



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. C-44, AS AMENDED**

AND

**IN THE MATTER OF A PLAN OF COMPROMISE AND ARRANGEMENT OF
PUREWAL BLUEBERRY FARMS LTD., 0726357 B.C. LTD., 0726365 B.C. LTD.,
0726368 B.C. LTD., PUREWAL FARMS PARTNERSHIP, AND 0740656 B.C. LTD.**

PETITIONERS

ORDER MADE AFTER APPLICATION

BEFORE THE HONOURABLE)
MR. JUSTICE G.C. WEATHERILL)
FRIDAY, THE 10TH DAY OF
SEPTEMBER, 2021

ON THE APPLICATION of FTI Consulting Inc., in its capacity as the court-appointed monitor (in such capacity, the "Monitor"), coming on for hearing by MS Teams video-conference on September 10, 2021, and on hearing Jared Enns, counsel for the Monitor and the counsel on the list attached hereto as **Schedule "A"**, and upon reading the material filed, including the Monitor's Sixteenth Report, dated June 14, 2021, the Monitor's Seventeenth Report, dated September 2, 2021 (the "**Seventeenth Report**"), Affidavit #4 of Craig Munro, sworn September 1, 2021, and Affidavit #3 of Mary I.A. Buttery, Q.C., sworn September 1, 2021 (collectively, the "**Fee Affidavits**") and pursuant to the *Companies' Creditors Arrangement Act*, R.S.C., 1985, c. C-36, as amended, the British Columbia Supreme Court Civil Rules and the inherent jurisdiction of this Honourable Court;

THIS COURT ORDERS that:

- 1. The activities of the Monitor, as described in the Seventeenth Report, are hereby approved; provided, however, that only the Monitor in its personal capacity and only with respect to its own personal liability, shall be entitled to rely upon or utilize in any way such approval.

2. The accounts of the Monitor and its counsel, including the estimated completion costs, as described in the Fee Affidavits, are hereby approved.
3. The Monitor is hereby discharged as Monitor of 0740656 B.C. Ltd. ("**074**"), provided that notwithstanding its discharge herein:
 - (a) the Monitor shall remain Monitor for the performance of such incidental duties as may be required to complete the administration of these proceedings; and
 - (b) the Monitor shall continue to have the benefit of the provisions of all Orders made in this proceeding, including all approvals, protections and stays of proceedings in favour of FTI in its capacity as Monitor.
4. The stay of proceedings (the "**Stay of Proceedings**"), as provided for in the Initial Order pronounced on October 11, 2018, and as extended by the Orders pronounced November 2, 2018, December 12, 2018, February 6, 2019, April 12, 2019, May 6, 2019, May 8, 2019, August 12, 2019, September 30, 2019, January 8, 2020, March 6, 2020, June 17, 2020, August 19, 2020, September 28, 2020, November 25, 2020, January 28, 2021, and June 21, 2021, is hereby terminated but only in respect of 074.
5. After payment of the fees and disbursements of the Monitor and its counsel as herein approved, and after completing the Remaining Activities (as such term is defined in the Seventeenth Report, a copy of which is attached hereto as **Schedule "C"**), the Monitor shall file the Monitor's Certificate in substantially the same form attached hereto as **Schedule "B"** (the "**Monitor's Certificate**").
6. The Stay of Proceedings in favour of Purewal Blueberry Farms Ltd., 0726357 B.C. Ltd., 0726365 B.C. Ltd., 0726368 B.C. Ltd., and Purewal Farms Partnership (collectively, the "**Remaining Petitioners**"), is hereby extended until such time as the Monitor's Certificate is filed with this Court.
7. Effective as at the time and date upon which the Monitor's Certificate is filed:
 - (a) the Monitor shall be discharged as Monitor of the Remaining Petitioners in these proceedings, provided that notwithstanding its discharge herein:
 - (i) the Monitor shall remain Monitor for the performance of such incidental duties as may be required to complete the administration of these proceedings;
 - (ii) the Monitor shall continue to have the benefit of the provisions of all Orders made in this proceeding, including all approvals, protections and stays of proceedings in favour of FTI in its capacity as Monitor, and

(b) the Stay of Proceedings in favour of the Remaining Petitioners shall be terminated.

8. The approval of counsel as to form listed as Schedule "A" hereto, except for counsel for the Monitor, is dispensed with.

THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:



Signature of Lawyer for FTI Consulting Canada Inc.
Cassels Brock & Blackwell LLP
(Jared Enns)

BY THE COURT



REGISTRAR

SCHEDULE "A"

LIST OF COUNSEL

NAME	PARTY REPRESENTED
Chris Ramsay and Nick Carlson	Petitioners
Aaron Welch	Director of Employment Standards

SCHEDULE "B"

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IN THE MATTER OF A PLAN OF COMPROMISE AND ARRANGEMENT OF
PUREWAL BLUEBERRY FARMS LTD., 0726357 B.C. LTD., 0726365 B.C. LTD.,
0726368 B.C. LTD., PUREWAL FARMS PARTNERSHIP, AND 0740656 B.C. LTD.

PETITIONERS

MONITOR'S CERTIFICATE

RECITALS

- A. On April 30, 2018, Purewal Blueberry Farms Ltd. ("Purewal") filed a Notice of Intention to Make a Proposal pursuant to section 50.4(1) of the *Bankruptcy and Insolvency Act (Canada)*, R.S.C. 1985, c. B-3, as amended (the "**NOI Proceedings**"). FTI Consulting Canada Inc. ("FTI") was appointed as the proposal trustee in the NOI Proceedings (and, in such capacity, the "**Proposal Trustee**").
- B. Pursuant to an order (the "**Initial Order**") pronounced by Justice G.C. Weatherill on October 11, 2018: (i) the NOI Proceedings were continued under the *Companies' Creditors Arrangement Act*, R.S.C., 1985, c. C-36 (the "**CCAA Proceedings**") in respect of Purewal, 0726357 B.C. Ltd., 0726365 B.C. Ltd., and 0726368 B.C. Ltd (collectively, the "**Petitioners**"); and (ii) FTI was discharged as Proposal Trustee and appointed as monitor of the Petitioners (and, in such capacity, the "**Monitor**").
- C. Pursuant to further Orders of the Court dated February 6, 2019, and November 25, 2020, respectively, Purewal Farms Partnership and 0740656 B.C. Ltd. were added as Petitioners to the CCAA Proceedings.
- D. Pursuant to a further Order pronounced by Justice G.C. Weatherill on September 10, 2021, the Monitor was authorized and directed to file with the Court a certificate confirming the completion of the Remaining Activities (as such term is defined in the Seventeenth Report of the Monitor, dated September 2, 2021), at which time: (i) the Monitor shall be discharged as the Monitor of the Petitioners in these CCAA

Proceedings; and (ii) the Stay of Proceedings in favour of the Petitioners as provided for in the Initial Order, and as extended from time-to-time, shall be terminated.

THE MONITOR HEREBY CERTIFIES the following:

1. The Monitor has completed the Remaining Activities, as such term is defined in the Seventeenth Report of the Monitor, dated September 2, 2021.
2. This Certificate was filed by the Monitor on ●, 202●.

FTI Consulting Canada Inc., in its capacity as Monitor of Purewal Blueberry Farms Ltd., 0726365 B.C. Ltd., 0726368 B.C. Ltd., 0726357 B.C. Ltd., Purewal Farms Partnership and 0740656 B.C. Ltd., and not in its personal or corporate capacity

Per: _____

Name: Craig Munro
Title: Managing Director



SCHEDULE "C"

NO. S-1810743
VANCOUVER REGISTRY

IN THE SUPREME COURT OF BRITISH COLUMBIA

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

SEVENTH REPORT OF THE MONITOR

AUGUST 7, 2019

INTRODUCTION

1. This report (“**Seventh 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**”) 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 DIP Lender) 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. (the “**Purchaser**”) (the “**Winning APA**”) as detailed in the Second Report of the Monitor and provided a vesting order to convey title in the processing plant to the Purchaser (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. On February 6, 2019, the Petitioners sought and obtained two orders of this Court:

