

APPENDIX A

**ONTARIO
SUPERIOR COURT OF JUSTICE
IN BANKRUPTCY AND INSOLVENCY**

THE HONOURABLE

JUSTICE

B. W. Miller

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)
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TUESDAY, THE 26TH

DAY OF MAY, 2015



BANK OF MONTREAL

Applicant

- and -

**ABINGDON MEAT PACKERS LIMITED and
DESIMONE INVESTMENTS LIMITED**

Respondents

**ORDER
(appointing Receiver)**

THIS MOTION made by the Applicant for 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 section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the "CJA") appointing Albert Gelman Inc. as receiver (in such capacities, the "Receiver") without security, of all the assets, undertakings and properties of Abingdon Meat Packers Limited ("AMPL") and DeSimone Investments Limited ("DIL", and together the "Debtors") acquired for, or used in relation to a business carried on by the Debtors, was heard this day at 80 Dundas Street, London, Ontario.

ON READING the affidavit of Mike Siek sworn May 11, 2015 and the Exhibits thereto and on hearing the submissions of counsel for the Applicant, no one appearing for the Respondents or any other party on the service list although duly served as appears from the affidavit of service of Julie Los sworn May 12, 2015, the two affidavits of service of Duane Kuiper sworn May 14, 2015 and the affidavit of service of Duane Kuiper sworn May 15, 2015, and on reading the consent of Albert Gelman Inc. to act as the Receiver;

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SERVICE

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

APPOINTMENT

2. THIS COURT ORDERS that pursuant to section 243(1) of the BIA and section 101 of the CJA, Albert Gelman Inc. is hereby appointed Receiver, without security, of all of the assets, undertakings and properties of the Debtors acquired for, or used in relation to a business carried on by the Debtors, including all proceeds thereof (the "Property").

RECEIVER'S POWERS

3. THIS COURT ORDERS that the Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:

- (a) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
- (b) to receive, preserve, and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;
- (c) to manage, operate, and carry on the business of the Debtors, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Debtors;
- (d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with

the exercise of the Receiver's powers and duties, including without limitation those conferred by this Order;

- (e) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtors or any part or parts thereof;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtors and to exercise all remedies of the Debtors in collecting such monies, including, without limitation, to enforce any security held by the Debtors;
- (g) to settle, extend or compromise any indebtedness owing to the Debtors;
- (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtors, for any purpose pursuant to this Order;
- (i) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtors, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;
- (j) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;
- (k) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,
 - (l) without the approval of this Court in respect of any transaction not exceeding \$100,000, provided that the aggregate consideration for all such transactions does not exceed \$250,000; and

- (ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause;

and in each such case notice under subsection 63(4) of the Ontario *Personal Property Security Act*, or section 31 of the Ontario *Mortgages Act*, as the case may be, shall not be required, and in each case the Ontario *Bulk Sales Act* shall not apply.

- (l) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;
- (m) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;
- (n) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (o) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Debtors;
- (p) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtors, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtors;
- (q) to exercise any shareholder, partnership, joint venture or other rights which the Debtors may have; and
- (r) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations.

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Debtors, and without interference from any other Person.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

4. THIS COURT ORDERS that (i) the Debtors, (ii) all of its current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "Persons" and each being a "Person") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request.

5. THIS COURT ORDERS that all Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtors, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "Records") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 5 or in paragraph 6 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

6. THIS COURT ORDERS that if any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes

of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

7. THIS COURT ORDERS that the Receiver shall provide each of the relevant landlords with notice of the Receiver's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Receiver's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Receiver, or by further Order of this Court upon application by the Receiver on at least two (2) days notice to such landlord and any such secured creditors.

NO PROCEEDINGS AGAINST THE RECEIVER

8. THIS COURT ORDERS that no proceeding or enforcement process in any court or tribunal (each, a "Proceeding"), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

NO PROCEEDINGS AGAINST THE DEBTOR OR THE PROPERTY

9. THIS COURT ORDERS that no Proceeding against or in respect of the Debtors or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtors or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

10. THIS COURT ORDERS that all rights and remedies against the Debtors, the Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that this stay and suspension does not apply in respect of any "eligible financial contract" as defined in the BIA, and further provided that nothing in this paragraph shall (i) empower the Receiver or the Debtors to carry on any

business which the Debtors is not lawfully entitled to carry on, (ii) exempt the Receiver or the Debtors from compliance with statutory or regulatory provisions relating to health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH THE RECEIVER

11. THIS COURT ORDERS that no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Debtors, without written consent of the Receiver or leave of this Court.

CONTINUATION OF SERVICES

12. THIS COURT ORDERS that all Persons having oral or written agreements with the Debtors or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Debtors are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Receiver, and that the Receiver shall be entitled to the continued use of the Debtors's current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Receiver in accordance with normal payment practices of the Debtors or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

RECEIVER TO HOLD FUNDS

13. THIS COURT ORDERS that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "Post Receivership Accounts") and the monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided

for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further Order of this Court.

