,107.04	10,418.12	22,274.83	12,307.01	7,649.37	14,174.76	13,548.99	224,812.13	358,411.78
NET INCOME <LOSS>	18,553.90	20,260.57	12,218.84	11,867.66	15,073.46	15,792.87	4,969.17	16,152.99	17,462.63	10,442.24	12,083.01	(196,561.28)	(41,683.94)

**ARMOUR MANAGEMENT
INCOME STATEMENT**

October 18, 2019 3:31 PM

Page 2

For the 12 Months Ending December 31, 2017
626 ELLICE AVE

ACTUAL / BUDGET

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	
Tenant Deposit Interest	2.89	1.43	6.20	1.81	.14	4.55	.10	3.73	8.55	2.84	.33	3.35	35.92
Miscellaneous Expenses	87.15	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	87.15
TOTAL EXPENSES	26,285.98	48,701.75	35,511.74	23,176.48	31,323.64	31,085.97	24,048.25	16,663.25	27,228.86	25,964.86	24,999.73	28,255.13	343,245.64
NET INCOME <LOSS>	2,828.60	(19,917.32)	(5,999.38)	4,374.51	(8,412.64)	(3,849.05)	3,079.16	10,672.43	(139.04)	(2,326.69)	(1,016.67)	(4,536.14)	(25,242.23)

**ARMOUR MANAGEMENT
INCOME STATEMENT**

October 18, 2019 3:37 PM

Page 1

For the 12 Months Ending December 31, 2018
626 ELLICE AVE

ACTUAL / BUDGET

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	
REVENUE													
Residential Rent	29,523.00	27,090.05	29,508.00	26,952.00	29,903.00	29,658.50	29,222.00	28,308.00	28,113.00	27,489.40	28,703.00	30,987.00	345,456.95
Discount Rent	(1,306.00)	(1,093.50)	(1,074.00)	(859.00)	(1,024.00)	(674.00)	(949.00)	(510.00)	(420.00)	(612.00)	(330.00)	(1,760.00)	(10,611.50)
Residential Vacancy	(3,870.00)	(5,835.00)	(7,165.00)	(5,974.00)	(5,775.00)	(3,364.00)	(2,600.00)	(2,025.00)	(1,330.00)	(695.00)	(3,345.00)	(4,114.00)	(46,092.00)
Parking Revenue	345.00	345.00	445.00	395.00	395.00	345.00	345.00	45.00	145.00	145.00	95.00	95.00	3,140.00
Chargeback	0.00	0.00	100.00	723.00	381.62	214.00	100.00	205.00	100.00	100.00	280.00	160.00	2,363.62
Tenant Recoverable Charge Quarterly	1,638.30	27.57	131.18	548.11	0.00	351.57	0.00	368.96	323.75	2,200.00	348.66	0.00	5,938.10
Late Fee Revenue	0.00	18.00	0.00	0.00	0.00	0.00	42.00	0.00	20.00	1.00	0.00	0.00	81.00
Tenant Hydro Chargeback	925.00	770.00	750.00	750.00	910.00	765.00	892.00	910.00	910.00	1,120.00	980.00	980.00	10,662.00
Tenant WaterChargeback	500.00	325.40	450.00	450.00	622.00	655.00	725.00	800.00	860.00	862.00	830.00	830.00	7,909.40
TOTAL REVENUE	27,755.30	21,647.52	23,145.18	22,985.11	25,412.62	27,951.07	27,777.00	28,101.96	28,721.75	30,610.40	27,561.66	27,178.00	318,847.57
EXPENSES													
Property Taxes	0.00	3,436.00	3,436.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	6,872.00
Building Repairs & Maintenance	2,524.64	2,669.43	8,118.64	2,784.27	3,525.61	4,272.77	672.01	4,812.56	3,170.51	8,286.85	5,266.13	7,651.07	53,754.49
Utilities - Electricity	589.00	589.00	2,344.24	589.00	589.00	589.00	589.00	589.00	589.00	589.00	589.00	4.32	8,238.56
Phone/Internet Communications	0.00	(15.39)	0.00	0.00	0.00	(18.12)	0.00	0.00	0.00	0.00	0.00	0.00	(33.51)
Tenant Hydro	800.00	2,111.42	2,158.09	1,275.13	1,339.79	2,000.42	1,266.08	1,595.57	1,203.66	755.73	895.22	(243.26)	15,157.85
Tenant Water Charge	500.00	500.00	0.00	446.07	7,693.38	0.00	2,063.76	321.52	685.85	0.00	(4,245.59)	0.00	7,964.99
Cable/Internet	0.00	0.00	0.00	0.00	0.00	(326.74)	0.00	0.00	0.00	0.00	0.00	0.00	(326.74)
Building Water	200.00	200.00	0.00	0.00	0.00	150.00	512.50	150.00	150.00	150.00	150.00	150.00	1,812.50
Outside Mtce - Snow Removal/ lawn main	105.00	105.00	105.00	105.00	0.00	(105.00)	0.00	0.00	0.00	0.00	0.00	0.00	315.00
Residential Tenancies Fee	607.50	(120.00)	60.00	120.00	0.00	300.00	20.00	180.00	0.00	0.00	180.00	60.00	1,407.50
Admin - Management Fees	1,531.95	1,531.95	1,531.95	1,531.95	1,531.95	1,531.95	1,531.95	1,531.95	1,531.95	1,531.95	1,531.95	1,531.95	18,383.40
Leasing - Advertising	63.00	63.00	63.00	63.00	63.00	63.00	273.00	63.00	63.00	63.00	63.00	63.00	966.00
Leasing - Commissions	0.00	0.00	0.00	0.00	210.00	498.75	0.00	210.00	78.75	603.75	0.00	78.75	1,680.00
Caretaking Fee	971.25	971.25	971.25	971.25	725.00	725.00	725.00	725.00	725.00	725.00	725.00	825.00	9,785.00
Insurance (O.P)	2,130.68	2,130.68	2,130.68	3,177.00	3,177.00	5,199.30	3,177.00	3,177.00	3,177.00	3,177.00	3,177.00	3,177.00	37,007.34
Bad Debts Expense	0.00	0.00	2,461.96	0.00	0.00	0.00	1,815.27	800.00	46,082.37	2,194.00	2,149.04	0.00	55,502.64
Bank Charges	39.00	39.00	39.00	39.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	476.00
Mortgage Payments	16,924.15	16,924.15	16,924.15	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	50,772.45
Tenant Deposit Interest	3.86	4.47	0.00	6.15	.14	1.52	4.58	2.51	8.74	0.00	4.43	0.00	36.40
Accounting Audit Fee	0.00	0.00	2,500.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,500.00
TOTAL EXPENSES	26,990.03	31,139.96	42,843.96	11,107.82	18,894.87	14,921.85	12,690.15	14,198.11	57,505.83	18,116.28	10,525.18	13,337.83	272,271.87

ARMOUR MANAGEMENT
INCOME STATEMENT

October 18, 2019 3:37 PM

Page 2

For the 12 Months Ending December 31, 2018
626 ELLICE AVE

ACTUAL / BUDGET

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	
NET INCOME <LOSS>	765.27	(9,492.44)	(19,698.78)	11,877.29	6,517.75	13,029.22	15,086.85	13,903.85	(28,784.08)	12,494.12	17,036.48	13,840.17	46,575.70

**ARMOUR MANAGEMENT
INCOME STATEMENT**

September 28, 2019 8:24 AM

Page 2

For the 12 Months Ending August 31, 2019

ACTUAL / BUDGET

626 ELLICE AVE

January - August 2019

	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Total
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	
Key / Lock Expense	0.00	0.00	0.00	0.00	0.00	0.00	112.95	0.00	0.00	464.69	0.00	0.00	577.64
Bad Debts Expense	46,082.37	2,194.00	2,149.04	0.00	0.00	0.00	0.00	0.00	0.00	0.00	23,982.12	3,060.00	77,467.53
Bank Charges	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	190.00	40.00	40.00	40.00	630.00
Mortgage Payments	0.00	0.00	0.00	0.00	16,924.15	16,924.15	16,924.15	0.00	0.00	(45,147.45)	0.00	1,875.00	7,500.00
Tenant Deposit Interest	8.74	0.00	4.43	0.00	1.73	3.62	3.56	2.56	10.77	0.00	.99	8.80	45.20
Accounting Audit Fee	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	288.75	0.00	0.00	0.00	288.75
TOTAL EXPENSES	57,505.83	18,116.28	10,525.18	13,337.83	33,074.87	28,636.13	32,198.31	13,427.34	13,170.26	(35,109.88)	37,298.28	23,963.06	246,143.49
NET INCOME <LOSS>	(28,784.08)	12,494.12	17,036.48	13,840.17	(5,142.06)	(4,472.33)	(8,412.81)	8,362.83	10,087.74	58,432.88	(13,815.28)	(184.35)	59,443.31

**Armour Management
INCOME STATEMENT**

October 11, 2019 11:51 AM

Page 1

For the 9 Months Ending September 30, 2019

626 ELLICE AVE

Budget Comparison to Original Budget

C U R R E N T M O N T H

Y E A R T O D A T E

Actual Budget Variance \$

Actual Budget Variance \$

	September 2019			January - September 2019		
	Actual	Budget	Variance \$	Actual	Budget	Variance \$
REVENUE						
Residential Rent	24,263.00	29,670.00	(5,407.00)	216,307.00	267,030.00	(50,723.00)
Discount Rent	(359.00)	(403.00)	44.00	(2,854.33)	(3,627.00)	772.67
Caretaker Fee (Discount)	(1,275.00)	(825.00)	(450.00)	(9,837.00)	(7,425.00)	(2,412.00)
Residential Vacancy	0.00	0.00	0.00	(3,419.00)	0.00	(3,419.00)
Parking Revenue	45.00	145.00	(100.00)	530.00	1,305.00	(775.00)
Chargeback	0.00	0.00	0.00	(1,200.00)	0.00	(1,200.00)
Tenant Recoverable Charge Qua	0.00	650.00	(650.00)	3,473.52	5,850.00	(2,376.48)
Late Fee Revenue	90.00	0.00	90.00	206.00	0.00	206.00
Tenant Hydro Chargeback	200.00	900.00	(700.00)	4,347.50	8,100.00	(3,752.50)
Tenant Water Chargeback	904.00	700.00	204.00	7,829.30	6,300.00	1,529.30
TOTAL REVENUE	23,868.00	30,837.00	(6,969.00)	215,382.99	277,533.00	(62,150.01)
EXPENSES						
Property Taxes	0.00	0.00	0.00	20,311.70	0.00	(20,311.70)
Cleaning - Garbage Removal	0.00	300.00	300.00	613.76	2,700.00	2,086.24
GFL Bin Rental	0.00	33.02	33.02	170.08	297.18	127.10
BLDG Fire Inspection	0.00	475.00	475.00	10,754.37	4,275.00	(6,479.37)
Tenant Recoverable Charge Qua	0.00	682.50	682.50	5,460.00	6,142.50	682.50
Building Repairs & Maintenance	1,486.25	0.00	(1,486.25)	7,892.53	0.00	(7,892.53)
Utilities - Electricity	16.76	589.00	572.24	4,745.52	5,301.00	555.48
Phone/Internet Communications	583.72	192.12	(391.60)	2,030.69	1,729.08	(301.61)
Tenant Hydro	203.60	750.00	546.40	17,284.00	6,750.00	(10,534.00)
Vacant Unit Hydro	648.56	150.00	(498.56)	4,801.72	1,350.00	(3,451.72)
Tenant Water Charge	0.00	1,600.00	1,600.00	9,906.28	14,400.00	4,493.72
Building Water	0.00	153.75	153.75	918.75	1,383.75	465.00
Monthly Pest Control Contract	532.35	532.35	0.00	4,791.15	4,791.15	0.00
Outside Mtce - Snow Removal/ Ia	0.00	0.00	0.00	1,396.51	0.00	(1,396.51)
Security - Video Monitoring Fee	450.45	450.45	0.00	4,067.61	4,054.05	(13.56)
Residential Tenancies Fee	0.00	60.00	60.00	1,187.50	540.00	(647.50)
Admin - Management Fees	1,531.95	1,531.95	0.00	13,800.05	13,787.55	(12.50)
Leasing - Advertising	63.00	63.00	0.00	567.00	567.00	0.00
Leasing - Commissions	0.00	0.00	0.00	2,651.25	0.00	(2,651.25)
Caretaking Fee	450.00	0.00	(450.00)	3,364.00	0.00	(3,364.00)
Key / Lock Expense	0.00	0.00	0.00	577.64	0.00	(577.64)
Bad Debts Expense	578.00	0.00	(578.00)	27,620.12	0.00	(27,620.12)
Bank Charges	40.00	40.00	0.00	510.00	360.00	(150.00)
Mortgage Payments	0.00	0.00	0.00	7,500.00	0.00	(7,500.00)
Tenant Deposit Interest	0.00	0.00	0.00	32.03	0.00	(32.03)
Accounting Audit Fee	0.00	0.00	0.00	288.75	0.00	(288.75)
TOTAL EXPENSES	6,584.64	7,603.14	1,018.50	153,243.01	68,428.26	(84,814.75)
NET INCOME <LOSS>	17,283.36	23,233.86	(5,950.50)	62,139.98	209,104.74	(146,964.76)

