

NO. S-1810743
VANCOUVER REGISTRY

IN THE SUPREME COURT OF BRITISH COLUMBIA

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36, AS AMENDED**

AND

**IN THE MATTER OF THE *BUSINESS CORPORATIONS ACT*,
S.B.C. 2002, c.57, AS AMENDED**

AND

**IN THE MATTER OF THE *CANADA BUSINESS CORPORATIONS ACT*,
R.S.C. 1985, c.44, AS AMENDED**

AND

**IN THE MATTER OF A PLAN OR COMPROMISE AND ARRANGEMENT OF
PUREWAL BLUEBERRY FARMS LTD., 0726357 B.C. LTD., 0726365 B.C. LTD.
and 0726368 B.C. LTD.**

THIRD REPORT OF THE MONITOR

FEBRUARY 1, 2019

INTRODUCTION

1. This report (“**Third Report**”) has been prepared by FTI Consulting Canada Inc. (“**FTI**”) in its capacity as the court-appointed Monitor (the “**Monitor**”) pursuant to an order of the Supreme Court of British Columbia (the “**Court**”) pronounced October 11, 2018 (the “**Initial Order**”) pursuant to the *Companies’ Creditors Arrangement Act*, R.S.C. 1985 c.36, as amended.
2. On April 30, 2018, Purewal Blueberry Farms Ltd. (“**Purewal**”) filed a Notice of Intention to File a Proposal (“**NOI**”) with the Superintendent of Bankruptcy pursuant to Part III, Division I of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “**BIA**”) and FTI was appointed trustee under the NOI (the “**Proposal Trustee**”).
3. Purewal sought and obtained extensions of its stay of proceedings under the NOI as follows:
 - (a) by Order of the Court pronounced May 30, 2018 extending the time to file a proposal under its NOI (and corresponding stay of proceedings) to July 13, 2018;
 - (b) by Order of the Court pronounced July 5, 2018 extending the time to file a proposal under its NOI (and corresponding stay of proceedings) to August 27, 2018; and
 - (c) by Order of the Court pronounced August 24, 2018 extending the time to file a proposal under its NOI (and corresponding stay of proceedings) to October 11, 2018.
4. Additional Orders sought and obtained by Purewal in the NOI proceedings included:
 - (a) an Order of the Court pronounced May 30, 2018 approving:

- i. an interim financing facility (the “**DIP Loan**”) from Blueberry Holding (GP) Ltd. (in such capacity, the “**DIP Lender**”) in the maximum principal amount of \$500,000, secured by a charge in priority to all other encumbrances, over the assets of Purewal (including any assets of Purewal held in trust for 0726357 B.C. Ltd., 0726365 B.C. Ltd. and 0726368 B.C. Ltd.) (the “**Purewal Property**”) (the “**DIP Lender’s Charge**”); and
 - ii. an administrative charge to secure the fees and disbursements of Purewal’s legal counsel, the Proposal Trustee, and its legal counsel (the “**Administrative Charge**”) in priority to all other encumbrances (other than the DIP Lender’s Charge) against the Purewal Property for up to \$200,000.
- (b) two Orders of the Court pronounced July 5, 2018 approving:
 - i. a claims process (the “**Claims Process**”) by the Proposal Trustee to assist in identifying and understanding the quantum and extent of creditor’s claims against Purewal (the “**Claims Process Order**”); and
 - ii. a sale process (the “**Sale Process**”) for Purewal’s processing plant in accordance with a proposed set of bidding procedures, to be administered by the Proposal Trustee (the “**Sale Process Order**”).
5. On October 11, 2018, the NOI proceedings were converted into this CCAA proceeding by an order of this Court (the “**Initial Order**”), and all of the orders granted in the NOI proceedings, including but not limited to the Claims Process Order and the Sale Process Order, were continued into these CCAA proceedings.

6. Three companies that were not included in the NOI proceedings were added to these CCAA proceedings; namely 0726357 B.C. Ltd. (“**6357**”), 0726365 B.C. Ltd. (“**6365**”) and 0726368 B.C. Ltd. (“**6368**”). 6357, 6365 and 6368 (collectively the “**Brothers’ Companies**”) which are holding companies owned by Malkiat, Charan and Gurjit Purewal, respectively.
7. The Initial Order increased the amount of the approved DIP Loan from \$500,000 to \$1,000,000, increased the DIP Lender’s Charge to \$1,000,000, and extended the DIP Lender’s Charge and the Administrative Charge over the property of Purewal and the Brothers’ Companies (the “**Petitioners**”).
8. On October 11, 2018, the Court made a further Order approving an asset purchase agreement submitted by 0801226 B.C. Ltd. (a party related to the Primary Secured Creditor) in the Sale Process, as the stalking horse bidder in the Sale Process.
9. On November 2, 2018, the Petitioners sought and obtained an order of this Court extending the stay of proceedings provided in the Initial Order to December 14, 2018.
10. On December 12, 2018, the Petitioners sought and obtained two orders of this Court:
 - (a) The first order approved an Offer to Purchase and Agreement of Purchase and Sale dated November 21, 2018 between Purewal and 1176094 B.C. Ltd. (“**117**”) (the “**Winning APA**”) as detailed in the Second Report and provided a vesting order to convey title in the processing plant to 117 (the “**AV Order**”); and
 - (b) The second order approved the extension of the stay of proceedings provided in the Initial Order to March 1, 2019 as well as increasing the Administrative Charge from a maximum aggregate of \$200,000 to \$300,000.