- (a) The first order approved an extension for the closing of the Winning APA to March 8, 2019 or a date as agreed between the Monitor, on behalf of Purewal, and the purchaser no later than 21 days after March 8, 2019; and
 - (b) The second order approved the extension of the stay of proceedings provided in the Initial Order to April 15, 2019, increased the Administrative Charge from an aggregate of \$300,000 to \$450,000 and added Purewal Farms Partnership (the "**Partnership**") as a petitioner to these proceedings.
12. On February 6, 2019, the Monitor sought and obtained an order of this Court approving its fees and expenses for the period from April 1, 2018 to November 30, 2018 and approving the fees and expenses of its legal counsel for the period from June 1, 2018 to November 30, 2018.
 13. On April 12, 2019, the Petitioners sought and obtained an order of the Court extending the stay of proceedings provided in the Initial Order to May 6, 2019.
 14. On May 6, 2019, the Petitioners sought and obtained an order of the Court extending the stay of proceedings provided in the Initial Order to May 10, 2019.
 15. On May 8, 2019, the Petitioners sought and obtained an order of the Court extending the stay of proceedings provided in the Initial Order to August 13, 2019 and expanding the Monitor's powers.
 16. 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

17. The purpose of the Seventh Report of the Monitor is to provide the Court with an update on the following:
- (a) The status of the Petitioners' funding;
 - (b) The use of the closing proceeds related to the sale of the Petitioners' processing plant;
 - (c) The status of the Berar claim and CRA claim;
 - (d) The rent due from Thiara related to the 2018 blueberry harvest from the Richmond Farm;
 - (e) Post closing issues related to the sale of the processing plant;
 - (f) The Monitor's views and recommendations regarding an offer on the House Property;
 - (g) The results of the Expanded Claims Process; and
 - (h) The Monitor's views and recommendations regarding the Petitioners' request for an extension of the provisions of the Initial Order, including the stay of proceedings, to September 30, 2019.

TERMS OF REFERENCE

18. 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").
19. 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.
20. 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.
21. 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.
22. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars.

UPDATE ON THE PETITIONERS' FUNDING

23. As indicated in the Fifth Report, pursuant to the AV Order the balance of the proceeds from the sale of the processing plant were to be held by the Petitioner's legal counsel pending either further order of the Court or agreement by the affected parties.
24. The three remaining affected parties are Canada Revenue Agency ("CRA"), the beneficiaries of the Administrative Charge and Harjinder Singh Berar, Karmjit Singh Berar and Berar Farms Ltd. (collectively "**Berar**").
25. Accordingly, the Petitioners have had minimal funds to pay for their operating costs associated with these proceedings.
26. The Monitor held some residual funds from the extension fee and from the DIP advances which were used to pay the outstanding invoices related to the post filing holding costs related to the processing plant and the fees of the former staff assisting the Petitioners in updating the books and records, filing overdue statutory returns and other administrative matters.
27. As indicated in the First Report of the Proposal Trustee, Purewal owns a property with an address of 13549 Hale Road, Pitt Meadows. The property is approximately 18 acres in total. The property is improved with two residential homes on about 3 acres. The remaining 15 acres are planted with blueberry bushes (the "**House Property**").
28. The three founding brothers, Malkiat, Charan and Gurjit Purewal, share the two homes that reside on the House Property.

29. In September 2018, the Monitor (at the time the Proposal Trustee) was informed by ~~the City of Pitt Meadows (the "City")~~ that Purewal was delinquent in the payment of property taxes owing on the House Property and if the delinquent taxes were not paid prior to September 24, 2018, the property would be sold by the municipality at tax sale.
30. The Monitor advised the City of the stay of proceedings pursuant to these proceedings, however the City indicated that there was no discretion in its by-laws and without a Court Order to cease the action, they would be proceeding with the tax sale.
31. The Monitor was further advised by the City that the tax sale had a one-year redemption period.
32. The Monitor discussed the situation with the Petitioners and their legal counsel and determined that given the current lack of resources, the Petitioners would allow the House Property to proceed to a tax sale and redeem the sale at a subsequent date with the surplus funds expected from the closing of the Winning APA.
33. As will be described in a subsequent section of this report, the House Property is now subject to a sale agreement to be approved by this Honourable Court. Accordingly, the Monitor suggested to the Petitioners and its legal counsel that the delinquent taxes be paid to redeem the tax sale.
34. The Monitor contacted the City and was provided with the redemption amount of \$51,080.
35. The Petitioners' legal counsel sought the approval of CRA and Berar to release funds from their trust account so that the delinquent taxes could be paid to redeem the tax sale.