**ARMOUR MANAGEMENT
INCOME STATEMENT**

January 14, 2020 12:45 PM

Page 1

For the 12 Months Ending December 31, 2019
626 Ellice- Deloitte

ACTUAL / BUDGET

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	
REVENUE										October - December 2019			
Residential Rent	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	7,487.39	24,884.00	26,859.00	22,779.00	82,009.39
Discount Rent	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(293.00)	(293.00)
Caretaker Fee (Discount)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(1,275.00)	(825.00)	(825.00)	(2,925.00)
Parking Revenue	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	45.00	45.00	95.00	185.00
Chargeback	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	219.60	219.60
Tenant Recoverable Charge Quarterly	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	689.19	689.19
Late Fee Revenue	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	22.00	20.00	42.00
Tenant Hydro Chargeback	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	200.00	130.00	60.00	390.00
Tenant WaterChargeback	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	920.00	1,070.00	870.00	2,860.00
TOTAL REVENUE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	7,487.39	24,774.00	27,301.00	23,614.79	83,177.18
EXPENSES													
Cleaning - Garbage Removal	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	890.24	890.24
BLDG Fire Inspection	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	147.84	147.84	(147.84)	0.00	147.84
Building Repairs & Maintenance	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,147.00	0.00	1,147.00
Utilities - Electricity	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(774.36)	1,104.78	0.00	330.42
Phone/Internet Communications	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	221.20	444.62	(665.82)	0.00
Tenant Hydro	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	277.72	(58.16)	219.56
Vacant Unit Hydro	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	758.78	(453.34)	305.44
Tenant Water Charge	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,799.06	8,668.02	(11,467.08)	0.00
Monthly Pest Control Contract	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	532.35	532.35	532.35	1,597.05
Security - Video Monitoring Fee	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	450.45	0.00	(450.45)	0.00
Residential Tenancies Fee	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	60.00	0.00	60.00
Admin - Management Fees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,531.95	1,531.95	1,531.95	4,595.85
Leasing - Advertising	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	63.00	63.00	63.00	189.00
Leasing - Commissions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	787.50	0.00	(787.50)	0.00
Bank Charges	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	40.00	40.00	40.00	120.00
Tenant Deposit Interest	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	.80	.80
TOTAL EXPENSES	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	147.84	5,798.99	14,480.38	(10,824.01)	9,603.20
NET INCOME <LOSS>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	7,339.55	18,975.01	12,820.62	34,438.80	73,573.98

ARMOUR MANAGEMENT
INCOME STATEMENT

January 7, 2021 12:39 PM

Page 1

For the 12 Months Ending December 31, 2020
626 Ellice- Deloitte

ACTUAL / BUDGET

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	
REVENUE													
Residential Rent	21,245.00	16,829.00	25,401.93	27,517.00	27,590.00	26,362.00	25,654.00	21,177.00	18,703.00	16,253.00	14,890.00	10,408.00	252,029.93
Discount Rent	0.00	(867.00)	(1,419.24)	(1,008.00)	(1,006.00)	(1,024.00)	(987.00)	(864.00)	(830.00)	(1,297.00)	(958.00)	(631.00)	(10,891.24)
Caretaker Fee (Discount)	(825.00)	(825.00)	(825.00)	(825.00)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(3,300.00)
Parking Revenue	89.00	150.00	100.00	50.00	50.00	50.00	50.00	50.00	50.00	0.00	0.00	0.00	639.00
Chargeback	922.04	665.00	0.00	0.00	0.00	.12	150.00	690.00	2,280.50	2,640.00	1,099.00	903.50	9,350.16
Tenant Recoverable Charge Quarterly	0.00	1,142.13	175.51	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5,986.86	7,304.50
Late Fee Revenue	48.00	0.00	78.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	100.00	226.00
Tenant Hydro Chargeback	60.00	60.00	60.00	60.00	60.00	60.00	60.00	0.00	0.00	0.00	0.00	0.00	420.00
Tenant WaterChargeback	840.00	806.00	1,063.71	1,135.00	1,105.00	1,045.00	1,015.00	815.00	735.00	585.00	555.00	365.00	10,064.71
TOTAL REVENUE	22,379.04	17,960.13	24,634.91	26,929.00	27,799.00	26,493.12	25,942.00	21,868.00	20,938.50	18,181.00	15,586.00	17,132.36	265,843.06
EXPENSES													
Bulky Waste	0.00	0.00	359.33	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	359.33
STE. Repair & Maintenance	0.00	0.00	0.00	0.00	0.00	0.00	254.12	0.00	0.00	0.00	0.00	0.00	254.12
Carpet Cleaning	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	563.02	0.00	0.00	563.02
Cleaning - Garbage Removal	388.29	547.82	393.67	0.00	0.00	0.00	736.35	355.40	0.00	552.85	349.74	0.00	3,324.12
GFL Bin Rental	36.42	36.42	0.00	0.00	34.68	34.68	116.67	34.68	0.00	0.00	0.00	0.00	293.55
Appliance Repair	0.00	0.00	0.00	126.78	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	126.78
Appliance Replacement	0.00	0.00	0.00	0.00	396.90	0.00	0.00	0.00	0.00	0.00	0.00	0.00	396.90
R&M - Fire & Safety	0.00	0.00	0.00	0.00	0.00	2,061.08	0.00	0.00	178.50	640.50	0.00	0.00	2,880.08
BLDG Fire Inspection	147.84	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	147.84
R&M - Locksmith	0.00	0.00	336.00	0.00	0.00	0.00	0.00	112.00	0.00	0.00	0.00	0.00	448.00
Building Repairs & Maintenance	161.18	0.00	0.00	0.00	0.00	0.00	6,244.48	3,109.69	3,833.95	3,358.95	(6,622.31)	218.40	10,304.34
Phone/Internet Communications	0.00	0.00	127.93	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	127.93
Monthly Pest Control Contract	532.35	532.35	532.35	532.35	532.35	532.35	532.35	532.35	532.35	532.35	532.35	620.55	6,476.40
Outside Mtce - Snow Removal/ lawn main	238.62	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	238.62
Security - Video Monitoring Fee	0.00	0.00	0.00	147.84	0.00	0.00	147.84	94.50	1,416.49	147.84	1,624.28	1,624.28	5,203.07
Residential Tenancies Fee	60.00	60.00	332.50	60.00	0.00	0.00	350.00	0.00	0.00	315.00	0.00	0.00	1,177.50
Admin - Management Fees	1,531.95	1,531.95	1,531.95	1,571.95	1,531.95	1,531.95	1,531.95	1,531.95	1,531.95	1,531.95	1,531.95	1,531.95	18,423.40
Leasing - Advertising	63.00	63.00	63.00	63.00	63.00	63.00	63.00	63.00	63.00	63.00	63.00	63.00	756.00
Caretaking Fee	0.00	0.00	0.00	0.00	975.00	825.00	825.00	0.00	0.00	0.00	0.00	0.00	2,625.00
Bad Debts Expense	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	46,938.82	0.00	0.00	0.00	46,938.82
Bank Charges	40.00	87.60	141.72	0.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	589.32
Tenant Deposit Interest	.85	1.91	1.17	0.00	0.00	.12	0.00	0.00	0.00	0.00	0.00	33.48	37.53

ARMOUR MANAGEMENT
INCOME STATEMENT

January 7, 2021 12:39 PM

Page 2

For the 12 Months Ending December 31, 2020

ACTUAL / BUDGET

626 Ellice- Deloitte

	Jan Actual	Feb Actual	Mar Actual	Apr Actual	May Actual	Jun Actual	Jul Actual	Aug Actual	Sep Actual	Oct Actual	Nov Actual	Dec Actual	Total
TOTAL EXPENSES	3,200.50	2,861.05	3,819.62	2,501.92	3,573.88	5,088.18	10,841.76	5,873.57	54,535.06	7,745.46	(2,480.99)	4,131.66	101,691.67
NET INCOME <LOSS>	19,178.54	15,099.08	20,815.29	24,427.08	24,225.12	21,404.94	15,100.24	15,994.43	(33,596.56)	10,435.54	18,066.99	13,000.70	164,151.39

Appendix N – Loan Agreement

Loan Agreement between:

Ric Doering (Lender)

Pawn Traders

620 Ellice Ave, Winnipeg MB

&

Glen Collins / Pat Penner (Borrower)

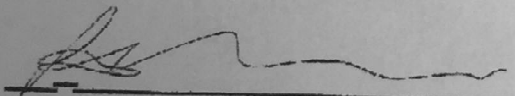
6382330 MB Ltd

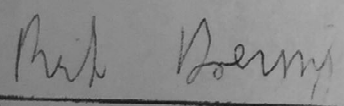
620 Ellice Ave, Winnipeg MB

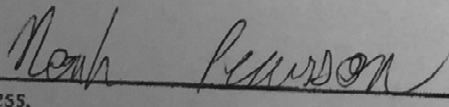
This loan agreement between the Lender and Borrower has the following terms and conditions:

1. Amount being borrowed is \$25K on Thu May 17th 2018
2. The Lender will charge an amount of \$3.5K for interest.
3. Due date for payback of the \$25K plus \$3.5K interest totalling \$28.5K is Mon Sept 3rd 2018.
4. If the Borrower does not pay back the \$28.5K on Sept 3rd then Pawn Traders will get in lieu 18 months of rent for their commercial space at 620 Ellice Ave. The rent period starts Jan 1st 2019 and expires July 1st 2020.


Borrower, Glen Collins 17 May 2018
Date


Borrower, Pat Penner May 17/2018
Date


Lender, Ric Doering MAY 17/18
Date


Witness, Noah Pearson
Date May 17/18

Appendix O – May 1, 2015 Lease Agreement (Pawn Traders)

THIS LEASE made in duplicate as of this 1st day of May, 2015 between:

6382330 Manitoba Ltd.
(the "Landlord")

OF THE FIRST PART,

- and -

Richard Doering
(the "Tenant")

OF THE SECOND PART,

WHEREAS:

- (a) The Landlord is the registered owner of the Building and the Lands appurtenant thereto (as hereinafter defined);
- (b) The Landlord has agreed to lease to the Tenant a portion of the Building located on the Lands and as more particularly outlined in Schedule "B" and three (3) electrified parking stalls.
- (c) The Tenant has agreed to provide his covenant to the Landlord as security for performance of this Lease by the Tenant.

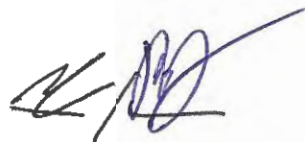
NOW THEREFORE in consideration of the rents, covenants, and agreements hereinafter reserved and contained on the part of the Tenant, to be paid, kept, observed and performed, the Landlord and Tenant agree as follows:

ARTICLE 1

DEFINITIONS

- 1.01 In this Lease, unless the context requires otherwise, the following terms shall have the following meanings, respectively:
- 1.02 "Building" means the building situated at 620-626 Ellice, in the City of Winnipeg, in the Province of Manitoba;
- 1.03 "Commencement Date: means May 1, 2015;
- 1.04 "GST" means the Goods and Services Tax established under the Excise Tax Act (Canada) or a successor tax imposed by the Government of Canada under lawful authority;
- 1.05 "Landlord" means 6382330 Manitoba Ltd.;
- 1.06 "Lands" means the Lands thereunder, which lands and premises are legally described on Schedule "A" attached hereto, upon which the Building is located;
- 1.07 "Lease" means this Lease and all Schedules hereto, which are referred to in this Lease and every properly executed instrument, which by its terms, amends modifies or supplements this Lease;
- 1.08 "Leased Premises" has the meaning ascribed to it in Article 3.01 hereof;
- 1.09 "Notices" has the meaning ascribed to it in Article 22.02 hereof;

INITIALS

A handwritten signature and initials in blue ink, appearing to be 'RD' or similar, written over a light blue rectangular background.