11. The reports of the Proposal Trustee and the Monitor and other information in respect of these proceedings are posted on the Monitor's website at <http://cfcanda.fticonsulting.com/purewal/>.

PURPOSE

12. The purpose of the Third Report of the Monitor is to provide the Court with an update on the following:
 - (a) the activities of the Petitioners subsequent to the date of the Second Report;
 - (b) an update on the status of the Sale Process;
 - (c) the Monitor's views and recommendations on the addition of two companies to these CCAA proceedings; and
 - (d) the Monitor's views and recommendations regarding the Petitioners' request for an increase in the Administrative Charge and an extension of the provisions of the Initial Order, including the stay of proceedings, to April 15, 2019.
13. In addition, pursuant to paragraph 30 of the Initial Order, the Monitor is seeking the approval of this Honourable Court with respect to its fees and expenses for the period from April 30, 2018 to November 30, 2018 and for the fees and expenses of the Monitor's legal counsel for the period from June 1, 2018 to November 30, 2018.

TERMS OF REFERENCE

14. In preparing this report, the Monitor has relied upon unaudited financial information, other information available to the Monitor and, where appropriate, the Petitioners' books and records and discussions with various parties (collectively, the "**Information**").
15. The Monitor has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Generally Accepted Assurance Standards pursuant to the Chartered Professional Accountants of Canada Handbook.
16. The Monitor has not examined or reviewed financial forecasts and projections referred to in this report in a manner that would comply with the procedures described in the Chartered Professional Accountants of Canada Handbook.
17. Future oriented financial information reported or relied on in preparing this report is based on assumptions regarding future events; actual results may vary from forecast and such variations may be material.
18. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars.

UPDATE ON THE PETITIONERS' ACTIVITIES

Funding

19. Pursuant to paragraph 24(c) of the Initial Order, the Monitor opened up a bank account to receive and administer the funding received from the DIP Lender.
20. As indicated in the Second Report, the Monitor has received funding in the amount of \$265,000 from the DIP Lender.
21. The following schedule indicates the disbursements made from the funding advanced to the Monitor:

Summary of Receipts and Disbursements	
Receipts	
Advances pursuant to DIP Loan	265,000.00
Disbursements	
DIP Lender fee	10,500.00
Insurance	88,279.00
Security	44,402.20
BC Hydro	47,736.57
Contractor fees and expenses	54,234.86
Proposal Trustee's legal counsel fees and disbursements	1,576.41
Bank charges	61.15
Total disbursements	246,790.19
Excess of receipts over disbursements	\$ 18,209.81

22. The DIP Lender fee relates to a commitment fee due to another lender that had issued a term sheet to Purewal at the time it was seeking debtor in possession financing.

23. The payments to the former accounting staff who were retained on a consulting basis to provide accounting and administrative support during the restructuring process (the “**Contractor**”) includes the reimbursement of significant expenses incurred for repairs performed to the processing plant’s sprinkler system, accounting software fees and IT consulting services.
24. As noted in the Second Report, insurance coverage has been extended to May 26, 2019 and 24 hour security is currently in place for the processing plant.
25. As indicated, the Monitor is currently holding a balance of approximately \$18,000.
26. In late December, a further advance of \$133,000 was made by the DIP Lender. After deducting \$22,000 for the DIP Lender’s legal fees, \$111,000 was advanced to the Petitioners’ legal counsel. This advance was used to reduce the outstanding fees and expenses of the Monitor and the Petitioners’ legal counsel.
27. Including the advance made in December, the total advances received from the DIP Lender are \$853,000.
28. The Monitor has discussed the need for additional funding with the DIP Lender and expects to receive the remaining \$147,000 previously approved under the DIP Loan prior to closing the sale of the processing plant.
29. The funds will be used to pay for the accrued operating expenses and to reduce the exposure currently outstanding under the Administrative Charge.