EMPLOYEES

14. THIS COURT ORDERS that all employees of the Debtors shall remain the employees of the Debtors until such time as the Receiver, on the Debtors' behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities, including any successor employer liabilities as provided for in section 14.06(1.2) of the BIA, other than such amounts as the Receiver may specifically agree in writing to pay, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*.

PIPEDA

15. THIS COURT ORDERS that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Receiver shall disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "Sale"). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Debtors, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

16. THIS COURT ORDERS that nothing herein contained shall require the Receiver to occupy or to take control, care, charge, possession or management (separately and/or collectively, "Possession") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or

relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the "Environmental Legislation"), provided however that nothing herein shall exempt the Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

LIMITATION ON THE RECEIVER'S LIABILITY

17. THIS COURT ORDERS that the Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*. Nothing in this Order shall derogate from the protections afforded the Receiver by section 14.06 of the BIA or by any other applicable legislation.

RECEIVER'S ACCOUNTS

18. THIS COURT ORDERS that the Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges unless otherwise ordered by the Court on the passing of accounts, and that the Receiver and counsel to the Receiver shall be entitled to and are hereby granted a charge (the "Receiver's Charge") on the Property, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and that the Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subject to sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

19. THIS COURT ORDERS that the Receiver and its legal counsel shall pass its accounts from time to time, and for this purpose the accounts of the Receiver and its legal counsel are hereby referred to a judge of the Ontario Superior Court of Justice in Bankruptcy and Insolvency.

20. THIS COURT ORDERS that prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including legal fees and disbursements, incurred at the standard rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

FUNDING OF THE RECEIVERSHIP

21. THIS COURT ORDERS that the Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$250,000 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "Receiver's Borrowings Charge") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge and the charges as set out in sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

22. THIS COURT ORDERS that neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.

23. THIS COURT ORDERS that the Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule "A" hereto (the "Receiver's Certificates") for any amount borrowed by it pursuant to this Order.

24. THIS COURT ORDERS that the monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.

SERVICE AND NOTICE

25. THIS COURT ORDERS that the E-Service Protocol of the Commercial List (the "Protocol") is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/>) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission.

26. THIS COURT ORDERS that if the service or distribution of documents in accordance with the Protocol is not practicable, the Receiver is at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the Debtors' creditors or other interested parties at their respective addresses as last shown on the records of the Debtors and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

GENERAL

27. THIS COURT ORDERS that the Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

28. THIS COURT ORDERS that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtors.

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

30. THIS COURT ORDERS that the Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

31. THIS COURT ORDERS that the Plaintiff shall have its costs of this motion, up to and including entry and service of this Order, provided for by the terms of the Plaintiff's security or, if not so provided by the Plaintiff's security, then on a substantial indemnity basis to be paid by the Receiver from the Debtors' estate with such priority and at such time as this Court may determine.

32. THIS COURT ORDERS that any interested party may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to the Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.



Paul Robert J.

SCHEDULE "A"

RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

1. THIS IS TO CERTIFY that Albert Gelman Inc., the receiver (the "Receiver") of the assets, undertakings and properties of Abingdon Meat Packers Limited and DeSimone Investments Limited acquired for, or used in relation to a business carried on by the Debtors, including all proceeds thereof (collectively, the "Property") appointed by Order of the Ontario Superior Court of Justice (the "Court") dated the ___ day of _____, 20__ (the "Order") made in an action having Court file number _____, has received as such Receiver from the holder of this certificate (the "Lender") the principal sum of \$ _____, being part of the total principal sum of \$ _____ which the Receiver is authorized to borrow under and pursuant to the Order.

2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded [daily][monthly not in advance on the _____ day of each month] after the date hereof at a notional rate per annum equal to the rate of _____ per cent above the prime commercial lending rate of Bank of _____ from time to time.

3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.

4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at London, Ontario.

5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.

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6. The charge securing this certificate shall operate so as to permit the Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.

7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

DATED the _____ day of _____, 20____.

Albert Gelman Inc., solely in its capacity
as Receiver of the Property, and not in its
personal capacity

Per: _____

Name: Joe Albert

Title:

BANK OF MONTREAL
Applicant

**ABINGDON MEAT PACKERS LIMITED and
DESIMONE INVESTMENTS LIMITED**
Respondents

Court File No: 35-1799420T

**ONTARIO
SUPERIOR COURT OF JUSTICE**

Proceeding commenced at London

ORDER

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APPENDIX B

**ONTARIO
SUPERIOR COURT OF JUSTICE
IN BANKRUPTCY AND INSOLVENCY**

BETWEEN:

BANK OF MONTREAL

Applicant

- and -

**ABINGDON MEAT PACKERS LIMITED and
DESIMONE INVESTMENTS LIMITED**

Respondents

**FIRST REPORT OF ALBERT GELMAN INC.
IN ITS CAPACITY AS COURT-APPOINTED RECEIVER**

(Dated June 29, 2015)

I. INTRODUCTION

1. This first report (the "**First Report**") is filed by Albert Gelman Inc. ("**AGI**") in its capacity as receiver (the "**Receiver**") appointed pursuant to the Order of the Honourable Justice Miller of the Ontario Superior Court of Justice, in Bankruptcy and Insolvency, dated May 26, 2015 (the "**Appointment Order**") over all of the assets, undertakings and properties (the "**Property**") of Abingdon Meat Packers Limited ("**AMPL**") and DeSimone Investments Limited ("**DIL**") (collectively the "**Debtors**"). The receivership application was commenced by the Debtors' senior secured creditor, the Bank of Montreal ("**BMO**"). A copy of the Appointment Order is attached hereto at **Appendix "A"**.