- 1.10 "Renewal Term" has the meaning ascribed to it in Article 17.01 hereof;
- 1.11 "Security Deposit" has the meaning ascribed to it in Article 3 hereof;
- 1.12 "Tenant" means Richard Doering operating as Pawn Traders;
- 1.13 "Term" means the term of this Lease as stipulated in Article 3.03.

ARTICLE 2

STRUCTURE OF DOCUMENT AND INTERPRETATION

2.01 NUMBER AND GENDER

In this Lease the singular shall include the plural and the masculine shall include the feminine gender and neuter.

2.02 HEADING AND CAPTIONS

The article numbers, article headings, Article numbers and Article headings are inserted for convenience of reference only and are not to be considered when interpreting this Lease.

2.03 OBLIGATIONS AS COVENANTS

Each obligation of the Landlord and the Tenant expressed in this Lease, even though not expressed as a covenant is considered to be a covenant for all purposes.

2.04 ENTIRE AGREEMENT

This Lease contains all the presentations, warranties, covenants, agreements, conditions and understandings between the Landlord and the Tenant concerning the Leased Premises or the subject matter of this Lease.

2.05 GOVERNING LAW

This Lease will be interpreted under and as governed by the laws of the Province of Manitoba.

ARTICLE 3

LEASED PREMISES, RENT, TERM AND INTEREST

3.01 LEASED PREMISES

The Landlord hereby leases to the Tenant the main floor commercial space and a portion of the basement at the Building, commonly known as **626 Ellice Avenue**, in the City of Winnipeg, Province of Manitoba, containing approximately **1,400** square feet on the main floor and located within the Building and upon the land legally described in Schedule "B" attached hereto (collectively, the "Leased Premises").

3.02 RENT

3.02.A The Tenant covenants to pay rent as set out in Article 3.03 as hereinafter provided, with the intent that the rent shall be gross (except as otherwise herein stated) to the Tenant and all costs and expenses relating to the Leased Premises shall be the responsibility of the Tenant as hereinafter set forth.

3.02.B The Tenant has been provided with a rent free period that has expired as of the commencement of the Term of this lease. The Tenant shall receive free basic rent in the month of May during the first seven (7) years of the Term as follows:

- a) Free Basic Rent May 2015;
- b) Free Basic Rent May 2016;

INITIALS 

- c) Free Basic Rent May 2017;
- d) Free Basic Rent May 2018;
- e) Free Basic Rent May 2019;
- f) Free Basic Rent May 2020; and
- g) Free Basic Rent May 2021;

Notwithstanding the forgoing the Tenant shall be responsible for all utilities, insurance and other expenses not included in clause 3.03 herein and as described, in Articles 6 and 7 below from the date of this lease and including any rent free periods.

3.03 TERM

The Landlord leases the Leased Premises to the Tenant for a term of **seven (7) years and six (6) months** from the **1st day of May, 2015** (the "Commencement Date") to and including the **31st day of October, 2022**. For the first 5 years of the Term, the annual basic rent shall be **twenty five thousand two hundred Dollars (\$25,200.00)** plus GST, payable in twelve (12) equal monthly installments of **two thousand one hundred Dollars (\$2,100.00)** plus GST, on the first day of each month. The rent shall increase at a rate of 2% each and every year starting in year six (6), such that the annual rent payable starting on May 1, 2020 shall be **twenty five thousand seven hundred and four Dollars (\$25,704.00)** plus GST, in year seven (7) the annual rent payable starting go May 1, 2021 shall be **twenty six thousand two hundred and eighteen Dollars (\$26,218.08)** plus GST, and for the final six (6) months of the term the monthly rent will be based on an annual rent payable starting go May 1, 2022 of **twenty six thousand seven hundred and forty two Dollars (\$26,742.44)** plus GST

~~3.04 SECURITY DEPOSIT~~

~~The Tenant shall provide a Deposit of > payable to the Landlord.~~

3.05 INTEREST

Provided that in the event of default for more than thirty (30) days, in addition to the other remedies available to the Landlord herein, interest shall accrue and be payable by the Tenant on arrears of rent at a rate per annum equal to the prime rate charged to commercial borrowers by the Landlord's bank from time to time, plus eight (8%) percent per annum, such interest to be calculated and compounded monthly, not in advance.

3.06 TENANT'S OBLIGATION TO PAY RENT

The Tenant's obligation to pay rent shall survive the expiration of earlier termination of this Lease. Any rent or other sum received or accepted by the Landlord and made by anyone other than the Tenant, on behalf of the Tenant, shall not release or in any way affect the covenants of the Tenant set out in this Lease and is not to be construed by the Tenant as Landlords' consent under Article 8. Any rent or other sum received by the Landlord from or for the account of the Tenant while the Tenant is in default under this Lease may be applied at the Landlord's option to the satisfaction in whole or in part of any of the obligations of the Tenant then due under this Lease in such manner as the Landlord sees fit regardless of any designation or instruction of the Tenant to the contrary.

ARTICLE 4

4.01 TAXES

The Landlord shall pay all taxes, local improvements or similar rates, duties, assessments and charges, municipal realty taxes, school taxes, and any other taxes, rates, duties, assessments both general or special levied or imposed upon or with respect to the realty during the Term in respect of the Leased Premises. The Tenant shall be responsible for its own business taxes and any other taxes and levies by any governmental authority against the Leased Premises or the business of the Tenants a result of his occupation of the Leased Premises.

INITIALS 

4
ARTICLE 5

REPAIRS, MAINTENANCE AND USE

5.01 REPAIR BY TENANT

The Tenant will keep in good and substantial state of repair and maintenance, as would a careful and prudent owner, the Leased Premises and including all leasehold improvement, equipment and all trade fixtures, all glass and utilities and all heating, air-conditioning and ventilating equipment (including HVAC), and surface floor covering, therein but with the exception of structural elements of the Leased Premises. The term "good and substantial state of repair and maintenance" shall include replacement from time to time as required, without restricting the obligations of the Tenant hereunder and excluding normal wear and tear and excepting only major structural repairs as described in Article 5.06 below. The Tenant shall at all times oil, clean, maintain and otherwise service the plumbing, heating and other equipment of a like nature. Notwithstanding the above, the Tenant shall not be obligated to replace the Landlord's equipment that is beyond repair due to obsolescence and the Furnace shall be the responsibility of the Landlord for the first five (5) years of the Term.

5.02 CLEANLINESS

The Tenant will keep the Leased Premises in a clean and sanitary condition in accordance with the requirements of all municipal, provincial and federal laws thereto pertaining and will not allow any ashes, garbage or other loose or objectionable material to accumulate in or about the Leased Premises and will immediately before the expiration or earlier termination of the Lease wash the floors, windows and woodwork of the Leased Premises and will remove all signs from the Building. The Tenant will not permit the water closets, sinks and waste pipes to become stopped by grease, paper or refuse of any kind. The Tenant will not allow rubbish and debris to accumulate in or about the Leased Premises and will provide proper and sufficient receptacles for waste.

5.03 USE

The Tenant will not use the Leased Premises for any other purpose other than that of a **Pawn Shop** and all uses incidental and necessary for those purposes. The Tenant shall be responsible at his sole expense and cost to obtain an Occupancy Permit from the appropriate governmental authority permitting the occupation of the Leased Premises for the Use designated herein, and the Tenant shall further obtain any and all permits that may be required from time to time for the installation of any equipment, use of machinery or erecting of signage over and upon the Leased Premises.

5.04 ENTRY

The Tenant will permit the Landlord and all persons employed or contracted by it to enter upon the Leased Premises at all reasonable times for the purpose of viewing the state thereof and for any other reasonable purpose and the Tenant shall forthwith make good any defects found upon the Leased Premises and of which reasonable notice shall be given by or on behalf of the Landlord and for which the Tenant is liable hereunder.

5.05 NO NUISANCE

The Tenant shall not do or permit or suffer upon the Leased Premises anything, which may become a nuisance or annoyance to the Landlord or other tenants, or to owners and occupiers of any other nearby buildings.

5.06 LANDLORD'S REPAIR

The Landlord shall be under no obligation of any nature or kind to rebuild, replace, maintain or make any repairs, improvements or render any services with respect to the Leased Premises with the exception of structural repairs, i.e. repairs of substantial nature to the main walls, roof or foundation, but only if said repairs did not arise or result from negligence on the part of the Tenant or its servants which are not covered by the insurance to be maintained by the Landlord as in Article 7 provided, in which case the Tenant shall be responsible for repairing the Leased Premises. The Landlord shall repair and maintain the common areas of the Building, being the common entry and staircase into the Leased Premises. Notwithstanding the above, the

INITIALS 

Landlord shall be responsible to remediate the black mold exposed on the basement wall on or before the commencement date.

ARTICLE 6

6.01 UTILITIES AND SERVICES

The Tenant is solely responsible and will promptly pay all charges for gas, electricity, water, refuse removal, and other utility or service used on the Leased Premises. The Tenant shall not install equipment that will exceed or overload the capacity of utility facilities and agrees that if equipment installed by the Tenant requires additional facilities these additional facilities will be installed at the Tenant's expense in accordance with plans and specifications approved by the Landlord prior to installation.

ARTICLE 7

7.01 TENANT'S INSURANCE

During the Term of this Lease the Tenant shall at its sole cost and expense maintain public liability insurance satisfactory to the Landlord against all claims for personal injury, death, or property damage occurring upon, in or about the Leased Premises and on, in or about the adjoining streets, and passageways, such insurance to afford protection in respect to injury or death to a single person for not less than **two million xx/100 Dollars (\$2,000,000.00)** and not less than **two million xx/100 Dollars (\$2,000,000.00)** in respect to any one accident and to the limit of not less than **two million xx/100 Dollars (\$2,000,000.00)** in respect to property damage for any one accident. The Tenant shall also maintain at its sole cost and expense insurance upon all glass and plate glass and equipment and fixtures belonging to the Landlord and forming part of the Leased Premises and shall further place, pay for and maintain standard fire and extended coverage insurance covering the Tenant's improvements, stock-in-trade, furniture and fixtures, equipment, to, in or upon the Leased Premises in an amount equal to the full insurable value thereof. The Tenant shall also maintain at its sole cost and expense insurance to protect from business interruption due to physical loss, damage or destruction of the Lease Premises. All policies of insurance or certificates thereof at the option of the Landlord shall be delivered to the Landlord accompanied by satisfactory evidence to the Landlord that the premiums thereon have been paid. All such policies shall name the Landlord as an additional insured and a waiver of subrogation in favour of the Landlord.

7.02 LANDLORD'S INSURANCE

The Landlord will be responsible to maintain fire and extended insurance coverage on the Building and the Leased Premises.

ARTICLE 8

ASSIGNMENT AND SUBLETTING

8.01 ASSIGNMENT BY TENANT

(a) The Tenant shall not permit any part of the Leased Premises to be used or occupied by any person other than the Tenant or its employees or customers and others having lawful business with the Tenant.

(b) The Tenant shall not assign or sub-let or part with possession of all or any part of the Leased Premises without the Landlord's written consent, which consent shall not be unreasonably withheld; provided, however such consent to any assignment or sub-letting shall not relieve the Tenant from its obligations to the payment of rent and for full and faithful observance and performance of all the covenants, terms and conditions contained herein.

INITIALS 

8.02 ASSIGNMENT BY LANDLORD

Without the Tenant's consent the Landlord may sell, transfer or assign an interest in the building or in this Lease. If any purchaser, transferee or assignee then becomes responsible for compliance with the covenants and obligations of the Landlord hereunder, the Landlord shall be relieved of all obligations under this Lease.

ARTICLE 9**9.01 CONDITION OF THE LEASED PREMISES**

The Tenant acknowledges that he has examined and knows the condition of the Leased Premises and equipment and fixtures accepts same as is. The Landlord shall be under no obligation to alter, amend, and/or repair the Leased Premises prior to the Commencement Date.

ARTICLE 10**LANDLORD'S COVENANTS****10.01 QUIET ENJOYMENT**

Provided that the Tenant pays the rent and performs and observes the terms, covenants and conditions herein contained, the Tenant shall peacefully and quietly enjoy the Leased Premises for the Term hereby granted without any interruptions, hindrance or disturbance by the Landlord or any other person or persons claiming under him, except in case of emergency and subject to Article 21.01 herein.