Lease with the Pitt Meadows Airport Authority

30. As detailed in a subsequent section of this report, the Petitioners are seeking the approval of this Honourable Court to include 074 in these CCAA proceedings.
31. This would provide the Petitioners with the ability to further investigate the circumstances surrounding the lease that was held by 074 as the tenant of certain land around the Pitt Meadows Airport and assess what remedies may be available with respect to this asset.

UPDATE ON THE SALE PROCESS

32. In the Second Report, the Monitor detailed the process that culminated in the selection of the Winning APA at the auction held at the offices of the Petitioners' legal counsel held on November 21, 2018.
33. The purchaser with the Winning APA was 117 (the "**Purchaser**").
34. The Purchaser's obligation to complete the purchase of the processing plant was subject to the issuance of a Vesting Order and the approval of this Honourable Court of the Winning APA.
35. Accordingly, on December 12, 2018 the Petitioners sought and obtained the AV Order which indicated that the Closing Date was to be set by mutual agreement among the parties, but that the Closing Date could not extend beyond 45 days of the date of the AV Order.
36. This had the effect of making January 26, 2019 as the outside date for closing the Winning APA.

37. On December 18, 2018, the Petitioners' legal counsel forwarded a letter to the Purchaser's legal counsel indicating that the AV Order had been obtained and that the Closing Date had been set for January 16, 2019 (copy attached as Appendix A).
38. On December 21, 2018 and on January 2, 2019, legal counsel for the Purchaser forwarded letters to the Monitor and the Petitioners' legal counsel informing them that the principal of 117 had suffered a health issue immediately following the auction and had therefore been delayed in finalizing the financing required to close the Winning APA (copies attached as Appendix B).
39. In its letter of January 2, 2019, the Purchaser's legal counsel requested an extension of the Closing Date to January 26, 2019.
40. After consulting with the Monitor, the Petitioners and its legal counsel agreed to extend the Closing Date to January 26, 2019 (copy attached as Appendix C).
41. On January 21, 2019, the Monitor received a telephone call from the principal of 117 indicating that it had received a term sheet from Farm Credit Canada ("FCC") that would provide 117 with the funds necessary to close. However, as a result of the delay in commencing the financing process which was caused by his illness, the loan hadn't reached final approval and accordingly 117 was requesting a further extension of the Closing Date.
42. The Monitor suggested that 117 should make a written request through its legal counsel, which it did on January 22, 2019 (copy attached as Appendix D).
43. In its discussion with 117, the principal indicated that it would be prepared to increase its deposit. The Monitor indicated that if the Petitioners were to agree to an extension, it would also need to be covered for any costs incurred as a result of the extension.

44. The Monitor also asked to see a copy of the term sheet that had been provided by FCC to 117 as well as permission from 117 to speak directly with FCC.
45. With the authorization of the Purchaser, on January 23, 2019 the Monitor spoke with the representative of FCC that had signed the term sheet. The Monitor was advised that the financing was well advanced within FCC and that the hold up in approving the loan was due to the receipt of an appraisal on the processing plant as well as an appraisal on another parcel of land being pledge to FCC as security.
46. The Monitor discussed the matter with the Petitioners and its legal counsel and after a few rounds of negotiation with the Purchaser's legal counsel, agreed to an extension based on the following terms:
 - (a) The Closing Date would be extended to a date not later than March 8, 2019;
 - (b) 117 would increase its deposit by an amount of \$200,000;
 - (c) 117 would pay an extension fee of \$150,000 to the Monitor to be applied in payment of those costs incurred during the period from January 26, 2019 to the Closing Date (the "**Extension Costs**");
 - (d) The Monitor will provide an accounting of the Extension Costs within a reasonable period following the closing of the Winning APA; and
 - (e) The Petitioners will forthwith apply to the Court for approval of the extension of the Closing Date.
47. A copy of the fully executed Addendum to Offer to Purchase and Agreement of Purchase and Sale is attached as Appendix E.

48. The Monitor is in receipt of the \$150,000 extension fee and the Petitioners' legal counsel is in receipt of the additional deposit in the amount of \$200,000.
49. The Monitor recommends the approval of the extension of the Closing Date on the following basis:
 - (a) The Purchaser has agreed to cover the Extension Costs and therefore the creditors are not being prejudiced;
 - (b) The Purchaser has demonstrated an act of good faith by increasing the amount of its non-refundable deposit;
 - (c) The financing with FCC appears to be progressing and the only information outstanding is the receipt of appraisals; and
 - (d) The Monitor believes that it would take longer than 6 weeks to restart a sale process and have a transaction closed.