36. With the approval of CRA and Berar the funds were released to the Monitor who paid \$51,080 to the City on August 2, 2019.
37. The Monitor understands that upon receipt of the funds the City will proceed to remove the tax sale from the Land Registry title to the House Property.
38. Subsequent to the closing of the Winning APA, the Monitor contacted BC Hydro to have the deposit paid by the Petitioners during the NOI released. After settlement of the remaining post filing amounts due to BC Hydro, a refund cheque in the amount of \$16,318 was released to the Monitor.
39. The following is a summary of the receipts and disbursements in the Monitor's trust account for the period from November 15, 2018 to August 2, 2019:

Summary of Receipts and Disbursements

Receipts	
Advances pursuant to DIP Loan	
Extension fee	265,000
Funds released from Clark Wilson	150,000
Interest income	44,641
Total receipts	<u>335</u> <u>459,975</u>
Disbursements	
DIP Lender fee	
Insurance	10,500
Security	93,279
BC Hydro	62,827
Contractor fees and expenses	73,029
Payment to City of Pitt Meadows	154,985
Proposal Trustee's legal counsel fees and disbursements	51,080
Bank charges	1,576
Total disbursements	<u>85</u> <u>447,361</u>
Excess of receipts over disbursements	<u>\$ 12,615</u>

40. The Monitor is currently holding funds of approximately \$13,000.

USE OF THE CLOSING PROCEEDS

41. As indicated in the Fifth Report, subsequent to closing the sale of Purewal's processing plant and in accordance with the AV Order, the Petitioners' legal counsel paid the following:
- (a) \$275,000 to 0801226 B.C. Ltd. in respect of the stalking horse termination fee pursuant to an order of the Court pronounced October 11, 2018;
 - (b) \$924,562 to Blueberry Holdings (GP) Ltd. consisting of principal and interest on monies advanced pursuant to the Interim Lender's Charge;
 - (c) \$3,915,501 to Blueberry Holdings (GP) Ltd. pursuant to amounts owing to it pursuant to its mortgage registered against the processing plant property;
 - (d) \$2,403 to the Canada Revenue Agency ("CRA") on account of a charge registered in priority to Blueberry Holdings (GP) Ltd. for unremitted employee payroll source deductions of Purewal;
 - (e) \$450,000 pursuant to the Administrative Charge to allow payment of outstanding professional fees; and
 - (f) \$353,576 to the City of Pitt Meadows relating to outstanding property taxes and utilities for 2017 and 2018 plus penalties and interest.
42. Subsequent to the Fifth Report of the Monitor, the Petitioners' legal counsel paid \$699,343 to CRA pursuant to a mortgage granted by Purewal against the processing plant relating to unremitted payroll deductions for Purewal Brothers Enterprises, a company related to Purewal. The amount included interest to the date of payment.

43. As indicated in the Sixth Report of the Monitor, the insurance on the House Property expired in mid-June 2019 and the current underwriter advised the Petitioners that it would not renew the policy.
44. The Petitioners contacted their brokers to seek assistance to find a new insurer. However, prior to providing service, the insurance broker requested that it be paid current with respect to the Petitioners outstanding post-filing premium obligations.
45. As a result, the Petitioners' legal counsel contacted CRA and Berar's legal counsel and with their consent, \$16,784 was released from the Petitioners' legal counsel's trust account to pay the outstanding invoices.
46. The table below summarizes the receipts and uses of the proceeds from the sale of the processing plant and the balance held by the Petitioners' legal counsel:

Sale of Processing Plant

Sale proceeds	
Deposit #1	10,538,844
Deposit #2	415,000
Interest earned	200,000
Total receipts	<u>19,647</u>
	<u>11,173,491</u>
City of Pitt Meadows for unpaid property taxes	(353,576)
Stalking Horse fee	(275,000)
Blueberry Holdings (GP) Limited - mortgage	(3,915,501)
Blueberry Holdings (GP) Limited - DIP Loan	(924,562)
Payment to CRA	(2,403)
Admin charge	(450,000)
CRA mortgage	(699,343)
Release of funds to Monitor re delinquent taxes	(44,641)
Insurance	(16,784)
Total disbursements	<u>(6,681,810)</u>
	<u>4,491,681</u>
Surplus	