ARTICLE 11**11.01 MORTGAGES**

Nothing contained in this Lease shall affect or be construed as the limitation of the absolute right of the Landlord to mortgage the Leased Premises or dispose of any interest therein so long as such dealing with the Leased Premises by the Landlord shall not curtail the rights of the Tenant set out in this Lease, and the Tenant specifically consents herewith to any such assignment of the Lease as the Landlord may or may hereafter make and covenants it will do such things and execute such documents as the Landlord or mortgagee may require for the purpose of mortgaging, assigning or otherwise dealing with the interest in the Leased Premises or in this Lease. Furthermore, without restricting the aforementioned, the Tenant shall execute any instruments sufficient to subordinate its rights hereunder to the rights of any mortgagee of the Landlord's, as the mortgagee may request, and will upon demand by any such mortgagee attorn to and become Tenant of such mortgagee and will pay all rents or other sums from time to time payable under this Lease to the mortgagee and will perform all covenants required under this Lease.

ARTICLE 12**DEFAULT OF TENANT****12.01 RIGHT TO RE-ENTER**

If default is made by the Tenant:

- (a) In any payment of rent as same shall fall due;
- (b) Or in the fulfillment of any term, covenant or condition whether express or implied in this Lease on the part of the Tenant to be observed and performed and such default shall continue for ten (10) days after notice in writing specifying the default has been served on the Tenant (time to be considered strictly of the essence in this provision).

The Landlord in either case (a) or (b) above, in addition to any other remedy he may have, may at his option forthwith re-enter and take possession of the Leased Premises as though the Tenant were holding over after the expiration of the said term in this Lease shall, at the option of the Landlord, be forthwith forfeited and terminated.

INITIALS 

The Tenant will pay all costs and expenses and reasonable legal fees incurred by the Landlord in enforcing this Lease.

12.02 BANKRUPTCY OF TENANT

If the Term hereby granted is at any time during the Term seized or taken in execution or attached by any creditor of the Tenant or if the Tenant takes any steps towards making an assignment for the benefit of creditors or becomes bankrupt or insolvent and takes the benefit of any act that may be in force for bankrupt or insolvent debtors or if the Tenant enters into any deed or arrangement or scheme or arrangement with his creditors or proposes any composition to his creditors for the settlement of his debts or shall carry on his business under inspection on behalf of his creditors then the rent for the next ensuing three (3) months shall become due and the Term hereby granted shall, at the option of the Landlord, immediately become forfeited and terminated.

If the Tenant fails to perform an obligation of the Tenant under this Lease the Landlord may perform the obligation and for that purpose may enter upon the leased Premises on not less than five (5) days prior notice to the Tenant or without notice in the case of an emergency and do such things upon or in respect of the Leased Premises as the Landlord considers necessary. The Tenant will pay as additional rent all expenses incurred by or on behalf of the Landlord under this Article plus fifteen (15%) for overhead upon presentation of a bill thereof. The Landlord will not be liable to the Tenant for loss or damage resulting from such action by the Landlord unless caused by the negligence of the Landlord or any other person for whose negligence the Landlord is responsible at law.

12.03 RIGHT TO RE-LET

If the Landlord re-enters as herein provided it may terminate this Lease or it may from time to time without terminating the Tenant's obligations under this Lease, make alterations and repairs considered by the Landlord necessary to facilitate a re-letting and re-let the Leased Premises or any part thereof as agent of the Tenant for such term or terms and at such rental or rentals and upon such other terms and conditions as the Landlord in its reasonable discretion considers advisable. Upon each re-letting all rents and other monies received by the Landlord from the re-letting will be applied first to the payment of indebtedness other than rent due hereunder from the Tenant to the Landlord, second, to the payment of costs and expenses of the re-letting including real estate commissions and solicitors fees and the costs of all alterations and repairs, and third, to the payment of rent due and unpaid hereunder. The residue if any will be held by the Landlord and applied in payment of future rent as it becomes due and payable. If the rent from re-letting during the month is less than the rent to be paid during that month by the Tenant, the Tenant will pay the deficiency to the Landlord, paid monthly. No re-entry by the Landlord will be construed as an election on its part to terminate this Lease unless a written notice of that intention is given to the Tenant.

ARTICLE 13

ACCESS BY LANDLORD

13.01 RIGHT OF ENTRY

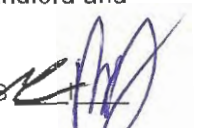
The Landlord shall be entitled to re-enter and re-take possession of the Leased Premises and may use such reasonable force as it may deem necessary for that purpose and for gaining admittance being liable for any action with respect thereof or for any loss or damage occasioned thereby and the Tenant hereby expressly releases the Landlord from all actions, proceedings, claims and demands whatsoever for or on account of or in respect of any forcible entry or any loss or damage sustained by the Tenant in connection therewith. Any distress to be made under or pursuant to this Lease by the Landlord or its agent, bailiff or servant or any other person on its behalf may be made at any hour of the day or night.

ARTICLE 14

HOLDING OVER

14.01 In the event of the Tenant holding over beyond the Term with or without the consent of the Landlord and without any further written agreement, the tenancy resulting shall be:

INITIALS



(a) Monthly tenancy;

(b) A tenancy at will if the Landlord did not consent in writing only at the same monthly rental equivalent to the monthly payment last herein mentioned, (prorated in the case of a tenancy at will) subject to the terms, conditions, and covenants herein set out, except as to the length of tenancy.

ARTICLE 15

15.01 DAMAGE AND DESTRUCTION

If during the Term the Leased Premises or any part thereof shall be destroyed or damaged by fire, lightning, tempest or earthquake, acts of God, the Queen's enemies, civil commotion, war or insurrection so as to render the Leased Premises partially or wholly unfit for occupancy by the Tenant, then and so often as the same shall happen the following provisions shall have effect:

(a) If the Leased Premises are rendered partially unfit for occupancy by the Tenant the rent hereby reserved shall abate in part only in proportion that the part of the Leased Premises rendered unfit for occupancy by the Tenant bears to the whole of the Leased Premises or if the Leased Premises are rendered wholly unfit for occupancy by the Tenant the rent hereby reserved be suspended in each case until the Leased Premises shall have been rebuilt and/or repaired or restored;

(b) Notwithstanding the provisions of (a) immediately preceding, if the Leased Premises shall be incapable of being rebuilt and/or repaired and restored with reasonable diligence within ninety (90) days of the happening of such destruction or damage then either the Landlord or the Tenant may terminate this Lease by notice in writing to the other given within thirty (30) days of the date of such destruction or damage and in the event of such notice being so given this Lease shall cease and become null and void from the date of such destruction or damage and the Tenant shall immediately surrender the Leased Premises and all interest therein to the Landlord and the rent shall be apportioned and shall be payable by the Tenant only to the date of such destruction or damage and the Landlord may re-enter and re-possess the Leased Premises discharged of this Lease; but if within the said period of thirty (30) days notice in writing terminating the Lease has not been given then upon the expiration of the said period the Landlord shall with reasonable promptitude proceed to rebuild and/or repair and restore the Leased Premises. Provided further if the parties agree not to give notice then the Landlord shall proceed immediately upon such agreement with such rebuilding and/or repairing.

(c) If the Leased Premises are capable with reasonable diligence of being rebuilt and/or repaired and restored within 90 days shall be settled by the Landlord's architect or engineer whose certificate to that effect shall be deemed conclusive and binding on both parties hereto.

(d) Any dispute as to whether or no the Leased Premises are capable of being rebuilt, repaired or replaced within 90 days shall be settled by the Landlord's architect or engineer whose certificate to that effect shall be deemed conclusive and binding on both parties hereto.

ARTICLE 16

ALTERATIONS, IMPROVEMENTS AND FIXTURES

16.01 ALTERATIONS

If the Tenant desires any repairs, alteration, additions or improvements it will make the same at its own expense provided that they shall not be made without the written consent of the Landlord, such consent not to be unreasonably withheld and in any and all events, all such repairs, alterations, improvements, additions or installations, shall then become the absolute property of the Landlord and shall remain with and form part of the Leased Premises and shall not thereafter be removed by the Tenant.

16.02 FIXTURES and SIGNAGE

Notwithstanding Article 16.01, the Tenant may at its sole cost add lighting fixtures, window signs and interior displays and decorations, with the Landlord's prior written consent, in the Leased Premises from time to time

INITIALS

and remove same, providing that no damage will be done to the Leased Premises by the doing of any of the aforesaid. The Tenant shall not be entitled to place exterior signs on the Leased Premises or on the land and building of which they form a part without the prior written consent of the Landlord, which consent shall be unreasonably withheld. With respect to the above, the Tenant shall ensure that all such things be done in compliance with all applicable laws and regulations, and the Landlord, at its option, may require the Tenant at the expiration of this Lease to restore the Leased Premises as they were prior to any such fixturing or installations, all at the Tenant's expense.

ARTICLE 17

17.01 OPTION TO RENEW

It is hereby agreed by and between the parties that if the Tenant duly and regularly pays the basic rent and performs all and every of the covenants, provisos and agreements herein and on the part of the Tenant to be paid and performed, the Tenant shall be entitled to renew this Lease for one (1) additional term of five (5) years (the "Renewal Term") at a basic rent to be agreed upon by the parties hereto. In the event the parties cannot agree upon a basic rent at least two (2) months prior to the expiry of the original term, then the basic rent (equal to the then current fair market rate for rent for comparable premises for a business of this nature in the vicinity of the Pawn Shop, which shall in no event be less than the then prevailing basic rent paid to the Landlord for the prior term hereof) is to be arbitrated in accordance with The Arbitration Act of Manitoba by a single arbitrator if the Landlord and the Tenant can agree upon one, otherwise by three arbitrators, one to be appointed by both the Landlord and the Tenant, and the third to be chosen by the two first named, who shall enter upon the business of the arbitration and whose award and determination (of such arbitrator or arbitrators or any two of the three arbitrators) shall be final and binding upon the Landlord and the Tenant, the Renewal Term to begin upon the expiration of the initial Term of this Lease and all terms, covenants and provisions of this Lease shall apply to the Renewal Term with the exception, however, that the basic rent is to be arbitrated as aforesaid and that the Tenant shall not have an option to again extend the term of this Lease save for the second option to renew.

If the Tenant does not elect to exercise its option for the Renewal Term, it shall give notice to the Landlord in writing of its intention not to do so not later than twelve (12) months prior to the expiration of the initial Term of this Lease. If the Tenant does not provide the said notice to the Landlord, the Lease shall automatically renew, subject to the determination of basic rent in accordance with this clause 17.01.

17.02 NO EXECUTION OF NEW LEASE

The parties hereto agree that a new lease need not be executed covering the aforesaid renewal and this Lease shall remain in full force and effect, changed only as to the matters specified in this Article.

ARTICLE 18

18.01 INDEMNIFICATION OF THE LANDLORD

The Tenant shall protect, save and keep the Landlord forever harmless and indemnified against any penalty, damages or charges imposed for any violation of any laws or ordinances, and the Tenant will at all times protect, indemnify and save and keep harmless the Landlord against and from any and all loss, cost, damage or expense arising out of or from any accident or other occurrence on or about the said premises causing injury to any person or property whomsoever or whatsoever and will protect, indemnify and save and keep harmless the Landlord against any and all loss, cost, damages and expenses arising out of any failure of the Tenant in any respect to comply with and perform all the requirements and provisions of this Lease.

18.02 The Landlord shall not be liable for the death of or injury to the Tenant or others on the Leased Premises, or for the loss of or damage to the property of the Tenant or others by theft or vandalism or for any other cause. Without limiting the generality of the foregoing, the Landlord is not liable for death, injury, loss or damage of or to persons or property resulting from fire, explosion, falling plaster, steam, gas, electricity, water, rain or snow or leaks from any part of the Leased Premises or from the pipes, appliances or plumbing works or from the roof, street or subsurface or from any other place or by dampness or by other cause of any kind.

INITIALS 

18.03 Nothing shall be done or omitted or permitted by the Tenant or by anyone permitted by him to be upon the Leased Premises, which shall cause the rate of insurance to the Landlord and any other tenant of the Landlord to be increased; and that if such rate or rates shall be increased by reason of the use made of the said Leased Premises or by reason of anything done or omitted or permitted by him, or by anyone permitted by him to be upon the Leased Premises, he will pay to the Landlord the amount of such increased rate or rates. If any insurance policy upon the Leased Premises shall be cancelled by the Insurer or be threatened to be cancelled by reason of the use or occupation of the Leased Premises or any part thereof by the Tenant or by any assignee or sub-tenant of him or by anyone permitted by him to be upon the Leased Premises, the Landlord may, at his option, terminate this Lease forthwith by leaving upon the Leased Premises notice, in writing, of his intention so to do and thereupon rent and any other payments for which he is liable under this Lease shall be apportioned and paid in full to the date of such determination of the Lease, and the Tenant shall immediately deliver up possession of the Leased Premises to the Landlord.