AN UPDATE ON THE CLAIMS PROCESS

50. As noted previously, Canada Revenue Agency ("CRA") filed a claim against Purewal in the amount of \$5.4 million related to unremitted source deductions and unremitted goods and services tax. The claim was broken down into a deemed trust claim in the amount of \$3.5 million and \$1.9 million was unsecured.
51. On December 5, 2018, an auditor from CRA visited Purewal's offices to conduct an audit on the payroll records for the calendar years 2017 and 2018.
52. As a result of the audit, CRA issued a revised proof of claim in the amount of \$5.2 million comprising a deemed trust claim in the amount of \$2.8 million, a secured claim in the amount of \$682,000 secured by a mortgage against the processing plant and an unsecured claim in the amount of \$1.7 million.

53. The revised proof of claim was forwarded by the Monitor to the Contractor for review. Although the amount of the overall claim and the deemed trust amount was reduced, the Contractor is not able to reconcile Purewal's records to the CRA audit examination.
54. The Contractor believes the discrepancy is with the 2014 – 2016 payroll years.
55. The Monitor has discussed the issue with CRA's collection representative who is looking into the matter. In addition, the Contractor is undertaking an analysis of Purewal's payroll records for the 2014 – 2016 calendar years to identify the differences with CRA's numbers.
56. The Monitor will provide a further update in its next report to Court.

REQUEST TO ADD COMPANIES TO THE CCAA PROCEEDINGS

57. As indicated in the Second Report, the Petitioners were considering adding 074 to these CCAA proceedings and have now obtained 074's consent.
58. As described in the Second Report, 074 is a company with common ownership to Purewal. 074 held a leasehold interest in certain land around the Pitt Meadows Airport (the "**Airport Lease**"). The landlord to that lease was the Pitt Meadows Airport Society (the "**PMAS**").
59. As detailed in the Second Report, the Airport Lease was purportedly surrendered in July 2018 under circumstances that are concerning to the Monitor.
60. The Monitor understands that 074 was used to hire the labour for the Purewal group's operations.

61. The Monitor has been provided with a copy of 074's financial statement as at May 31, 2016 which is the most current set available. It would appear from those financial statements that 074 is insolvent as its assets would not have been sufficient to meet its current liabilities.
62. The Monitor is supportive of 074's inclusion in these CCAA proceedings as it may be necessary if any form of assistance or direction from this Honourable Court is necessary regarding the Airport Lease.
63. The Monitor is advised by the Petitioners' legal counsel that Purewal Farms Partnership (the "**Partnership**") is also seeking to be added to these CCAA proceedings.
64. The Partnership is owned one third each by Malkiat Singh Purewal, Charan Singh Purewal and Gurjit Singh Purewal through each of 6357, 6365 and 6368.
65. The Monitor has been advised by the Petitioners that the Purewal group operated its businesses as follows:
 - (a) Purewal was the legal owner of the real property;
 - (b) The Partnership was used as the operating entity for all farming operations conducted on Purewal's land; and
 - (c) The Partnership owned the equipment used for the farming operations.
66. The Monitor believes it is appropriate to include the Partnership in these CCAA proceedings given:
 - (a) the Partnership is intertwined with the operations of Purewal;

- (b) the partners of the Partnership are already Petitioners in these CCAA proceedings; and
 - (c) the Brothers' Companies are responsible for the debts of the Partnership.
67. Although the Monitor is unaware of any creditors of the Partnership, any claims against 6357, 6365 or 6368 may be claims against the Partnership by virtue of the partnership structure.
68. The Monitor is supportive of adding the Partnership to these CCAA proceedings so that a claims process can be conducted to ascertain whether there are any claims against the Partnership and to assist in determining how the Partnership might fit in to the Petitioners' restructuring.

PETITIONERS' REQUEST TO INCREASE THE ADMINISTRATIVE CHARGE

69. On May 30, 2018 Purewal obtained an Order of the Court approving the Administrative Charge to secure the fees and disbursements of the Petitioners' legal counsel, the Monitor (formerly the Proposal Trustee), and its legal counsel in priority to all other encumbrances (other than the DIP Lender's Charge) against the Purewal Property for up to \$200,000.
70. As indicated previously, the Administrative Charge was increased to \$300,000 by an order of this Honourable Court dated December 12, 2018.
71. The outstanding fees and expenses of the professionals covered under the Administrative Charge were expected to be brought current from the proceeds to be received on closing the Winning APA.
72. However, due to the request by the Purchaser to extend the Closing Date, it is now anticipated that the professional fees will exceed the Administrative Charge at Closing.

73. Although the DIP Loan is not yet fully drawn, the final tranche in the approximate amount of \$147,000 is expected to be received in the next few days and will be primarily used to satisfy the operating costs incurred up to the original date scheduled for Closing.
74. The Monitor estimates the approximate amount of fees and expenses unpaid as of December 31, 2018 and subject to the Administrative Charge to be \$275,000. Based on a 6 week extension for Closing, the professionals will have further billings for January and February 2019.
75. Rather than seek additional DIP financing and incur the associated interest costs, the Petitioners are seeking this Honourable Court's approval to increase the amount of the Administrative Charge by \$150,000.
76. The Monitor believes it is important to ensure that the Petitioners continue to have the support of its professional advisors to assist the Petitioners through its CCAA proceedings and therefore supports the relief being sought to increase the amount of the Administrative Charge to \$450,000.