II. PURPOSE OF THIS REPORT

2. The purpose of this First Report is to seek an order:
 - a. approving this First Report as well as the actions and activities of the Receiver as described herein;
 - b. approving the sales process as described herein to market for sale the Property of the Debtors;
 - c. sealing the Equipment Appraisals and the Premises Appraisals (defined below) for the reasons set out in this First Report;
 - d. approving the fees and disbursements of the Receiver for the period from May 26, 2015 to June 26, 2015;
 - e. approving the fees and disbursements of the Receiver's counsel, Harrison Pensa, for the period from May 11, 2015 to June 16, 2015; and,
 - f. providing for such further and other relief as this Honourable Court may deem just.

III. BACKGROUND

3. AMPL is a corporation incorporated under the laws of the province of Ontario. Licio DeSimone, Joseph DeSimone and Antonio DeSimone are each officers and directors of AMPL. There are no other officers or directors of AMPL. A copy of the corporate profile for AMPL dated June 11, 2015 is attached hereto at **Appendix "B"**.

4. DIL is a corporation incorporated under the laws of the province of Ontario. Licio DeSimone, Joseph DeSimone and Antonio DeSimone are each officers and directors of DIL. There are no other officers or directors of DIL. A copy of the corporate profile for DIL dated April 20, 2015 is attached hereto at **Appendix "C"**.

5. AMPL carried on business as an abattoir, processing lamb and veal from a building located at 1607 Abingdon Road, Caistor Centre, Ontario (the **"Premises"**)

which is owned by DIL. Caistor Centre is located between Hamilton and Welland, Ontario. The land size of the Premises is approximately 69 acres. The Premises is described in more detail below.

6. AMPL ceased carrying on business at the end of February, 2015 and the facility has been idle since that time.

7. The principals of the Debtor advised the Receiver that the financial difficulties of AMPL resulted from the loss of its major customer in late 2014 coupled with an increase in the cost of livestock.

8. AMPL filed an assignment in bankruptcy on March 17, 2015 and Taylor Leibow Inc. ("TLI") was named as the Trustee in Bankruptcy. At the first meeting of creditors held on April 6, 2015 TLI were substituted as Trustee in Bankruptcy and Deloitte Restructuring Inc. (the "Trustee") was appointed in their place. Attached as **Appendix "D"** is a copy of the sworn statement of affairs of AMPL dated March 16, 2015.

9. AGI was appointed under private instrument by BMO as a receiver of both AMPL and DIL (the "**Private Receiver**") on March 19, 2015 and April 13, 2015, respectively. On March 30, 2015 and April 20, 2015 the Receiver issued its Notice and Statement of the Receiver for AMPL and DIL, respectively, in accordance with sections 245 and 246 of the *Bankruptcy and Insolvency Act* ("**BIA**"). Attached hereto as **Appendices "E"** and "**F"** are copies of the notices for both AMPL and DIL, respectively.

10. AMPL is a borrower of BMO pursuant to various credit agreements and is indebted to BMO in the outstanding sum of \$2,392,545.89 as at May 7, 2015. As security for the loans, AMPL granted BMO a General Security Agreement dated October 30, 2006 (the "**AMPL GSA**") granting a security interest in all of its assets. DIL guaranteed payment of the AMPL debt to BMO in the maximum principal amount of \$2,200,000.

11. DIL is a borrower of BMO pursuant to various credit agreements and is indebted to BMO in the outstanding sum of \$2,130,434.28 as at May 7, 2015. As security for the loans, DIL granted BMO a General Security Agreement dated October 30, 2006 (the

"DIL GSA") granting a security interest in all of its assets. AMPL guaranteed payment of the DIL debt to BMO in the maximum principal amount of \$4,300,000.

12. As further security for the loans from BMO, DIL granted BMO a Charge/Mortgage of Land over the Premises in the principal sum of \$4,300,000.

IV. ACTIONS OF AGI AS PRIVATE RECEIVER OF AMPL AND DIL

13. As noted above, AGI was appointed privately by BMO as Receiver of AMPL and DIL on March 19, 2015 and April 13, 2015 respectively. AGI's actions as Private Receiver are discussed below.