ARTICLE 19

19.01 EXPROPRIATION

In the event that all of the Leased Premises shall be expropriated or condemned this Lease shall terminate and the Tenant shall only be liable for rents due to such date. In the event that a portion of the Leased Premises shall be expropriated or condemned and if the remainder is in the opinion of the Tenant not suitable for its purpose, the Tenant or Landlord may, on thirty (30) days notice, cancel and terminate this Lease but if neither shall not elect to do so, the monthly rental thereof to be paid shall be reduced by an amount which bears the same ratio to that rent herein provided for as the area taken bears to the total area of the Leased Premises prior to such taking. The Landlord and Tenant shall be each entitled to any compensation payable with respect to such expropriation or condemnation, as their respective interests may appear.

ARTICLE 20

REMEDIES OF THE LANDLORD

20.01 REMEDIES CUMULATIVE

No exercise of a specific right or remedy by the Landlord or by the Tenant precludes it from or prejudices it in the exercising of another right or pursuing another remedy or maintaining an option to which it may otherwise be entitled either at law or in equity.

20.02 WAIVER

The waiver by the Landlord or the Tenant at a breach of term, covenant or condition of this Lease will not be considered to be a waiver of a subsequent breach of the term, covenant or condition or another term, covenant or condition. The subsequent acceptance of rent by the Landlord will not be considered to be a waiver of a preceding breach by the Tenant of the term, covenant or condition of this Lease regardless of the Landlord's knowledge of the breach at the time of the acceptance of the rent. No covenant, term or condition of this Lease will considered to have been waived by the Landlord or by the Tenant unless the waiver is in writing signed by the Landlord or by the Tenant as the case may be.

ARTICLE 21

21.01 PROSPECTIVE TENANTS

The Tenant will allow during the Term prospective tenants to be admitted at reasonable hours of the day to view the Leased Premises and he will allow the Landlord to install a notice "to let" in a conspicuous place on the Leased Premises which shall so remain without interference by the Tenant.

ARTICLE 22

INITIALS



22.01 PARTIAL INVALIDITY

If a term, covenant or condition of this Lease or the application thereof to any person or circumstances is held to any extent invalid or unenforceable, the remainder of this Lease or the application of the term, covenant or condition to persons or circumstances other than those as to which it is held invalid or unenforceable will not be affected.

22.02 NOTICES

Notices, demands, requests, statements or other evidence required or permitted to be given under this Lease must be written and will be sufficiently given if delivered in person or by facsimile to the Landlord or the Tenant or to any officer of the Landlord or of the Tenant as the case may be or mailed by prepaid registered mail addressed as follows:

TO THE LANDLORD:
C/O 6382330 Manitoba Ltd.
Att: Glen Collins
1-534 Stradbrook Avenue,
Winnipeg MB, R3L 0J9

TO THE TENANT:

22.03 AMENDMENTS

No alteration, amendment, changes or addition to this Lease will bind the Landlord or the Tenant unless in writing and signed by them.

22.04 EXPENSES

All expenses or payment or costs for which the Tenant is obliged to under this Lease whether they be expenses for insurance, repairs, taxes or otherwise shall be paid promptly as and when due or demanded by the Landlord, and shall be collectable in the same manner as rent in arrears allowing the Landlord all remedies at law that he would have for collection of same as if they were "rent in arrears".

22.05 RULES AND REGULATIONS

The Landlord from time to time may establish, modify and enforce reasonable rules and regulations regarding the use or occupancy of the Leased Premises set aside by the Landlord for lease to the Tenant. All rules and regulations and modifications become a part of this Lease and bind the Tenant. The Tenant shall comply with the rules and regulations and modifications. No rule, regulation or modification will contradict a provision of this Lease.

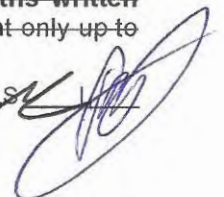
22.06 SUCCESSORS AND ASSIGNS

This Lease binds and benefits the parties and their respective heirs, executors, administrators, successors and assigns.

22.07 ~~TERMINATION OF THE LEASE~~

~~The Landlord has the right to cancel this Lease at any time with the giving of twelve (12) months written notice. In such event the Tenant must vacate the premises and will be obligated for payment of rent only up to the termination date.~~

INITIALS




ARTICLE 24

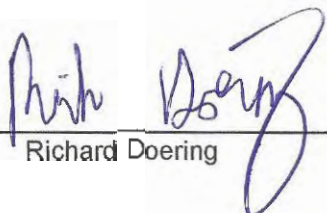
24.01 PARKING

The Landlord shall provide the use of three (3) electrified parking stalls at all times to the Tenant, which may be altered or reassigned in the Landlords sole discretion, at any time, provided that three (3) reasonably located stalls are provided.

IN WITNESS WHEREOF the Landlord and Tenant have signed and sealed this Lease as of the day and year first written above.

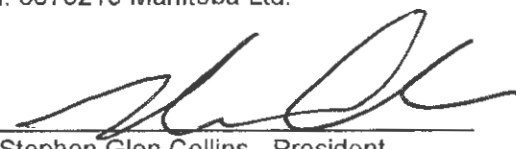


Witness



Richard Doering

Landlord: 6675213 Manitoba Ltd.

PER: 

Stephen Glen Collins - President

SCHEDULE "A"

LEGAL DESCRIPTION:

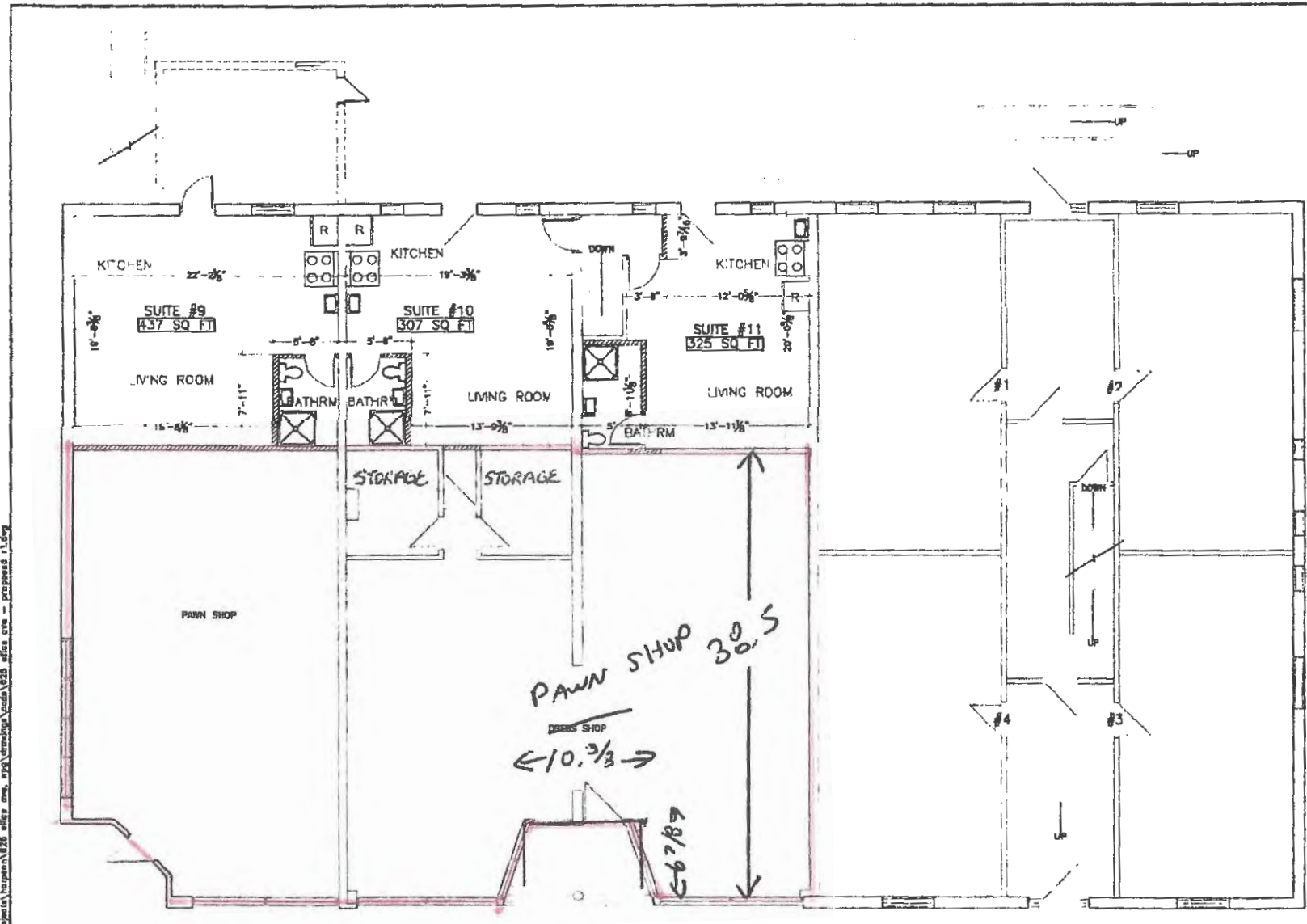
SP LOTS 23, 24, 25 AND 26 PLAN 33483 WLTO
IN RL 71 AND 72 PARISH OF ST JAMES

INITIALS  _____

SCHEDULE B, FLOOR PLAN

SCHEDULE 'B'

INITIALS



- WALL LEGEND**
- EXISTING WALLS
 - DEM'D WALLS
 - NEW WALLS
- WINDOW LEGEND**
- EXISTING WINDOW
 - NEW WINDOW
- DOOR LEGEND**
- EXISTING DOOR
 - DEM'D DOOR
 - NEW DOOR
- FIXTURES LEGEND**
- EXISTING FIXTURES
 - NEW FIXTURES

NOTES:

- 1- ALL DIMENSIONS ARE IN MILLIMETERS (OTHERWISE SPECIFIED).
- 2- THE CONTRACTOR WILL BE RESPONSIBLE FOR CORRECTING THE WORK AND TO MAKE TRADE AS NECESSARY TO AVOID CONFLICTS AND TO BRING THE INSTALLATION OF ALL WORK WITHIN THE WORKALLENCE.

NO.	REVISION	DATE

FRESH PROJECTS
design builders

DESIGNED BY:
HARPEN CONSTRUCTION

PROJECT NAME:
628 ELLICE AVE
PROPOSED 1ST FLOOR PLAN

DATE	BY
AUG 13, 2012 <td> </td>	

→ PROPOSED 1ST LEVEL FLOOR PLAN

F:\active_projects\harpenn\628_ellice_ave_1st\628_ellice_ave_1st\propos 1.dwg



Appendix P – October 1, 2019 Rent Roll

Master Rent Roll

Floor/Unit	Tenant Name	Move In Date	Lease Start	Charge	Amount	Annual	Area Leased
		Move Out Date	Lease End			Rate	
0	1	PAWN TRADERS (RICHARD DOERING)- DD	01-May-2015 31-Dec-2020	01-May-2015 31-Oct-2022	Rent Residential	\$2,205.00 \$0.00	0
				* Tenant Total *	\$2,205.00	\$0.00	
0	01	YOUNG THUNDERHEART (EIA)	01-Aug-2018 31-Dec-2020	01-Jul-2019 30-Jun-2020	Rent Residential	\$655.00 \$0.00	0
				* Tenant Total *	\$655.00	\$0.00	
0	02	*** Vacant *** Since 31-Dec-20			Expected Rent:	\$635.00 \$0.00	0
0	03	INITIATIVES FOR JUST COMMINITIES (RUS)	01-Jun-2015 31-Dec-2020	01-Jun-2020 31-May-2021	Rent Residential	\$705.00 \$0.00	0
				* Tenant Total *	\$705.00	\$0.00	
0	04	FORD KAREN (EIA)	01-Sep-2019 01-Dec-2019	01-Sep-2019 31-May-2020	Rent Residential Water Charged Back to Tenants	\$635.00 \$30.00 \$0.00	0
				* Tenant Total *	\$665.00	\$0.00	
0	05	STEVENSON WILSON (EIA)	01-Aug-2018 19-Nov-2019	01-Aug-2018 31-Jul-2019	Hydro Charged Back to Tenants Rent Residential Water Charged Back to Tenants	\$70.00 \$655.00 \$30.00 \$0.00	0
				* Tenant Total *	\$755.00	\$0.00	
0	06	MARTIN AMBER (EIA) moved in without permi	01-Aug-2019 28-Jul-2020	01-Aug-2019 31-Jul-2020	Rent Residential Water Charged Back to Tenants	\$695.00 \$40.00 \$0.00	0
				* Tenant Total *	\$735.00	\$0.00	
0	07	SANDERSON JAYLND	01-Jun-2018 20-Nov-2019	01-Jun-2018 30-Jun-2019	Rent Residential Water Charged Back to Tenants	\$660.00 \$30.00 \$0.00	0