APPROVAL OF THE MONITOR AND ITS COUNSEL'S FEES AND EXPENSES

77. The activities of the Monitor and the Proposal Trustee have largely been covered in its reports to this Court. The primary activities included:
- (a) Conducting the Sale Process for the processing plant;
 - (b) Supervising the Contractor with respect to on site activity and accounting assistance;
 - (c) Liaising with the Petitioners' insurance agent;
 - (d) Assisting Purewal in arranging and securing its DIP Loan;
 - (e) Conducting a claims process for Purewal;
 - (f) Consulting with the Petitioners and its legal counsel with respect to strategic decisions;
 - (g) Addressing issues related to priorities including the claim of CRA and the claim of Berar;
 - (h) Responding to creditor enquiries; and
 - (i) Reporting to this Honourable Court.
78. Attached as Appendix F to this report is a schedule summarizing the Monitor's fees and expenses for the period from April 30, 2018 to November 30, 2018 and the fees and expenses of the Monitor's legal counsel for the period from June 1, 2018 to November 30, 2018.
79. The Monitor and the Monitor's legal counsel have each sworn an affidavit which includes all of the detailed invoices indicated in the schedule referenced above.



80. In accordance with paragraph 30 of the Initial Order, the Monitor hereby seeks the approval of this Honourable Court for the Monitor's fees and expenses as presented and for the Monitor's legal counsel's fees and expenses as presented.

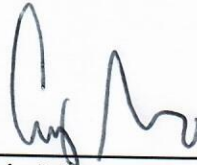
PETITIONERS' REQUEST TO EXTEND THE STAY OF PROCEEDINGS

81. The Petitioners are seeking an extension of the provisions of the Initial Order, including the stay of proceedings, to April 15, 2019. Absent such extension, the stay will expire on March 1, 2019. Although an extension is not needed until on or before March 1, 2019, the granting of an extension will obviate the need (and the attendant expense) of returning to Court in less than a month. The Petitioners are seeking an extension for the following reasons:
- (a) to provide the time required to close the Winning APA between Purewal and 117;
 - (b) to provide an opportunity for the Petitioners to review the events surrounding the Airport Lease and determine its remedies with respect to a potential realization on this asset;
 - (c) to allow for a revised claim process to be performed for 074 and the Partnership; and
 - (d) to provide the Petitioners with the time necessary for the Petitioners in conjunction with its legal counsel to formulate a plan of arrangement to its creditors.
82. The Monitor has considered the tests that the Court must be satisfied with in order to grant an extension of the stay of proceedings to the Petitioners, namely that:
- (a) the Petitioners must be acting in good faith and with due diligence; and

- (b) the Petitioners satisfy the Court that circumstances exist that make the order appropriate.
83. The Monitor believes that the Petitioners are acting in good faith and that the extension of the stay of proceedings is in the best interest of all stakeholders to allow Purewal to close the Winning APA, the proceeds which will provide for:
- (a) the claims of secured creditors and the deemed trust claim in favour of the CRA to be addressed;
 - (b) provide an opportunity to the former employees to regain employment in an operating plant; and
 - (c) allow the time necessary to evaluate the quantum of claims against the Petitioners in order to formulate a plan of arrangement(s) to their creditors.
84. Accordingly, the Monitor supports the Petitioners' request for an extension of the stay of proceedings to April 15, 2019.

All of which is respectfully submitted this 1st day of February, 2019.

FTI Consulting Canada Inc.,
in its capacity as Monitor of Purewal Blueberry
Farms Ltd., 0726365 B.C. Ltd., 0726368 B.C.
Ltd. and 0726357 B.C. Ltd.



Name: Craig Munro
Title: Managing Director,
FTI Consulting Canada Inc.

APPENDIX A

CLARK WILSON LLP

Reply to: Christopher J. Ramsay
Direct Tel: 604.643.3176
Email: CRamsay@cwilson.com
File No: 47153-0001

CLARK WILSON LLP
Barristers & Solicitors
Trademark Agents
900-885 West Georgia Street
Vancouver, BC V6C 3H1 Canada
T. 604.687.5700 | F. 604.687.6314
cwilson.com

December 18, 2018

VIA EMAIL

Gehlen Dabbs
1201 – 1030 W. Georgia Street
Vancouver, BC V6E 2Y3

Gehlen Dabbs
1201 – 1030 W. Georgia Street
Vancouver, BC V6E 2Y3

Attention: Greg Gehlen

Attention: Kalev Anniko

Dear Sirs/Mesdames:

**Re: In the Matter of a Plan of Compromise and Arrangement of Purewal
Blueberry Farms Ltd., 726357 B.C. Ltd., 0726365 B.C. Ltd. and 0726368
B.C. Ltd.
S.C.B.C. Action No. S-1810743, Vancouver Registry**

We are writing with respect to your client 1176094 B.C. Ltd.'s offer to purchase and Agreement of Purchase and Sale dated November 21, 2018. The transaction was approved by the Court in the above referenced CCAA proceedings on December 12, 2018.