THE CRA AND BERAR CLAIMS

CRA

47. As noted in the Fifth Report of the Monitor, the calculation of CRA's claim against the Petitioners has been in progress for some time due to the incomplete status of the Petitioners' books and records.
48. In early July 2019, CRA filed a further amended proof of claim in the amount of \$3.0 million comprising a deemed trust claim in the amount of \$1.8 million and an unsecured claim in the amount of \$1.2 million.
49. As indicated previously, the \$682,000 claim against Purewal Brothers Enterprises Ltd. secured by a mortgage granted by Purewal in favour of CRA, was paid from the proceeds of the sale of the processing plant.
50. CRA's amended proof of claim also notes that it has not finalized its claim for unremitted goods and services tax as both Purewal and the Partnership have outstanding returns dating back to June 2017.
51. The Monitor understands that CRA's claim against Purewal for unremitted source deductions is comprised of amounts due by Purewal, Purewal Brothers Enterprises Ltd. ("PBE"), 0740656 B.C. Ltd. ("074") and 1078429 B.C. Ltd. ("107").
52. The Monitor has asked CRA to provide it with CRA's authority to assess the claims of these other companies against Purewal.
53. CRA acknowledged receipt of the Monitor's request and advised that due to vacation schedules, a response would be delayed until mid-August 2019.

Berar

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54. As detailed in the Second Report and Fifth Reports of the Monitor, the Berar claim relates to a complex series of transactions related to a 140 acre farm with blueberry plantings (the “**Richmond Farm**”) that was previously owned by Purewal.
55. In September 2013, Purewal sold an undivided 1/10 interest in the Richmond Farm to Harjinder Singh Berar and Karmjit Kaur Berar and an undivided 4/10 interest in the Richmond Farm to Berar Farms Ltd. (collectively “**Berar**”).
56. In conjunction with the sale, the Partnership entered into a lease with Berar (the “**Richmond Lease**”). The primary terms of the Richmond Lease are as follows:
- (a) 10 year term commencing September 2013, expiring in September 2023;
 - (b) Annual rent of \$339,900 plus applicable taxes due in advance of each lease year;
 - (c) Constructed as a net lease with the tenant assuming responsibility for all operating costs; and
 - (d) Purewal and the Brothers’ Companies each provided a guarantee for the performance of the Partnership’s obligations under the lease.
57. In support of their guaranties, Purewal and the Brothers’ Companies granted collateral mortgages in favour of Berar over all of the properties owned by Purewal and the Brother’s Companies.



58. In February 2016, Purewal then sold its remaining 5/10 undivided interest in the Richmond Farm to 1043806 B.C. Ltd. (“104”). Pursuant to the terms of the sale agreement, 104 covenanted to assume the Richmond Lease and indemnify Purewal against any liability under the Richmond Lease.
59. In addition, 104 provided a covenant to use its best commercial efforts to provide Berar with alternative security so that the guaranties of Purewal and the Brother’s Companies could be discharged.
60. Under the terms of the Richmond Lease, Purewal was prohibited from assigning the lease without the consent of Berar, which consent was not to be unreasonably withheld.
61. Subsequent to closing the sale with 104, Purewal forwarded a document to 104 purporting to assign the Richmond Lease to 104. The document was signed by Purewal, 104 and representatives of the Brother’s Companies, however the Monitor was advised by Berar that it did not consent to the assignment.
62. The Monitor is further advised by Berar that to date 104 has not provided alternative security.
63. Berar filed a claim in these proceedings for its rent arrears due from September 2017 in relation to the 2018 blueberry harvest, however it also expressed the following additional concerns:
- (a) The 2018 rent payment in the amount of \$339,900 plus taxes relating to the 2019 blueberry harvest is now due;
 - (b) Due to the Petitioners’ lack of working capital, the Richmond Farm has suffered damages due to neglect;

(c) Given that the Partnership is no longer farming the Richmond Farm, Berar is seeking control of the Richmond Lease for its remaining term; and

(d) As a result of the damages, the rent that Berar will now be able to achieve has been significantly reduced.

64. After several meetings and related telephone conversations, the Petitioners and Berar agreed to settle the claim as follows:

(a) An amount of \$2,028,250 (inclusive of GST) will be paid to Berar from the closing proceeds being held by the Petitioners' legal counsel;

(b) The rights of the Partnership as tenant under the Richmond Lease will be assigned to Berar;

(c) Each of Berar, the Partnership and Purewal will provide mutual releases with respect to any claims related to the Richmond Lease and Berar will discharge his mortgage over the House Property; and

(d) The Petitioners will seek a vesting order in these proceedings with respect to any claims registered against the Petitioners' interest in the Richmond Lease.