14. On March 19, 2015 the Private Receiver contacted Luke DeSimone to discuss all urgent matters in relation to the affairs, property, equipment and systems of AMPL, the status of the Ministry of Environment and Climate Control ("MOECC") approvals, physical security at the Premises, the status of the Canadian Food Inspection Agency ("CFIA") licence, prospective buyers for the Property, and to set up a meeting at the Premises for the following day.

15. On March 20, 2015 the Private Receiver attended at the Premises with Lucio (Luke) DeSimone, Joseph (Joe) DeSimone and Antonio (Tony) DeSimone (the "Principals"). The Principals provided the Private Receiver with a complete tour of the Premises including a demonstration of the operation of the facilities systems. During the tour the Private Receiver took complete photographs of the Premises, including both the inside and outside of the slaughterhouse, the sewage work ponds and the equipment assets.

16. During its attendance at the Premises, the Receiver met with the Principals to expand upon its initial discussions of the prior day with Luke DeSimone and to also establish a security protocol for the Premises as well as to discuss other matters relevant to the assets, liabilities and affairs of AMPL.

Books and Records

17. On March 19, 2015, the Private Receiver provided the Principals with a list of the documents which it required for its receivership administration. The Private Receiver copied Julie Savage of TLI, the Trustee in Bankruptcy of AMPL at that time, on its correspondence. Ms. Savage responded to the Private Receiver advising which documents TIL had in its possession and forwarded same to the Private Receiver.

18. During its attendance on March 20, 2015, the Principals informed the Private Receiver that the majority of the information requested had been removed from the Premises and was in the possession of TLI. Accordingly, the Private Receiver collected very few records from the Premises during its attendance on March 20, 2015.

19. The Private Receiver attended at the Premises again on March 24, 2015 for the purpose of, among other things, meeting with the Company's former CFO, Mr. Lorne Rochweg, to obtain accounting records from AMPL's accounting system. During the meeting Mr. Rochweg advised the Private Receiver that AMPL's accounting records were neither accurate nor in reconciliation with their bank, and had been in this state for a substantial period of time prior to his being engaged by AMPL in August, 2014. His efforts had been focused on preparing accurate records from both source documents and banking records. Mr. Rochweg advised that during his tenure at AMPL he was unable to reconcile the company's accounting records and, therefore, he could not confirm the historical profitability of AMPL nor the current accounts receivable balances. Mr. Rochweg printed certain accounting reports from AMPL's accounting software for the Private Receiver; however, he again advised that the reports could not be relied upon as being accurate.

Security of the Property

20. The Private Receiver engaged the Principals to change the locks on all of the exterior doors of the main plant, with the exception of the main entrance door. The main entrance to the building contains two successive doors which must both be opened in order to gain entrance to the building. A keypad connected to the security alarm system for the building is located between these two doors. The Premises' security alarm is

monitored by AB Wass Electronic Security Systems ("**AB Wass**"). The Principals contacted AB Wass and the four-digit alarm code was changed. The reason for not changing the locks to the main entrance was to allow CFIA representatives continued access to the building.

21. On March 26, 2015 the Private Receiver arrived at an agreement with the Principals for them to regularly attend at the Premises, attend to ongoing maintenance issues, maintain the refrigeration system, boiler system and water management systems, conduct required inspection and monitoring of the sewage works ponds and check the building for security. The Principals reported regularly by email to the Private Receiver on all of these matters.

22. The Receiver has made arrangements with AB Wass to receive email notifications when the alarm system is activated and deactivated and thus, to allow the Receiver to have confirmation of when someone enters and exists the Premises.

Waste Water Management System

1. The local municipality does not supply a sewer system to service the Premises. Therefore, the process wastewater from the facility is treated and disposed of using two onsite sewage lagoons, one which is aerated (the "**Lagoons**"). The Lagoons are approved by the Ministry of Environment and Climate Change ("**MOECC**").

2. The MOECC has very specific reporting and maintenance guidelines in respect of the Lagoons. In this regard, the Private Receiver retained Pollutech Environmental Limited ("**Pollutech**"), an environmental engineering consulting firm, to assist the Private Receiver with maintenance and compliance matters relating to the Lagoons as well as the MOECC Environmental Compliance Approval requirements. Pollutech had acted in a similar capacity for the Debtors' prior to AMPL's bankruptcy.

3. Prior to the appointment of the Private Receiver, AMPL was issued orders by the MOECC in relation to matters involving the development of an Odour Management Plan for the Lagoons. In addition, AMPL's Environmental Compliance Approval issued by the MOECC requires that AMPL complete certain works, some of which had not been

completed at the time of the appointment of the Private Receiver. The major items to be completed are the installation of a flow meter and the completion of an operations manual for the Lagoons. The Receiver is now in discussions with the MOECC with respect to these matters and the proposed timing for their completion by either the Receiver or a future purchaser/operator of the plant.

4. At the request of the MOECC, the Private Receiver attended monthly conference calls with the MOECC to discuss the status and state of the Lagoons and the status of the matters still to be completed. On April 16, 2015 Pollutech identified a minor overflow at one of the Lagoons. The Receiver notified the MOECC immediately as required and a MOECC officer attended at the Premises to observe the spill and oversee the filling of the Lagoon breach, which was carried out that evening by Luke DeSimone.