We confirm that the parties are to close the transaction within ten (10) business days following the date of the satisfaction of the Mutual Conditions or at such date as may be agreed upon by both parties.

The Closing Date is January 16th 2019. We confirm that the Vendor is ready, willing and able to complete the transaction on January 16th 2019.

Yours truly,

CLARK WILSON LLP

Per: 

Christopher J. Ramsay

CJR/dht

cc: Craig Munro, Monitor

APPENDIX B

OUR FILE No. 2690.1

Direct: 604.642.6401
Email: gg@gdlaw.ca

December 21, 2018

BY Email: cramsay@cwilson.com

Clark Wilson LLP
900 – 885 West Georgia Street
Vancouver, BC
V6C 3H1

Attention: Christopher J. Ramsay

Dear Sirs/Mesdames:

Re: CCAA proceedings of Purewal Blueberry Farms Ltd. et al, Vancouver Court Registry No. S1810743;

We write further to Agreement of Purchase and Sale between our client 1176094 B.C. Ltd. (the "Purchaser") and Purewal Blueberry Farms Ltd.

Unfortunately, the principal of the Purchaser, Amrik Gill, has been dealing with a serious illness since the 22nd of November, the day after the auction. The precise diagnosis is not yet known, despite repeated visits to the hospital. The issue is understood to be a bacterial infection, though there has been little to no response to antibiotics. Barring one failed attempt in early December, Mr. Gill has been unable to work. Mr. Gill first went to the hospital regarding this illness in late November, where he commenced a five-day treatment of intravenous fluids and medicine, and has subsequently had to return to the hospital at least five further times. Just today, he attended an urgent care centre and was redirected to an emergency room, where we understand he is waiting at the time of writing. Mr. Gill had an appointment with a specialist earlier this week for a consultation and has a follow-up scheduled for January 26, 2018 as well as a general follow up scheduled for early February.

As a result of these difficulties, Mr. Gill has been unable to finalize the financing and the other aspects of the upcoming purchase. While the Purchaser remains committed to completing the purchase, it appears likely that some extension of the completion date will be required; we appreciate that this may require an application to court.

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We will update you when we learn more about his condition and the status of the purchase.

Yours truly,

GEHLEN DABBS

Per:

Gregory J. Gehlen

GJG:ka

cc: Craig Munro, Monitor
client

OUR FILE No. 2690.1

Direct: 604.642.6401
Email: gg@gdlaw.ca

January 2, 2019

BY EMAIL: craig.munro@fticonsulting.com

FTI Consulting Canada Inc.
Suite 15-131
555 Burrard Street
Vancouver, BC V7X 1M8

Attention: Mr. Craig Munro

Dear Sirs/Mesdames:

Re: CCAA proceedings of Purewal Blueberry Farms Ltd. et al, Vancouver Court Registry No. S1810743

Further to our letter of December 21, 2018 to Mr. Ramsay (copied to you), we write to update you on our client's situation and seek the Monitor's agreement to an extension of the closing date for the above transaction.

With respect to Mr. Gill's health, it has been generally determined that his illness is related to bladder and prostate issues, though an exact diagnosis and course of treatment remain elusive. He is meeting with a specialist tomorrow and again on January 9. Although Mr. Gill has been home from the hospital since December 25, his condition has only negligibly improved: he is on a continuing course of antibiotics as well as an alpha-blocker, and continues to require a catheter and is suffering ongoing pain and discomfort. It is hoped that Mr. Gill's condition will begin to improve once he starts whatever further course of treatment his specialists recommend, hopefully as soon as tomorrow.

While Mr. Gill remains substantially impaired in his ability to work towards the closing of this transaction, his son Nav has been working to arrange financing on his behalf. Our client is invested in this transaction and remains committed to closing as quickly as possible, but at this point it appears there is little to no chance of finalizing a financing commitment in time for a January 16 closing.

In light of the above circumstances, our client requests the Monitor's consent to extend the closing date to January 26, 2019, as permitted by the terms of the December 12, 2018 Court Order. The requested extension will allow for a firm financing commitment to be secured,

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though it may ultimately be necessary for our client to seek court approval of a further short extension.