65. Attached as Appendix A is a copy of the executed Settlement Agreement.

66. The settlement amount is comprised as follows:

(a) \$490,000 relating to the arrears lease payment that was due in September 2017 for the right to the 2018 blueberry harvest plus interest and costs;

(b) \$600,000 for the rent differential for the final five years remaining on the term of the Richmond Lease;

- (c) \$235,000 with respect to the estimated insurance, utilities and property taxes for the remaining term of the Richmond Lease in addition to the ~~legal costs incurred by Berar associated with the settlement of its claim;~~
 - (d) \$635,000 relating to damages incurred on the property as a result of neglect; and
 - (e) Applicable goods and services tax.
67. The Monitor was present for all of the settlement discussions and is of the view that the settlement is reasonable based on its review of the documentation related to the Richmond Lease and discussions with the Petitioners.
68. The settlement resolves a significant claim for the Petitioners and will allow for the residual proceeds from the sale of the processing plant to be released for the benefit of the creditors. Accordingly, the Monitor supports the Petitioners settlement with Berar.
69. As indicated previously, the settlement amount is to be paid from the closing proceeds being held by the Petitioners' legal counsel.
70. Given the additional time required to finalize CRA's deemed trust claim, the Monitor suggested that the Petitioners' legal counsel continue to hold the amount of the deemed trust claim in its trust account, with the balance being released to the Monitor.
71. After payment of the Berar settlement amount and a holdback for the CRA deemed trust claim, approximately \$680,000 would be available to release to the Monitor from the Petitioners' legal counsel's trust account.

72. This would allow the Monitor to fund the costs of these proceedings, pay the outstanding fees and expenses of the professionals and provide funds for the Petitioners' creditors.

RENT DUE FROM THIARA

73. In expectation of a settlement, the Richmond Farm was leased by Berar to a third party for the 2019 blueberry harvest. As the rent differential was incorporated in the settlement with Berar, the rent payable for the 2019 harvest will be directed to Berar.
74. As detailed in the Second Report of the Monitor, the rent due to Berar in September 2016 for the right to the blueberry harvest in 2017 was paid by 104 directly to Berar and 104 sublet the property to a third party.
75. However, in September 2017 the rent due to Berar for the right to the blueberry harvest in 2018 was not made. As a result, the Petitioners purported to sublet the Richmond Farm to another farmer, Barinder Thiara ("Thiara").
76. Thiara harvested the blueberries from the Richmond Farm during the summer of 2018, however to date the rent payment has not been made to any of the Petitioners, 104 or Berar.
77. In November 2018, 104 had sought and obtained garnishment orders against the two processors used by Thiara for the 2018 harvest, however no amounts were paid pursuant to the garnishment orders.
78. On April 11, 2019 the Petitioners' legal counsel sent a letter to Thiara demanding payment of the outstanding rent payment for 2018 and subsequently issued a statement of claim.

79. Thiara filed a response to the Petitioners' claim indicating that due to the confusion regarding its sublease, it had not issued payment.
80. Subsequently, the Monitor, Berar and Thiara had a conversation wherein Berar and Thiara came to an agreement in which Thiara agreed to pay the \$250,000 plus GST to Berar provided that each of 104, the Petitioners and Berar consent.
81. The Monitor is advised by the Petitioners' legal counsel that each of 104, Berar and the Petitioners have consented to Thiara paying directly to Berar and a consent agreement is currently being drafted.
82. If the settlement with Thiara is finalized prior to the settlement with Berar, then the settlement amount with Berar would be reduced by the amount remitted to Berar.
83. However, if the payment by Thiara is made subsequent to the Petitioners settlement with Berar, then Berar has agreed to pay the funds to the Petitioners.

PROCESSING PLANT POST CLOSING

84. As detailed in the Monitor's Fifth Report, the purchaser of the Petitioners' processing plant paid an extension fee which was intended to cover the holding costs incurred by the Petitioners as a result of the delay in closing the transaction.
85. Pursuant to the terms of the Extension Agreement, the Monitor was to provide an accounting of the actual costs incurred as a result of the extended closing.
86. Subsequent to closing the sale of the processing plant, the Monitor provided the Petitioners' legal counsel with its calculation of the costs associated with the extension of the sale closing. The reconciliation indicated that the costs exceeded the Extension Fee by approximately \$12,000.