5. In the opinion of Pollutech, overflows from the Lagoons are permitted under the MOECC Environmental Compliance Approval, and the obligation of AMPL is to record the duration and frequency of overflows. Notwithstanding, it is the position of the MOECC that any such overflow is not allowed under the Environmental Compliance Approval and must also be reported to the MOECC Spills Action Centre. The April 16, 2015 overflow event was reported by the Receiver to the MOECC Spills Action Centre.

6. As of the date of this First Report the Receiver is not aware of any further overflow from the Lagoons.

Canada Revenue Agency (the "CRA")

7. The Trustee advised the Private Receiver that it would schedule and organize the trust examination with the CRA in respect of AMPL as it was in possession of the majority of AMPL's books and records. Subsequently the Trustee advised that CRA was not going to conduct a trust examination in respect of AMPL. The CRA filed a property proof of claim with the Trustee in the amount of \$146,210 in respect of unpaid source deductions owing by AMPL.

8. The Trustee advised the Private Receiver that the last HST return filed by AMPL was for the period ending January 31, 2015. The Private Receiver did not file HST

returns on behalf of AMPL up to the date of bankruptcy as the Private Receiver could not rely on the financial information of AMPL.

9. The Private Receiver contacted the CRA whom advised that the last HST return filed by DIL was for the period ending January 31, 2015. The Private Receiver filed HST returns for DIL for the period of February 1, 2015 and ending on the date of the appointment of AGI as Private Receiver. On May 19, 2015 the CRA filed a property proof of claim with the Private Receiver in the amount of \$2,925 in respect of unpaid HST owing by DIL. This claim will need to be amended by the CRA as it does not factor in the HST returns filed by the Private Receiver.

10. The Trustee advised the Private Receiver that AMPL prepared the 2014 T4's as well as the final ROE's before its assignment into bankruptcy.

Insurance

11. An investigation of the available books and records uncovered the following insurance policies:

- a. Commercial General Liability – Intact Insurance Company;
- b. Property – Intact Insurance Company;
- c. Commercial Auto – Intact Insurance Company; and
(collectively, the “**Commercial Insurance Policies**”)
- d. Life – Manulife Financial (the “**Life Insurance Policies**”)

12. The Private Receiver contacted the insurance brokers, Dan Lawrie Insurance Brokers (the “**Insurance Broker**”), in respect of the Commercial Insurance Policies and requested that it be added to the policies as an additional insured. The Insurance Broker advised the Private Receiver that it was added as an additional insured to the Commercial Insurance policies by the insurer.

13. Prior to the expiry of the policy period in respect of the Commercial Insurance Policies, namely May 30, 2015, the Private Receiver was advised by the Insurance Broker that the insurer would not extend the policy beyond its expiry date.

14. The Private Receiver contacted its own broker, FCA Insurance Brokers, and obtained property coverage as well as third party liability coverage effective May 30, 2015. Property coverage amounts for the building and equipment were based on the appraisals obtained by the Private Receiver (discussed in further detail below).

15. The Private Receiver became aware of the Life Insurance Policies when it received a letter from Manulife Financial dated April 23, 2015. AMPL owns five life insurance policies insuring the lives of the Principals. There are two policies on the lives of each of Lucio DeSimone and Joseph DeSimone. The other policy insures the life of Antonio DeSimone. The Private Receiver has not continued to make the premium payments in respect of the Life Insurance Policies and has advised the Principals that they should take steps to continue the policies in their own names if they wish to do so.

Equipment and Premises Appraisals

16. Given the specialized nature of the Debtor's assets the Private Receiver engaged the services of two certified appraisers to each conduct an appraisal of the Debtor's assets on a forced liquidation basis and on a fair market value basis (the "**Equipment Appraisals**").

17. The Private Receiver also engaged the services of a certified appraiser to conduct an appraisal of the Premises (the "**Premises Appraisal**").

18. The Private Receiver requests an Order of the Court sealing the Equipment Appraisals and the Premises Appraisal, until further order of the Court, that would otherwise be marked as **Appendices "G", "H" and "I"**, respectively, to this First Report (the "**Confidential Appendices**"). The Private Receiver is of the opinion that these documents contain sensitive commercial information as to the value of the Debtors' assets, the disclosure of which would hinder the Receiver's ability to market such assets.

Wage Earner Protection Program Act ("WEPPA")

19. The Trustee advised the Private Receiver that it will be administrating the Wage Earner Protection Program ("WEPP") pursuant to the WEPPA.

20. The Private Receiver has been advised by the Principals that DIL did not have any employee's and, therefore, the administration of the WEPP is not required in respect of this company.