Please advise at your earliest opportunity if the requested extension is agreed to, and do not hesitate to contact our office if you have any questions.

We ask that you give us your reply by no later than noon this Friday, January 4, 2018.

Yours truly,

GEHLEN DABBS

Per:



Gregory J. Gehlen

GJG:ka

cc: Christopher Ramsay
client

APPENDIX C

CLARK WILSON LLP

Reply to: **Christopher J. Ramsay**
Direct Tel: 604.643.3176
Email: CRamsay@cwilson.com
File No: 47513-0001

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January 4, 2019

VIA ELECTRONIC MAIL

Gehlen Dabbs
1201 - 1030 W Georgia St.
Vancouver, BC V6E 2Y3

Attention: Gregory J. Gehlen

Dear Sirs/Mesdames:

Re: CCAA Proceedings of Purewal Blueberry Farms Ltd. and others
S.C.B.C. Action No. S1810743, Vancouver Registry

We are responding to your letters dated December 21, 2018 and January 2, 2019.

Whilst we are sympathetic to Mr. Gill's predicament and sincerely hope that he recovers quickly, we are not in a position to extend the closing beyond the outside date of January 26, 2019 which is 45 days from December 12, 2018 (the date of the pronouncement of the approval and vesting order).

The Asset Purchase Agreement (the "APA") which was executed by 1176094 B.C. Ltd. as Purchaser, became unconditional on the issuance of the approval and vesting order and after all appeal periods had lapsed. The Purchaser was represented by counsel through the sale process and was aware that it was obligated to close the transaction as provided for under the APA once the transaction became binding.

Regardless of the contractual rights of the parties under the APA, Purewal is simply not in a financial position to continue funding costs in relation to the sold assets which continue to accumulate, including costs of insurance, paying for utilities and providing 24 hour security for the property.

Accordingly, we are prepared to extend the closing until close of business January 26, 2019. We are not in a position to extend the closing date beyond this date, and expect your client to comply with its obligations under the APA.

Yours truly,

CLARK WILSON LLP

Per: 

Christopher J. Ramsay

CJR/dht

APPENDIX D

OUR FILE No. 2690.1

Direct: 604.642.6401
Email: gg@gdlaw.ca

January 22, 2019

BY EMAIL: craig.munro@fticonsulting.com

FTI Consulting Canada Inc.
Suite 15-131
555 Burrard Street
Vancouver, BC V7X 1M8

Attention: Mr. Craig Munro

Dear Sirs/Mesdames:

**Re: CCAA proceedings of Purewal Blueberry Farms Ltd. ("Purewal") et al, Vancouver Court Registry No. S1810743
Offer to Purchase and Agreement of Purchase and Sale (the "APS") between 1176094 B.C. Ltd. (the "Purchaser") and Purewal (the "Vendor")**

As you are aware, the closing of the APS between our client the Purchaser and the Vendor is currently set for January 26, 2019.

Unfortunately, final approval of financing from the Purchaser's lender has been delayed due to the difficulties arising from Mr. Gill's health. We accordingly write to request a further extension in the Closing Date under the APS.

We confirm the Purchaser is in the process of arranging financing with Farm Credit Canada. That process is well under way, with all documents and information requested by FCC having been provided, including their \$25,000.00 application fee. We are advised that the only further step required is an appraisal of the lands, which is in process and is expected by this Wednesday.

Final credit approval is anticipated within two weeks, and following this further time will be needed for FCC's solicitors to prepare the usual loan and security documents.

While such documentation may be ready within a further two-week period, the Purchaser thinks it prudent to request a six-week extension, in order to avoid any prospect of a further extension request. Accordingly, we are instructed to request a six-week extension, to March 8, 2019.

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The Purchaser recognizes that such an extension will result in further expenses being borne by the Monitor, and is prepared to pay an extension fee that reflects the Monitor's carrying costs.

Please advise at your earliest opportunity if the Monitor is prepared to accept the requested extension, as well as on what terms, and do not hesitate to contact our office if you have any questions.

Finally, as it may be necessary to bring the request for an extension before the Court prior to the lapse of the current Closing Date, we ask that you provide your reply as soon as possible.

Yours truly,

GEHLEN DABBS

Per: 

Gregory J. Gehlen

GJG:ka

cc: Christopher Ramsay / Katie Mak
client

APPENDIX E

ADDENDUM TO OFFER TO PURCHASE AND AGREEMENT OF PURCHASE AND SALE

Further to the Offer to Purchase and Agreement of Purchase and Sale dated November 21, 2018 (the "APS"),

between:

1176094 B.C. LTD.

(the "Purchaser")

and

PUREWAL BLUEBERRY FARMS LTD.