Master Rent Roll

Floor/Unit	Tenant Name	Move In Date	Lease Start	Charge	Amount	Annual	Area Leased
		Move Out Date	Lease End			Rate	
* Tenant Total *					\$690.00	\$0.00	
0	08	SEVERIGHT INGRID (EIA) CT	01-Oct-2019	01-Oct-2019			0
			24-Nov-2020	31-Jul-2020			
				Rent Residential	\$605.00	\$0.00	
				Water Charged Back to Tenants	\$30.00	\$0.00	
* Tenant Total *					\$635.00	\$0.00	
1	101	*** Vacant *** Since 31-Dec-20		Expected Rent:	\$696.77	\$0.00	0
1	101	ANTLER KARINA	01-Oct-2019	01-Oct-2019			0
			01-Oct-2019				
* Tenant Total *					\$0.00	\$0.00	
1	101	CHARTRAND CHRISTOPHI*** Sub Lease **	01-May-2019	01-May-2019			0
			09-Nov-2019	30-Apr-2020			
				Rent Residential	\$745.00	\$0.00	
				Water Charged Back to Tenants	\$30.00	\$0.00	
* Tenant Total *					\$775.00	\$0.00	
1	102	*** Vacant *** Since 05-Jan-21		Expected Rent:	\$695.00	\$0.00	0
1	103	O'MEARA, JENNIFER and EASTMAN, DARR	01-Apr-2019	01-Apr-2019			0
			31-Mar-2020	31-Mar-2020			
				Rent Residential	\$720.00	\$0.00	
				Water Charged Back to Tenants	\$50.00	\$0.00	
* Tenant Total *					\$770.00	\$0.00	
1	104	GUIBOCHE STEPHANIE	01-Sep-2019	01-Sep-2019			0
			10-Jan-2020				
				Rent Residential	\$695.00	\$0.00	
				Water Charged Back to Tenants	\$30.00	\$0.00	
* Tenant Total *					\$725.00	\$0.00	
1	105	BEVACQUA DANIELA (EIA)	01-Aug-2019	01-Aug-2019			0
			24-Nov-2020				
				Rent Residential	\$635.00	\$0.00	
				Water Charged Back to Tenants	\$30.00	\$0.00	
* Tenant Total *					\$665.00	\$0.00	

Master Rent Roll

Floor/Unit	Tenant Name	Move In Date	Lease Start	Charge	Amount	Annual	Area Leased
		Move Out Date	Lease End			Rate	
1	106	SCOTT JOHN	01-Aug-2019 30-Jun-2020	01-Aug-2019 31-Jul-2020			0
				Rent Residential	\$635.00	\$0.00	
				Water Charged Back to Tenants	\$30.00	\$0.00	
				* Tenant Total *	\$665.00	\$0.00	
1	107	MCINNIS KAYLA and CONSTANT BRANDEN	01-Aug-2019 28-Jul-2020	01-Aug-2019 31-Jul-2020			0
				Rent Residential	\$660.00	\$0.00	
				Water Charged Back to Tenants	\$40.00	\$0.00	
				* Tenant Total *	\$700.00	\$0.00	
2	201	ROSS NORBERT WILSON	01-Jun-2017 31-Dec-2020	01-Jun-2017 31-Mar-2019			0
				Caretaking Fee	(\$450.00)	\$0.00	
				* Tenant Total *	(\$450.00)	\$0.00	
Lease Type: Month to Month							
2	202	CASSIVI LANA and TRUDEL MARK (TAG# 43)	15-Mar-2019 15-Jul-2020	01-Sep-2019 31-Aug-2020			0
				Caretaking Fee	(\$825.00)	\$0.00	
				Rent Residential	\$775.00	\$0.00	
				Water Charged Back to Tenants	\$50.00	\$0.00	
				* Tenant Total *	\$0.00	\$0.00	
2	203	TATAQUASON CRYSTAL and TATAQUASON	16-Jan-2019 15-Jul-2020	01-Sep-2019 31-Aug-2020			0
				Hydro Charged Back to Tenants	\$60.00	\$0.00	
				Rent Residential	\$875.00	\$0.00	
				Water Charged Back to Tenants	\$40.00	\$0.00	
				* Tenant Total *	\$975.00	\$0.00	
2	204	DAVIES MARY	01-Jan-2017 31-Dec-2019	01-Jan-2017 31-Dec-2019			0
				Parking	\$45.00	\$0.00	
				Rent Residential	\$789.00	\$0.00	
				* Tenant Total *	\$834.00	\$0.00	
2	205	GREEN TAMARA (EIA)	01-Apr-2019 16-Nov-2019	01-Apr-2019 31-Mar-2020			0

Master Rent Roll

Floor/Unit	Tenant Name	Move In Date	Lease Start	Charge	Amount	Annual	Area Leased
		Move Out Date	Lease End			Rate	
				Rent Residential	\$695.00	\$0.00	
				Water Charged Back to Tenants	\$30.00	\$0.00	
				* Tenant Total *	\$725.00	\$0.00	
2	206	LAFORTE LLOYD	01-May-2019 01-May-2019				0
			31-Mar-2020 31-Mar-2020				
				Rent Residential	\$675.00	\$0.00	
				Water Charged Back to Tenants	\$30.00	\$0.00	
				* Tenant Total *	\$705.00	\$0.00	
2	207	SRINIVASAN SRIRAM	01-Aug-2019 01-Aug-2019				0
			31-Aug-2020 31-Jul-2020				
				Rent Residential	\$635.00	\$0.00	
				Water Charged Back to Tenants	\$30.00	\$0.00	
				* Tenant Total *	\$665.00	\$0.00	
2	208	TRIVERS JIM (EIA)	01-Jun-2018 01-Jun-2018				0
			20-Nov-2019 31-May-2019				
				Rent Residential	\$680.00	\$0.00	
				Water Charged Back to Tenants	\$30.00	\$0.00	
				* Tenant Total *	\$710.00	\$0.00	
2	209	YAAK CHOL YAK (EIA)	01-Jun-2017 01-Jun-2017				0
			08-Jan-2020				
				Rent Residential	\$660.00	\$0.00	
				Water Charged Back to Tenants	\$25.00	\$0.00	
				* Tenant Total *	\$685.00	\$0.00	
2	210	NARAIIDOO ISWARAJ	01-May-2019 01-May-2019				0
			30-Sep-2020 30-Apr-2020				
				Rent Residential	\$660.00	\$0.00	
				Water Charged Back to Tenants	\$30.00	\$0.00	
				* Tenant Total *	\$690.00	\$0.00	
2	211	DESMARAIS CHARLENE (EIA/WCWR)	01-Apr-2018 01-Apr-2018				0
			05-Nov-2019 31-Mar-2019				
				Hydro Charged Back to Tenants	\$70.00	\$0.00	
				Rent Residential	\$685.00	\$0.00	
				Water Charged Back to Tenants	\$30.00	\$0.00	

Master Rent Roll

Floor/Unit	Tenant Name	Move In Date	Lease Start	Charge	Amount	Annual	Area Leased
		Move Out Date	Lease End			Rate	
* Tenant Total *					\$785.00	\$0.00	
2	212	COATES JAQUELYNE (EIA)	01-Jul-2019	01-Jul-2019			0
			30-Apr-2020	30-Jun-2020			
				Rent Residential	\$660.00	\$0.00	
				Water Charged Back to Tenants	\$30.00	\$0.00	
* Tenant Total *					\$690.00	\$0.00	
3	301	DUKE ANGEL	17-Sep-2019	17-Sep-2019			0
			30-Sep-2020	30-Jun-2020			
				Rent Residential	\$665.00	\$0.00	
				Water Charged Back to Tenants	\$30.00	\$0.00	
* Tenant Total *					\$695.00	\$0.00	
3	302	MALETTE BRENNNA	01-Aug-2016	01-May-2020			0
			05-Jan-2021	30-Apr-2021			
				Rent Residential	\$845.00	\$0.00	
* Tenant Total *					\$845.00	\$0.00	
3	303	*** Vacant ***	Since	24-Nov-20	Expected Rent:	\$720.00	\$0.00
3	304	BOSS KEISHA (EIA)	01-Sep-2019	01-Sep-2019			0
			08-Sep-2020	31-Aug-2020			
				Rent Residential	\$695.00	\$0.00	
				Water Charged Back to Tenants	\$30.00	\$0.00	
* Tenant Total *					\$725.00	\$0.00	
3	305	MICHELL EDWIN (WALTER) (EIA)WICHEWI	01-Mar-2019	01-Mar-2019			0
			31-Dec-2020	29-Feb-2020			
				Rent Residential	\$710.00	\$0.00	
* Tenant Total *					\$710.00	\$0.00	
3	306	ROULETTE VANESSA (EIA)skip	01-Sep-2019	01-Sep-2019			0
			01-Feb-2020	31-Aug-2020			
				Rent Residential	\$635.00	\$0.00	
				Water Charged Back to Tenants	\$30.00	\$0.00	
* Tenant Total *					\$665.00	\$0.00	
3	307	WILSON HEATHER (EIA)abandoned	01-Sep-2019	01-Jun-2020			0
			05-Jan-2021	31-May-2021			
				Rent Residential	\$625.00	\$0.00	

Master Rent Roll

Floor/Unit	Tenant Name	Move In Date	Lease Start	Charge	Amount	Annual	Area Leased
		Move Out Date	Lease End			Rate	
				Water Charged Back to Tenants	\$30.00	\$0.00	
				* Tenant Total *	\$655.00	\$0.00	
3	308	*** Vacant ***	Since 28-Jul-20	Expected Rent:	\$635.00	\$0.00	0
3	309	HORNbrook, JOHNATHAN (EIA)	08-Apr-2019 08-Apr-2019 31-Jan-2020 31-Mar-2020	Rent Residential	\$660.00	\$0.00	
				Water Charged Back to Tenants	\$30.00	\$0.00	
				* Tenant Total *	\$690.00	\$0.00	
3	310	*** Vacant ***	Since 28-Jul-20	Expected Rent:	\$635.00	\$0.00	0
3	311	BIGHETTY STACEY	01-Aug-2019 01-Aug-2019 14-Feb-2020	Rent Residential	\$635.00	\$0.00	
				Water Charged Back to Tenants	\$30.00	\$0.00	
				* Tenant Total *	\$665.00	\$0.00	
3	312	ROULETTE RICHARD (EIA)	01-Feb-2019 01-Feb-2019 31-Oct-2019	Rent Residential	\$635.00	\$0.00	
				Water Charged Back to Tenants	\$50.00	\$0.00	
				* Tenant Total *	\$685.00	\$0.00	

Lease Type: Month to Month

Building: 626 Ellice- Deloitte

Master Rent Roll

By Floor/Unit
As of: 01-Oct-19

11-Mar-2021
Page 7

Floor/Unit	Tenant Name	Move In Date	Lease Start	Charge	Amount	Annual	Area Leased
		Move Out Date	Lease End			Rate	

**** Totals for Building: 626 Ellice- Deloitte

0

		Annual Rate	Area Leased	Vacant	Total	Rentable	Variance
			0	0	0	0	0
	Caretaking Fee	(\$1,275.00)					
	Hydro Charged Back to Tenants	\$200.00					
	Parking	\$45.00					
	Rent Residential	\$24,799.00					
	Water Charged Back to Tenants	\$925.00					
	** Total Charges	\$24,694.00					
	Vacancy	\$4,016.77					
	** Total	\$4,016.77					

Appendix Q – December 18, 2020 E-mail Correspondence from TDS

From: Ross McFadyen
Sent: Friday, December 18, 2020 1:54 PM
To: Comeau, Teddy <teddy.comeau@mcinnescooper.com>; Danny Spencer <DCS@tdslaw.com>
Cc: Fleming, Jack <jfleming@tmlawyers.com>; Kevin Bruce <KBB@tdslaw.com>; McGifford, Elona <EMcGifford@tmlawyers.com>
Subject: RE: [EXTERNAL] 620 - 626 Ellice [IWOV-Active.FID4245247]

Teddy, Jack, Elona,

We have Mr. Comeau's email from 11:03 a.m. (CST) this morning (below)

The Receiver is not in agreement that there are any issues with the condition of the property which justify any reduction in the purchase price in accordance with the terms of the binding Sale Agreement. In particular, the Receiver is of the firm view that the concerns expressed by Mr. Lovett with respect to the condition of the property do not extend beyond "normal wear and tear" from the date of the Sale Agreement, and do not justify any reduction in price or damages. Further, there is clearly no basis under the Sale Agreement for seeking a reduction in price or damages in relation to the number of vacant units at the property. In any event, the Receiver further notes that the concern now expressed on the issue of vacancies runs completely contrary to the position previously expressed on behalf of the purchaser's representatives on several occasions to the effect that it would prefer the property as vacant of residential tenants as possible on closing.