Interest from Prospective Purchasers

21. On March 23, 2015 the Principals forwarded to the Private Receiver a Letter of Intent issued to DIL dated March 20, 2015 for the purchase of the assets of DIL (collectively, the "LOI"). The LOI provided for a 21 day period for DIL and the prospective purchaser to enter into a purchase and sale agreement. On May 11, 2015 the prospective purchaser presented an offer to DIL to purchase its assets (the "Offer"). The Private Receiver understands that the Principals did not sign back the Offer as they considered the offer amount to be too low.

22. The Principals also provided the Private Receiver with a letter of intent dated May 22, 2015 for the purchase of the shares of AMPL and DIL. This letter of intent is discussed in more detail in Actions of the Receiver section of this report.

Other Actions of the Private Receiver

23. The Private Receiver redirected the Debtor's mail to the Receiver's head office address.

24. The Private Receiver received a sworn reclamation of property claim from GDM Equipment Inc. ("GDM"). The Private Receiver made arrangements with GDM to retrieve their assets from the Premises and received confirmation that they in fact removed their property.

25. AMPL's aged accounts receivable summary from March 2015 indicates that there are several former customers who are indebted to AMPL in an amount of

\$343,382. The Private Receiver sent collection letters to three of AMPL's former customers. Each of these former customers advised the Private Receiver that there was no amount owing to AMPL. The Trustee advised that it had contacted and/or confirmed that the other former customers listed on AMPL's aged accounts receivable summary were not indebted to AMPL. Therefore, the Private Receiver has not realized on any of accounts receivables recorded in AMPL's books and records.

26. The Private Receiver transferred the Debtor's utility accounts for the Premises into its own name.

27. The Private Receiver contacted the Township of West Lincoln and obtained a property tax certificate which indicates that the unpaid property taxes in respect of the Premises were \$333,275.59 as at April 23, 2015.

V. ACTIONS OF THE RECEIVER

28. As noted above, the Receiver was appointed by the Court on May 26, 2015. The Receiver's activities since its appointment are as set out below.

29. The Receiver engaged Harrison Pensa LLP as its independent counsel in the Receivership administration (the "**Receiver's Counsel**").

Correspondence with Debtors' Counsel

30. On May 26, 2015 counsel for BMO received a letter from Bart Sarsh of Simpson Wigle Law LLP, counsel for the Debtors (the "**Debtors' Counsel**"), including a letter of intent for the purchase of the shares of the Debtors (the "**May 26 letter**").

31. On May 28 the Receiver's Counsel responded to the Debtor's Counsel advising that, among other things, a) the Receiver is neither empowered nor obligated to deal with the shares owned by third party shareholders in either of the Debtors; b) the Receiver is not in a position to consider the letter of intent as the transaction is presently structured; and c) the Receiver intends to move before the Court to have a sales process approved (the "**May 28 Letter**"). Attached hereto as **Appendix "J"** is a copy of the May 28 Letter.

32. On June 8, 2015 the Receiver received a second letter from the Debtor's counsel requesting essentially an accounting of the Receiver's receipts and disbursements along with supporting documentation and a listing of all of the Debtors' records in the Receiver's possession (the "**June 8 Letter**"). Attached hereto as **Appendix "K"** is a copy of the June 8 Letter.

33. Receiver's counsel responded to the June 8 Letter on June 12, 2015 advising that the Receiver would prepare its reports in accordance with the BIA and that if the Debtors wanted to review its documents in the Receiver's possession it could attend at the Receiver's office and obtain copies of the requested documents (the "**June 12 Letter**"). Attached hereto as **Appendix "L"** is a copy of the June 12 Letter.

34. As of the date of this First Report, the Debtor's Counsel has not responded to the June 12 Letter.

Correspondence with Patrick McGaffey

35. On June 15, 2015 the Receiver received a letter from Mr. Patrick McGaffey in his capacity as President and CEO of AMPL (the "**June 15 Letter**"). The Receiver had not been aware of Mr. McGaffey's involvement with the Debtors prior to its receipt of the June 15 Letter. Attached hereto as **Appendix "M"** is a copy of the June 15 Letter.

36. The June 15 Letter indicated, among other things, AMPL's intention to "bring current the outstanding arrears of the secured creditors" and "make a proposal to the unsecured creditors".

37. On June 18, 2015 Receiver's Counsel responded to the June 15 Letter via electronic mail advising that until such time as Mr. McGaffey provided the Receiver with evidence of an arrangement reached between the Debtors and its creditors, which would render both Debtors solvent, the Receivership administration would continue.

38. As of the date of this First Report, Mr. McGaffey has not responded to the June 15 Letter.

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VI. THE PREMISES

39. As noted above the Premises is located at 1607 Abingdon Road, Caistor Centre, Ontario and is owned by DIL. The land size of the Premises is approximately 69 acres.

40. The main building located on the Premises was constructed in 2007 and is approximately 20,500 square feet, consisting of holding pens, kill floor, inedible, hide and blood storage areas, processing, dressing and packaging rooms, dry storage areas, carcass coolers, boxed meat processing area and freezer, as well as shipping area. The building also includes an office area, employee kitchen and change rooms.