(the "Vendor")

AS REPRESENTED BY FTI CONSULTING CANADA INC., AS MONITOR UNDER THE CCAA PROCEEDINGS OF PUREWAL BLUEBERRY FARMS LTD. AND NOT IN ITS PERSONAL OR ANY OTHER CAPACITY

IN CONSIDERATION of payment by the Purchaser of the Further Deposit and Extension Fee, both as hereinafter defined, the receipt and adequacy of which are hereby acknowledged, the Vendor and the Purchaser hereby covenant, acknowledge and agree as follows:

1. Capitalized terms not defined in this Addendum have the definitions set out in the APS.
2. The Closing Date for the APS is extended to March 8, 2019 or such earlier date as may be agreed to in writing by the parties.
3. The Purchaser has paid a further \$200,000.00 to Clark Wilson in Trust (the "Further Deposit") to be added to the Deposit and, except as set out in paragraph 6 below, the amount in its entirety shall be treated as the Deposit in accordance with the terms of the APS.
4. The Purchaser has paid \$150,000.00 to the Monitor (the "Extension Fee") to be held by the Monitor and applied only in payment of those costs incurred by the Monitor or the Vendor during the period from January 26, 2019 to the Closing Date which would not have been incurred, but for the within extension of the Closing Date, including but not limited to, utilities, insurance, loan interest and all professional fees (the "Extension Costs").
5. The Monitor shall within a reasonable period following the Closing provide to the Purchaser:

- (a) an accounting of the Extension Costs actually incurred;
 - (b) a refund of that portion of the Extension Fee not required to pay the Extension Costs; and
 - (c) copies of any documentation with regard to the Extension Costs requested by the Purchaser acting reasonably.
6. The Vendor shall forthwith apply to the Court in the CCAA Proceedings for approval of the extension of the Closing Date (the "Approval Application"), and if the Court does not grant such extension then the Further Deposit and Extension Fee, less those Extension Costs incurred by the Monitor or the Vendor during the period from January 26, 2019 to the date of the Approval Application, shall be returned to the Purchaser forthwith.
7. This Agreement may be executed in counterparts, and delivered by hand, electronic mail or otherwise, and each such counterpart when so executed and delivered will be deemed to be an original, and all of which together will constitute one and the same instrument.

IN WITNESS WHEREOF the parties have executed this Addendum this 30th day of January, 2019.

1176094 B.C. LTD.

Per: Amelia S. Gill
Authorized Signatory

FTI CONSULTING CANADA INC. in its capacity as monitor under the CCAA proceedings of Purewal Blueberry Farms Ltd., and not in its personal or any other capacity

Per: Craig Munro
Craig Munro
Managing Director

APPENDIX F

Purewal Blueberry Farms Ltd.

Summary of Receiver's fees and disbursements

<u>Invoice Number</u>	<u>Period Covered</u>	<u>Hours</u>	<u>Fees</u>	<u>Expenses</u>	<u>GST</u>	<u>Total</u>
29003296	April 30, 2018 to June 30, 2018	77.8	41,321.50	745.44	2,103.35	44,170.29
29003344	July 1, 2018 to July 31, 2018	71.4	38,131.50	6,443.00	2,228.73	46,803.23
29003391	August 1, 2018 to August 31, 2018	56.0	29,705.00	687.22	1,519.61	31,911.83
29003409	September 1, 2018 to September 30, 2018	49.4	26,090.00	58.80	1,307.44	27,456.24
29003446	October 1, 2018 to October 31, 2018	98.9	53,351.50	133.78	2,674.26	56,159.54
29003486	November 1, 2018 to November 30, 2018	92.6	49,734.50	358.45	2,504.65	52,597.60
		<u>446.1</u>	<u>238,334.00</u>	<u>8,426.69</u>	<u>12,338.04</u>	<u>259,098.73</u>

Purewal Blueberry Farms Ltd.

Summary of Receiver's legal counsel's fees and disbursements

<u>Invoice Number</u>	<u>Period Covered</u>	<u>Fees</u>	<u>Hours</u>	<u>Expenses</u>	<u>PST</u>	<u>GST</u>	<u>Total</u>
2048709	June 1, 2018 to June 30, 2018	3,072.00	4.80		215.04	153.60	3,440.64
2051510	July 1, 2018 to July 31, 2018	1,515.00	3.00		106.05	75.75	1,696.80
2054269	August 1, 2018 to August 31, 2018	1,399.00	2.30	8.50	98.53	70.38	1,576.41
2059602	September 1, 2018 to October 31, 2018	19,090.50	43.10	364.10	1,343.04	959.32	21,756.96
		<u>\$ 25,076.50</u>	<u>\$</u>	<u>\$ 372.60</u>	<u>\$ 1,762.66</u>	<u>\$ 1,259.05</u>	<u>\$ 28,470.81</u>