Leaving aside the position of the Receiver as set out above, we note that the purchase price for the property was approved by the Court following a contested hearing. The issue of the price being paid for the building was a matter of some concern already to certain of the interested stakeholders. In the circumstances, even if there was some justification for a price reduction (which the Receiver does not agree with), it would likely be necessary to bring the matter back before the Court in order to obtain approval for a reduction of the magnitude requested by the purchaser.

In the circumstances, the Receiver will be proceeding with all steps required to close the transaction as of today, including the delivery of required closing documents. If the purchaser refuses to close in accordance with the Sale Agreement, the Receiver will retain the deposit in accordance with the Sale Agreement and will further reserve the right to pursue the purchaser for further damages that may result from the purchaser's default under the Sale Agreement.

We look forward to receipt of the purchaser's closing deliveries and the prompt completion of the transaction for the sale of the property.

Regards,



1700 – 242 Hargrave Street
Winnipeg MB R3C 0V1

Ross A. McFadyen

Partner

P: 204-934-2378

E: ram@tdslaw.com

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From: Comeau, Teddy <teddy.comeau@mcinnescooper.com>
Sent: Friday, December 18, 2020 11:02 AM
To: Danny Spencer <DCS@tdslaw.com>
Cc: Fleming, Jack <jfleming@tmlawyers.com>; Kevin Bruce <KBB@tdslaw.com>; McGifford, Elona <EMcGifford@tmlawyers.com>; Ross McFadyen <RAM@tdslaw.com>
Subject: RE: [EXTERNAL] 620 - 626 Ellice [LAW-TDS.FID870344] [IWOV-Active.FID4245247]
Importance: High

Hi Danny,

Following up on the issues pertaining to the state of the building. Our client has been very reasonable as this transaction has progressed and has conceded on a number of unknown items of financial consequence, however the state of degradation of the building has passed far beyond normal wear and tear into a material and indeed drastic change. This is not a matter of our client seeking a brand new building, as Ron notes in the attached they had a cost structure in place for the then-current issues with the Property, but not arising to the level of damage that has occurred since that time. As a result of the foregoing, our client has prepared and I have confirmed that I may attach their proposal along with supporting financial figures.

We have called funds from our lender and are looking to finally push this one across the finish line, however these issues do need to be addressed in some manner. Per Ron's email, I don't believe it is in anyone's interest to push this out several weeks to run a comparison of sorts against the original inspection, and we are hopeful that we can collectively move on this to bring it to a close.

Please review with your client and advise how they wish to proceed.

Many thanks,
Teddy

Teddy Comeau
Lawyer
McInnes Cooper

tel +1 (902) 492 2050 | fax +1 (902) 425 6350

From: Danny Spencer <DCS@tdslaw.com>
Sent: Thursday, December 17, 2020 2:22 PM
To: Comeau, Teddy <teddy.comeau@mcinnescooper.com>
Cc: Fleming, Jack <jfleming@tmlawyers.com>; Kevin Bruce <KBB@tdslaw.com>; McGifford, Elona <EMcGifford@tmlawyers.com>; Ross McFadyen <RAM@tdslaw.com>
Subject: RE: [EXTERNAL] 620 - 626 Ellice [LAW-TDS.FID870344]

Hi Teddy and Jack,

We've confirmed with the property manager that there has not been any material change in the state of the building. I also expect to have the outstanding information from the property manager shortly.

Are we signed off on closing documents?

Thanks,

Danny C. Spencer
Partner | 204.934.2335



242 Hargrave Street, Suite 1700
Winnipeg, Manitoba, R3C 0V1

From: Comeau, Teddy <teddy.comeau@mcinnescooper.com>
Sent: Thursday, December 17, 2020 10:38 AM
To: Danny Spencer <DCS@tdslaw.com>
Cc: Fleming, Jack <jfleming@tmlawyers.com>; Kevin Bruce <KBB@tdslaw.com>; McGifford, Elona <EMcGifford@tmlawyers.com>; Ross McFadyen <RAM@tdslaw.com>
Subject: Re: [EXTERNAL] RE: 620 - 626 Ellice

Hi Danny,

Thanks very much. I expect Jack will review and be back to you. Just a note that our client has advised the state of the building has reduced drastically since original viewing and there seem to be some major concerns. I hope to have more info for you on that soon but figured I'd put it on your radar.

Teddy

Teddy Comeau
McInnes Cooper

902-492-2050

On Dec 17, 2020, at 12:32 PM, Danny Spencer <DCS@tdslaw.com> wrote:

Sorry - Vesting Order was not attached.

From: Danny Spencer

Sent: Thursday, December 17, 2020 10:29 AM

To: 'Fleming, Jack' <jfleming@tmlawyers.com>

Cc: Kevin Bruce <KBB@tdslaw.com>; Comeau, Teddy <teddy.comeau@mcinnescooper.com>;

McGifford, Elona <EMcGifford@tmlawyers.com>; Ross McFadyen <RAM@tdslaw.com>

Subject: RE: 620 - 626 Ellice [LAW-TDS.FID870344]

Jack,

I attach the following documents for your review:

- Revised Statement of Adjustments incorporating the rent received from Pawn Traders for December. We are still confirming the payment of the second deposit with Cushman, and final amounts of rent and deposits with Armour.
- Our revised closing agenda and comments on your closing documents. We have discussed the assignment of lease with our client, and note that the purchase agreement does not expressly require a general assignment of leases - only copies of the lease agreements and assignments thereof. The attached certified copy of the Vesting Order is sufficient to satisfy this requirement. Ross recommends discussing with David Jackson if there are any concerns about the validity of the assignment under a Vesting Order.
- I attach the rent roll, copies of leases and deposit list that we have been provided by Armour to date. We have asked Armour to confirm and update the rent roll to address the commercial tenant rent, to update the deposit list to the current tenants, and provide a summary of arrears rent for December.
- Concerning the GSA issue, the Vesting Order removes all PPR charges (paragraph 3) by judicial decree. RBC will discharge this registration in due course. Our office will not accept a trust condition to discharge any registrations as this is covered by the Vesting Order. Ross suggests that if Tim Dewart has an issue with this, he receive comfort from his colleague Mike Dow (counsel for RBC on this matter) on how the Vesting Order works.
- Our client will be submitting final meter readings and payments of all outstanding water accounts (including the one in the name of a tenant with a balance – see attached searches). Our office will not be processing payment of these accounts.

Thanks,

Danny C. Spencer
Partner | 204.934.2335

<image002.jpg>

242 Hargrave Street, Suite 1700
Winnipeg, Manitoba, R3C 0V1

From: Fleming, Jack <jfleming@tmlawyers.com>
Sent: Thursday, December 17, 2020 9:43 AM
To: Danny Spencer <DCS@tdslaw.com>
Cc: Kevin Bruce <KBB@tdslaw.com>; Comeau, Teddy <teddy.comeau@mcinnescooper.com>;
McGifford, Elona <EMcGifford@tmlawyers.com>
Subject: 620 - 626 Ellice

Hi Danny,

A few items:

1. Were you able to get more details on the rent roll and statement of adjustments from the receiver? We need to confirm the balancing owing so that we can coordinate funds from the purchaser. Also, I understand that our client arranged for payment of the previously unpaid \$50k deposit, which will further change your final number.
2. There's a site specific GSA registered against the debtor – the solicitors for our client's lender has asked that it be discharged. Please confirm that this will not be a problem.
3. Please let us know if you have any comments on our draft documents.

Best regards,

-Jack

Jack R. Fleming
Partner

<[image003.png](#)>

2200-201 Portage Avenue, Winnipeg, MB R3B 3L3
Direct Line: 204.988.0383 | **Direct Fax:** 204.953.7235
Professional services provided by J. R. Fleming Law Corporation

Legal Assistant: Pamela Choy | pchoy@tmlawyers.com | **Direct Line:** 204.988.0422

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<Vesting Order.pdf>

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AVIS La santé, la sécurité et le bien-être de nos gens, de nos clients et de nos communautés sont notre priorité au même titre que notre engagement envers un service continu. Nous vous invitons à consulter notre [Centre de ressources COVID-19](#) pour savoir ce que nous pouvons faire pour vous soutenir sur la voie à suivre.

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Appendix R – August 20, 2020 Royal Bank of Canada Statement of Claim

**THE QUEEN'S BENCH
Winnipeg Centre**

BETWEEN:

ROYAL BANK OF CANADA,

Plaintiff,

- and -

**6382330 MANITOBA LTD., PGRP PROPERTIES INC., 6472240 MANITOBA LTD.,
STEPHEN GLEN COLLINS, PATRICK VAUGHN PENNER (ALSO KNOWN AS
PATRICK PENNER) and PAUL OWEN ARSENAULT,**

Defendants.

STATEMENT OF CLAIM

FILED 225
AUG 20 2020

FILLMORE RILEY LLP
Barristers, Solicitors & Trade-Mark Agents
1700 - 360 Main Street
Winnipeg, Manitoba R3C 3Z3

Telephone: 204-957-8319
Facsimile: 204-954-0319

J. MICHAEL J. DOW
File No. 180007-848/JMD

THE QUEEN'S BENCH
Winnipeg Centre

BETWEEN:

ROYAL BANK OF CANADA,

Plaintiff,

- and -

**6382330 MANITOBA LTD., PGRP PROPERTIES INC., 6472240 MANITOBA LTD.,
STEPHEN GLEN COLLINS, PATRICK VAUGHN PENNER (ALSO KNOWN AS
PATRICK PENNER) and PAUL OWEN ARSENAULT,**

Defendants.

STATEMENT OF CLAIM

TO THE DEFENDANTS:

A LEGAL PROCEEDING HAS BEEN COMMENCED AGAINST YOU by the plaintiffs. The claim made against you is set out in the following pages.

IF YOU WISH TO DEFEND THIS PROCEEDING, you or a Manitoba lawyer acting for you must prepare a statement of defence in Form 18A prescribed by the Queen's Bench Rules, serve it on the plaintiff's lawyer or, where the plaintiff do not have a lawyer, serve it on the plaintiff, and file it in this court office, WITHIN 20 DAYS after this statement of claim is served on you, if you are served in Manitoba.

If you are served in another province or territory of Canada or in the United States of America, the period for serving and filing your statement of defence is 40 days. If you are served outside Canada and the United States of America, the period is 60 days.

IF YOU FAIL TO DEFEND THIS PROCEEDING, JUDGMENT MAY BE GIVEN AGAINST YOU IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU.

IF YOU PAY THE PLAINTIFF'S CLAIM, and \$750.00 for costs, within the time for serving and filing your statement of defence, you may move to have this proceeding dismissed by the court. If you believe the amount claimed for costs is excessive, you may pay the plaintiff's claim and \$750.00 for costs and have the costs assessed by the court.

Date: August 20, 2020

Issued by:

J. WIGGETT
DEPUTY REGISTRAR
~~COURT OF QUEEN'S BENCH~~
Deputy Registrar
100C - 408 York Avenue
Winnipeg, Manitoba
R3C 0P9

TO: 6382330 Manitoba Ltd.
c/o 1-534 Stradbrook Street
Winnipeg, MB R3L 0J9

TO: PGRP Properties Inc.
c/o 971 Corydon Avenue
PO Box 285
Winnipeg, MB R3M 3S7

TO: 6472240 Manitoba Ltd.
c/o 1-534 Stradbrook Street
Winnipeg, MB R3L 0J9

TO: Stephen Glen Collins
c/o 1-534 Stradbrook Street
Winnipeg, MB R3L 0J9

TO: Patrick Vaughn Penner (also known as Patrick Penner)
c/o 971 Corydon Avenue
PO Box 285 RPO
Winnipeg, MB R3M 3S7

TO: Paul Owen Arsenault
3340 Henderson Highway
East St. Paul, MB R2E 1A8

CLAIM

1. The Plaintiff claims as against the defendants, 6382330 Manitoba Ltd. ("638"), PGRP Properties Inc. ("PGRP"), 6472240 Manitoba Ltd. ("647"), Stephen Glen Collins ("Collins"), Patrick Vaughn Penner (also known as Patrick Penner)("Penner") and Paul Owen Arsenault ("Arsenault"):

a) judgment in the sum of \$3,629,302.92 as at July 29, 2020, together with interest accruing thereafter, both before and after default and judgment at the Royal Bank of Canada prime rate of interest in effect from time to time ("Prime") plus 3.43% per annum; and

b) the costs of this action on a solicitor and its own client basis.