41. Prior to 2007 AMPL operated from a much older building located on the Premises which has since been decommissioned.

42. The plant is federally licensed by the CFIA. This federal CFIA licence gives food processors the ability to sell processed product to customers throughout all of Canada as well as in the US. It is the Receiver's understanding that facilities licenced provincially in Ontario are only permitted to sell product to customers in Ontario.

43. The building includes a network of installed custom built conveyors used to move product throughout the plant. Located within the plant are numerous pieces of specialized equipment used to slaughter, process, store and ship product (the "Equipment").

VII. PROPOSED OFFER SOLICITATION PROCESS

44. In accordance with paragraphs 3(j) and 3(k) of the Appointment Order, the Receiver is empowered and authorized to (i) market any or all of the property of the Debtors, including advertising and soliciting offers in respect of the property and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate; and (ii) to sell, convey, transfer, lease or assign the property or any part or parts thereof with the approval of the Court, as provided for therein.

45. In order to adequately expose the Property to the marketplace and in an effort to maximize realizations, the Receiver recommends a structured invitation for offers process as outlined below (the “**Sale Process**”):

- a) Offers would be required to be sent to the Receiver by a definitive deadline in the prescribed form of offer set out in **Appendix “N”**;
- b) Offers would be subject to standard terms and conditions of sale substantially in the form set out in **Appendix “O”**;

46. All offers will be considered on an individual basis as and when received. Accordingly, the Receiver may in its sole discretion choose to accept an offer prior to the deadline date. The Receiver recommends this process for the following reasons:

- a) this process provides for a deadline for prospective purchasers to submit offers, which will potentially mitigate the ongoing costs to preserve, insure and maintain the Property;
- b) the standardized form of offer and terms of sale will ensure that offers are submitted in a form acceptable to the Receiver, and approved by the Court and will allow both the Receiver and the Court to more easily compare competing offers; and
- c) this method maintains the integrity of the sales process while also encouraging a competitive environment for the solicitation of offers.

VIII. PROPOSED OFFER SOLICITATION ACTIVITIES

47. As noted above, the Property includes a slaughterhouse used to process lamb and veal. Given the very specialized nature of the Property the Receiver believes it will generate the best realization if the Property is sold to a purchaser who will utilize the Property to its highest and best use as an abattoir.

48. Based on a search conducted by the Receiver on June 3, 2015, there are approximately 100 federally registered meat slaughtering establishments in Canada and

152 provincially registered meat slaughtering establishments in Ontario. Each of these establishments represents a potential purchaser. Prospective purchasers may also include meat producers located in the US or globally who are looking to either enter the Canadian marketplace or produce product in Canada and ship to foreign markets.

49. The proposed Sale Process will consist of, but not necessarily be limited to, the following activities:

- a) preparation of a concise "teaser" document which will be sent to all federally and provincially licenced meat production facilities in Canada and to all other identified prospective purchasers;
- b) advertisements in national newspapers in both Canada and the US;
- c) direct calls to identified prospective purchasers;
- d) direct calls to realtors, business brokers and corporate finance consultants identified by the Receiver as having clients or contacts with a potential interest in the Property;

50. A confidential information memorandum ("**CIM**") will be prepared that contains additional information about the Property.

51. The Receiver will provide copies of the following documents to any prospective purchaser who executes the Receiver's form of confidentiality agreement:

- a) the CIM;
- b) the prescribed form of offer template;
- c) the standardized terms and conditions of sale; and,
- d) reasonable access to Property and Premises for inspection.

52. The Receiver will set a deadline date for the submission of offers following the approval by the Court of the sales process and in consultation with the Applicant

creditor. The deadline date will provide an adequate period of time for the Receiver to expose the Property to the market.

IX. SECURED CREDITORS

53. As noted above, Harrison Pensa LLP is the Receiver's independent counsel in respect of this receivership administration. Harrison Pensa LLP has provided the Receiver with a legal opinion which affirms the validity and enforceability (subject to certain standard assumptions and qualifications) of BMO's security over Debtors' property including the Premises (the "**Legal Opinion**"). Attached as **Appendix "P"** is a copy of the Legal Opinion.

54. CRA has filed a claim with the Receiver indicating that DIL is in arrears of its HST in the amount of \$2,925 to January 31, 2015. As noted above, CRA will be required to file an amended claim. The Receiver anticipates that CRA's amended claim will be in the amount of approximately \$9,000.

55. The Receiver has confirmed that AMPL is in arrears to CRA in respect of source deductions in the amount of \$146,210.

56. As noted above, DIL was in arrears of property tax owing to the Township of West Lincoln in the amount of \$333,275.59 as of April 23, 2015. The Receiver has not made any payments to the Township of West Lincoln in respect of property taxes.

X. FUNDING OF THE RECEIVERSHIP

57. In accordance with the Appointment Order, the Receiver has borrowed \$20,000 to date from the Bank of Montreal to fund its estimated costs associated with the Receivership administration. Attached hereto as **Appendix "Q"** is a copy of the Receiver's Certificate No. 1 dated June 18, 2015.