87. The Monitor forwarded its accounting to the Petitioners' legal counsel.

~~88. The Monitor has been advised by the Petitioners' legal counsel that in~~
consultation with the Petitioners, it is considering its options with respect to
collection of the excess costs.

89. The Monitor understands that the Petitioners have been challenged in co-ordinating a mutually convenient time with the purchaser of the processing plant to access the books and records of the Petitioners remaining at the processing plant.

90. As the Petitioners require the records in order to complete their outstanding GST returns as noted previously, the Petitioners may need to seek the assistance of the Court to compel the purchaser to produce the records for the Petitioners to collect.

THE OFFER ON THE HOUSE PROPERTY

91. As noted in previous reports, Purewal is the legal owner of the House Property, although there are documents that indicate the Brothers' Companies as the beneficial owners.

92. The Monitor is advised by the Petitioners' legal counsel that it has reviewed the documentation with respect to this structure, however its review is still on-going.

93. As the primary obligor of the Richmond Lease was the Partnership, upon payment of the settlement amount by Purewal to Berar, Purewal would have a claim against the Partnership, which is owned by the Brothers' Companies.

94. Accordingly, the trust relationship between Purewal and the Brothers' Companies may be irrelevant.

95. In April 2019, the Monitor retained the services of an appraiser to provide an appraisal report (the “**Appraisal**”) on the House Property.
96. The Appraisal dated May 2, 2019 (copy attached as Appendix B) indicated an estimate of value ranging from \$2.5 million on the basis of a forced sale to \$2.82 million on the basis of an orderly sale. The orderly sale contemplates a longer timeline for marketing.
97. In April 2019, the Monitor was approached on an unsolicited basis by a party representing Johal Berry Farms Ltd. (“**Johal**”), who wished to tender an offer on the House Property. Subsequently an offer was received by the Monitor which was forwarded to the Petitioners and their legal counsel for consideration.
98. The offer indicated a purchase price of \$2.25 million.
99. As indicated in the Sixth Report of the Monitor, the insurance on the House Property expired in mid-June and despite its continued efforts, the Petitioners have been unable to secure replacement coverage.
100. Upon receipt of the Appraisal, the Monitor advised Johal that the Petitioners were still contemplating its offer, however the Monitor would not be able to support the offer as currently submitted due to the low purchase price.
101. In late June, Johal submitted a revised offer with an indicated purchase price of \$2.4 million.
102. The Monitor contacted the appraiser to discuss the revised offer and asked them to take into account the fact that the Petitioners were unable to secure insurance and accordingly an expedited sale was now preferable.

103. The appraisers issued an addendum to the Appraisal indicating that the revised offer was in its opinion, within a reasonable range for a forced sale (copy attached as Appendix C).
104. The Petitioners accepted the revised offer (copy attached as Appendix D) which is now only subject to Court approval.
105. The Monitor is supportive of the sale given that the purchase price is within the range of value for a forced sale and more importantly, the revised offer contemplates a September 5, 2019 closing which would mitigate the risk related to the asset being uninsured.
106. The revised offer also includes a commission payable to Manpreet Berar, the party who arranged the offer. The Monitor has reviewed the terms of the commission and considers it to be consistent with normal market rates.
107. The Monitor also notes that if the House Property was to be listed for sale, a similar commission would likely be incurred.

AN UPDATE ON THE CLAIMS PROCESS

108. On May 8, 2019 the Petitioners sought and obtained the Expanded Claims Order which was intended to broaden the scope of the Claims Process Order to include the claims of the Brothers' Companies and the Partnership.
109. In accordance with the Expanded Claims Process, the Monitor forwarded a Claims Package to all known creditors of the Petitioners, published a notice in the Vancouver Sun newspaper and posted the applicable documents on its website.
110. As at June 15, 2019, the Claims Bar Date, several additional claims were received by the Monitor.



111. The Monitor worked with the Petitioners former accountant to review all of the claims and issued notices of revision to several creditors on the basis of ~~unreconciled differences between the Petitioners records and those of the creditor.~~
112. To date, no creditor has issued a Notice of Dispute.
113. There are a few creditors whose claims have not been finalized as a result of the Petitioners request for additional documentation from creditors.
114. In addition, as noted previously the claim of CRA is still outstanding pending finalization of GST returns and support for the basis of its claim.
115. The Monitor is optimistic that it will be able to provide a final summary of the claims in its next report.