2. The plaintiff is a chartered bank, duly incorporated by a private act of the parliament of Canada, has its head offices in the City of Montreal, in the Province of Quebec and carries on business in all of the provinces of Canada, pursuant to the provisions of the Bank Act (Canada) and does so carry on business in the City of Winnipeg, in the Province of Manitoba.

3. The Defendant, 638, is a corporation duly incorporated under the laws of the Province of Manitoba and carries on business in the City of Winnipeg, in the Province of Manitoba.

4. The Defendant, PGRP, is a corporation duly incorporated under the laws of the Province of Manitoba and carries on business in the City of Winnipeg, in the Province of Manitoba.

5. The Defendant, 647, is a corporation duly incorporated under the laws of the Province of Manitoba and carries on business in the City of Winnipeg, in the Province of Manitoba.

6. The Defendant, Collins, is a businessperson who resides in City of Winnipeg, in the Province of Manitoba.

7. The Defendant, Penner, is a businessperson who resides in City of Winnipeg, in the Province of Manitoba.

8. The Defendant, Arsenault, is a businessperson who resides in City of Winnipeg, in the Province of Manitoba.

9. Pursuant to a Loan Agreement dated June 5, 2015 (as amended thereafter collectively the "Loan Agreement"), the Plaintiff loaned to 638, at 638's request, a term loan in the principal sum of \$3,415,000.00 payable including interest at the rate of 3.43 % per annum, both before and after default and judgment (the "Loan").

10. The Loan Agreement further provided that upon default, 638 is liable to the Plaintiff for all legal expenses and other professional expenses on a solicitor and its own client basis.

11. The Plaintiff says that after all due credits and allowances the Loan remains outstanding in the sum of \$3,629,302.92 as at July 29, 2020, together with interest accruing thereafter, both before and after default and judgment at Prime plus 3.43% per annum.

12. Pursuant to a Trustee Beneficial Owner Agreement executed June 12, 2015 (the "TBO"), PGRP and 647 covenanted, promised and agreed, as principal debtors and not as sureties, to and with the Plaintiff, that they would pay or cause to be paid to the Plaintiff the principal sum under the Loan Agreement plus all interest and costs as set out in the Loan Agreement.

13. By virtue of a Guarantee and Postponement of Claim dated June 11, 2015 (the "Guarantee"), the Defendants, Collins, Penner and Arsenault, jointly and severally, guaranteed payment of all amounts owing to the Plaintiff by 638, in an unlimited amount, together with interest from the date of demand at the same rate as set out in the Loan Agreement plus costs as set out in the Loan Agreement.

14. The Plaintiff says that 638 has defaulted under the terms of the Loan Agreement such that the Loan is due and payable by 638 pursuant to the Loan Agreement, by 647 and PGRP pursuant to the TBO, and by Collins, Penner and Arsenault pursuant to the Guarantee.

15. The Plaintiff has demanded the said sums plus interest and costs from each of the Defendants, however each of the Defendants have refused or neglected and continue to refuse or neglect to pay the said sums or any part thereof.

16. The Plaintiff therefore says, as the facts are, that the Defendants are liable for the amounts outstanding to the plaintiff as set forth herein.

17. The Plaintiff therefore claims as more particularly set out in paragraph 1.

Date: August 19, 2020

20

FILLMORE RILEY LLP
1700 - 360 Main Street
Winnipeg, Manitoba R3C 3Z3

J. MICHAEL J. DOW
Telephone: 204-957-8319

Solicitor for Royal Bank of Canada.

Appendix S – October 19, 2020 Statement of Defence (Glen Stephen Collins, Paul Owen Arsenault, 6382330 Manitoba Ltd., and 6472240 Manitoba Ltd.)

**THE QUEEN'S BENCH
WINNIPEG CENTRE**

BETWEEN:

ROYAL BANK OF CANADA,

Plaintiff

- and -

**6382330 MANITOBA LTD., PGRP PROPERTIES INC., 6472240 MANITOBA LTD.,
STEPHEN GLEN COLLINS, PATRICK VAUGH PENNER (ALSO KNOWN AS
PATRICK PENNER) and PAUL OWEN ARSENAULT,**

Defendants

STATEMENT OF DEFENCE

FILED 3500
OCT 21 2020

LEVENE TADMAN GOLUB LAW CORPORATION

Barristers and Solicitors
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WAYNE M. ONCHULENKO

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PH: 204-957-6402

FAX: 204-957-1696

File No. 115444/WMO

**THE QUEEN'S BENCH
WINNIPEG CENTRE**

BETWEEN:

ROYAL BANK OF CANADA,

Plaintiff

- and -

**6382330 MANITOBA LTD., PGRP PROPERTIES INC., 6472240 MANITOBA LTD.,
STEPHEN GLEN COLLINS, PATRICK VAUGH PENNER (ALSO KNOWN AS
PATRICK PENNER) and PAUL OWEN ARSENAULT,**

Defendants

STATEMENT OF DEFENCE

1. The Defendants, STEPHEN GLEN COLLINS, 6382330 Manitoba Ltd, 6472240 Manitoba Ltd and PAUL OWEN ARSENEAULT, deny all the allegations in the Statement of Claim.
2. In response to the entirety of the Statement of Claim, the Defendants state that the Plaintiff applied for a Receiver in or around September 2019 and a Receiver was appointed to manage the Property. The Defendants state that the Receiver has poorly managed the Property and the Property may soon be considered

condemned by the City of Winnipeg. The Defendants state that the Property's value has been driven down and has led to a reduction in monies available to the Defendants.

Date: October 19, 2020

**LEVENE TADMAN GOLUB
LAW CORPORATION**
Barristers and Solicitors
700 -330 St. Mary Avenue
Winnipeg, MB R3C 3Z5
WAYNE M. ONCHULENKO

Solicitors for the Defendants, STEPHEN
GLEN COLLINS, 6382330 Manitoba
Ltd, 6472240 Manitoba Ltd and PAUL
OWEN ARSENEAULT

To: **FILLMORE RILEY LLP**
Barristers, Solicitors & Trade-Mark Agents
1700 – 360 Main Street
Winnipeg, Manitoba R3C 3Z3
J. MICHAEL J. DOW
Solicitor for the Plaintiff,
Royal Bank of Canada

Appendix T – October 23, 2020 Statement of Defence (Patrick Penner and PGRP Properties Inc.)

**THE QUEEN'S BENCH
Winnipeg Centre**

BETWEEN:

ROYAL BANK OF CANADA,

Plaintiff,

– and –

**6382330 MANITOBA LTD., PGRP PROPERTIES INC., 6472240 MANITOBA
LTD., STEPHEN GLEN COLLINS, PATRICK VAUGHN PENNER (ALSO
KNOWN AS PATRICK PENNER) and PAUL OWEN ARSENAULT,**

Defendants.

**STATEMENT OF DEFENCE OF THE DEFENDANTS
PGRP PROPERTIES INC. AND PATRICK VAUGHN PENNER
(ALSO KNOWN AS PATRICK PENNER)**

FILED OCT 23 2020

HILL SOKALSKI WALSH LLP
Litigation Counsel
2670 – 360 Main Street
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R3C 3Z3

Kelsey M. McIntyre

Telephone: (204) 943-6740
Fax: (204) 943-3934
File No. **20245**

**THE QUEEN'S BENCH
Winnipeg Centre**

BETWEEN:

ROYAL BANK OF CANADA,

Plaintiff,

– and –

6382330 MANITOBA LTD., PGRP PROPERTIES INC., 6472240 MANITOBA LTD., STEPHEN GLEN COLLINS, PATRICK VAUGHN PENNER (ALSO KNOWN AS PATRICK PENNER) and PAUL OWEN ARSENAULT,

Defendants.

STATEMENT OF DEFENCE

1. Unless otherwise expressly admitted herein, the defendants PGRP Properties Inc. (“PGRP”) and Patrick Penner (“Penner”, and together with PGRP, the “Defendants”, and together with 6382330 Manitoba Ltd., 6472240 Manitoba Ltd., Stephen Glen Collins and Paul Owen Arsenault, the “defendants”) deny each and every allegation contained in the Statement of Claim and in particular deny the allegations contained in paragraphs 1, 9, 10, 11, 12, 13, 14, 15, 16 and 17 of the Statement of Claim.
2. The Defendants admit the allegations contained in paragraphs 2, 4, and 7 of the Statement of Claim.
3. The Defendants have no knowledge of the allegations contained in paragraphs 3, 5, 6 and 8 of the Statement of Claim.
4. In response to paragraph 1 of the Statement of Claim, Penner says his full name is Patrick Gilbert Roy Penner.

5. In further response to the whole of the Statement of Claim, the Defendants say that:

- (a) On or about June 5, 2015, the Loan, as defined in the Statement of Claim, was obtained by the defendants for the purposes of funding renovations and maintenance of a residential apartment building at 626 Ellice Avenue, in Winnipeg, Manitoba (the “Property”);
- (b) Sometime thereafter, the defendants entered into an agreement with a property management company (the “Company”) for the Company to manage the Property on behalf of the defendants (the “Agreement”);
- (c) It was an express or implied term of the Agreement that the Company would manage the Property in such a way so as to ensure that sufficient rent revenue was collected and remitted to the plaintiff by the Company to meet the ongoing obligations of the Loan;
- (d) The defendants relied on the Company and the Company owed the defendants a duty of care to manage the Property in a good and professional way so as to ensure the Property continued to generate sufficient revenue;
- (e) The Company managed the Property so poorly that the defendants were no longer able to collect enough rent revenue to make payments on the Loan;
- (f) The Company breached the terms of the Agreement and/or its duty of care to the defendants, the particulars of which include but are not limited to:
 - (i) Failing to prevent infiltration of the Property by alleged gang members;

- (ii) Failing to provide a safe and peaceful environment at the Property;
- (iii) Failing to retain good tenants;
- (iv) Failing to maintain low vacancy rates;
- (v) Failing to maintain the locks on the front and back doors of the Property to prevent unauthorized persons from entering the Property;
- (vi) Failing to prevent persons from using drugs in the common areas of the Property;
- (vii) Failing to prevent tenants from being robbed, physically assault and/or harassed while in the Property;
- (viii) Failing to prevent break-ins and/or theft from occurring at the Property;
- (ix) Failing to clean up garbage and/or debris from the Property and/or failing to maintain adequate cleanliness at the Property;
- (x) Failing to collect and/or remit sufficient rent payments to RBC for payment of the Loan;
- (xi) Failing to take all reasonable steps so as to ensure the Property was continuing to generate adequate rent revenue; and
- (xii) Failing to act in a good and professional manner having regard to all of the circumstances of the case;

- (g) In or around September 2019, the plaintiff applied for a Receiver and Deloitte was appointed as Receiver to manage the Property;
- (h) Deloitte did not allow the defendants to provide input regarding management of the Property and/or to be involved with the day-to-day operations of the Property despite being advised by the defendants that a “hands-off” management approach was likely to again result in infiltration of gangs, departure of good tenants, increased vacancy rates and decreased value of the Property;
- (i) Deloitte has managed the Property so poorly that the Property may soon be considered condemned by the City of Winnipeg; and
- (j) Deloitte’s poor management of the Property has resulted in a significant decrease in value and a corresponding reduction of monies available.

6. The Defendants deny that the plaintiff has suffered damages and loss as alleged or at all.

7. In the alternative, if the plaintiff has suffered damages and loss as alleged or at all, then the acts or omissions of the Defendants were not the proximate cause of such damages and loss, and further, the plaintiff failed to take reasonable steps to mitigate its damages.

8. The Defendants plead and rely upon *The Tortfeasors and Contributory Negligence Act*, CCSM c T90.

10. The Defendants submit that the plaintiff's claim as against them be dismissed with costs.

October 23, 2020

HILL SOKALSKI WALSH LLP

Litigation Counsel
Suite 2670 – 360 Main Street
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Kelsey M. McIntyre

Counsel for the Defendants PGRP and Penner

TO: FILLMORE RILEY LLP
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Attn: J. Michael J. Dow

AND TO: LEVENE TADMAN GOLUB LAW CORPORATION
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Attn: Wayne M. Onchulenko

OCT 23 2020