OTHER ISSUES

116. In early June, the Monitor was advised by Berar that Johal was interested in harvesting the blueberries on the House Property. Johal had suggested a fee of \$15,000 plus GST for the rights to harvest the berries.
117. The Monitor contacted the Petitioners and their legal counsel to advise of the offer from Johal.
118. The Petitioners accepted the offer which was communicated by the Monitor to Johal.
119. The Monitor understands that the blueberries on the House Property have now been picked and the payment is being forwarded to the Monitor.
120. The Monitor is continuing to investigate the circumstances surrounding the Airport Lease.

121. The Monitor has requested some information from the Petitioners' former external accountant to assist with its investigation.
122. The Monitor expects receipt of the information within the next few weeks and based on its review of the additional information, will consult with its legal counsel on the appropriate next steps.
123. In the Fifth Report, the Monitor advised that several pieces of equipment were transferred from the Partnership in July 2018 to 1148918 B.C. Ltd., a company controlled by Parminder and Tajinder Purewal.
124. The Monitor forwarded a letter to each of Parminder and Tajinder Purewal on May 13, 2019 requesting they provide documentation regarding the transfer.
125. Subsequent to a follow up email from the Monitor, a response was received on May 21, 2019 from Tajinder Purewal indicating that his legal counsel would be responding to the Monitor's letter.
126. However, despite several additional follow up emails, the Monitor has not received any formal response from Parminder or Tarjinder Purewal.
127. Accordingly, the Monitor in consultation with its legal counsel is considering next steps, which may include seeking assistance from this Court.
128. As indicated previously, the Court granted an Administrative Charge by an order of this Court dated May 30, 2018.
129. The Administrative Charge was initially set at \$200,000, however by subsequent orders it was increased to \$450,000.



130. Given the delay in releasing the residual closing proceeds being held by the Petitioners' legal counsel, the professionals involved in these proceedings have not been paid since March 2019.
131. As a result, the accumulated outstanding fees and expenses of the professionals subject to the Administrative Charge is currently approximately \$300,000.
132. Assuming the Court approves the settlement with Berar, the Monitor would expect to use some of the residual proceeds to bring the professionals current with their fees and expenses.

PETITIONERS' REQUEST TO EXTEND THE STAY OF PROCEEDINGS

133. The Petitioners are seeking an extension of the provisions of the Initial Order, including the stay of proceedings, to September 30, 2019. Absent such extension, the stay will expire on August 13, 2019.
134. The Petitioners are seeking an extension for the following reasons:
- (a) To provide the time required to close the sale of the House Property;
 - (b) To finalize the Claims Process, including CRA's claim;
 - (c) To finalize the Monitor's investigation and evaluate the remedies with respect to a potential realization on the Airport Lease; and
 - (d) To complete the investigation into other assets that have been potentially diverted.
135. The Monitor has considered the test 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.

136. Given the expanded powers granted to the Monitor by order of this Court dated May 8, 2019, and with the sale of the majority of the Petitioners' assets, the Monitor believes that despite the concerns raised in its Fifth Report the Petitioners are acting in sufficiently good faith and due diligence such that the extension of the stay of proceedings is in the best interests of all stakeholders.

137. The Monitor also notes that it expressed concerns in its Sixth Report regarding the expiration of the insurance coverage on the House Property. To date, the Monitor has not received any feedback from creditors with respect to this event.

138. Accordingly, the Monitor supports the Petitioners' request for an extension of the stay of proceedings to September 30, 2019.

All of which is respectfully submitted this 7th day of August, 2019.

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



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

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. C-44, AS AMENDED

AND

IN THE MATTER OF A PLAN OF COMPROMISE AND
ARRANGEMENT OF PUREWAL BLUEBERRY FARMS LTD.,
0726357 B.C. LTD., 0726365 B.C. LTD., 0726368 B.C. LTD.,
PUREWAL FARMS PARTNERSHIP, AND 0740656 B.C. LTD.

PETITIONERS

ORDER MADE AFTER APPLICATION

CASSELS BROCK & BLACKWELL LLP

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Matter No. 55119-1

JE/sd

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