XI. ACCOUNTS OF THE RECEIVER

58. Attached hereto as **Appendix "R"** is the Affidavit of Joe Albert regarding the Receiver's fees for the period May 26 to June 26, 2015 accompanied by the supporting time dockets.

59. Attached hereto as **Appendix "S"** is the Affidavit of Lauren Lee regarding the fees and disbursements of Harrison Pensa LLP for the period from May 11 to June 16, 2015 accompanied by the supporting time dockets.

60. The Receiver believes that the fees and disbursements indicated in Appendices "R" and "S" are reasonable and requests approval of its fees and disbursements, and the fees and disbursements of its counsel, Harrison Pensa LLP.

XII. RECEIVER'S REQUEST FOR APPROVAL

61. The Receiver respectfully requests an Order of this Honourable Court:

- a. approving this First Report and the activities of the Receiver;
- b. approving the Sale Process as described herein;
- c. sealing the Equipment Appraisals and Premises Appraisal;
- d. approving the fees and disbursements of the Receiver for the period from May 26, 2015 to June 26, 2015;
- e. approving the fees and disbursements of the Receiver's counsel Harrison Pensa, for the period from May 11, 2015 to June 16, 2015; and,
- f. providing for such further and other relief as this Honourable Court may deem just.

All of which is respectfully submitted this 29th day of June, 2015.

**ALBERT GELMAN INC., solely in its
capacity as Court Appointed Receiver of
Abingdon Meat Packers Limited and
DeSimone Investments Limited
and not in its personal capacity**

Per:



Joe Albert, CPA, CA, CFP, Trustee in Bankruptcy

APPENDIX C

**ONTARIO
SUPERIOR COURT OF JUSTICE
IN BANKRUPTCY AND INSOLVENCY**

THE HONOURABLE
JUSTICE *RADY*

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TUESDAY, THE 21ST
DAY OF JULY, 2015

BETWEEN:

BANK OF MONTREAL

Applicant

- and -

**ABINGDON MEAT PACKERS LIMITED and
DESIMONE INVESTMENTS LIMITED**

Respondents

ORDER

THIS MOTION made by Albert Gelman Inc. in its capacity as the court-appointed receiver (the "Receiver") appointed pursuant to the order of Honourable Justice Miller dated May 26, 2015 (the "Appointment Order") of the Property (as defined in the Appointment Order) of Abingdon Meat Packers ("AMPL") Limited and Desimone Investments Limited ("DIL") (collectively the "Debtors"), for an Order approving the Receiver's First Report to the Court dated June 29, 2015 (the "First Report") and approving the sales and marketing processes in respect of the Property, as set out in Parts VII and VIII of the First Report (the "Sales Process") was heard this day at 80 Dundas Street, London, Ontario.

ON READING the First Report and the Affidavit of Service of Cathy Coleiro sworn June 20, 2015, filed;

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1. **THIS COURT ORDERS** that the time for service, filing and confirmation of the Notice of Motion and the Motion Record is hereby abridged and any further service of the Notice of Motion and the Motion Record is hereby dispensed with and this motion is properly returnable on July 21, 2015.
2. **THIS COURT ORDERS** that the First Report and the activities of the Receiver as set out therein are hereby approved.
3. **THIS COURT ORDERS** that the Sales Process is hereby approved.
4. **THIS COURT ORDERS** that the Receiver is hereby authorized to take such steps as are necessary and appropriate to facilitate the completion of the Sales Process.
5. **THIS COURT FURTHER ORDERS** that the Confidential Appendices to the First Report be sealed until all of the sales transactions contemplated by the Sales Process are completed and funds are received by the Receiver or a further Order of the Court.
6. **THIS COURT FURTHER ORDERS** that the fees and disbursements of the Receiver as detailed in the First Report and payment of same is hereby approved;
7. **THIS COURT FURTHER ORDERS** that the fees and disbursements of counsel to the Receiver, Harrison Pensa LLP, as detailed in the First Report and payment of same is hereby approved.


Justice, Ontario Superior Court of Justice

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Court File No. 35-1799420T

BANK OF MONTREAL
Applicant

- and -
Respondents

ABINGDON MEAT PACKERS LIMITED et al

ONTARIO
SUPERIOR COURT OF JUSTICE
IN BANKRUPTCY AND INSOLVENCY
PROCEEDING COMMENCED AT
LONDON

ORDER

HARRISON PENZA LLP
Barristers & Solicitors
450 Talbot Street,
London ON N6A 5J6

Timothy C. Hogan (#36553S)
Tel: 519-679-9660
Fax: 519-667-3362

Lawyers for the Receiver

TCH/162431

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APPENDIX D

**In the Matter of the Receivership of
Abingdon Meat Packers Limited and DeSimone Investments Limited
Receiver's Interim Statement of Receipts and Disbursements
As at January 11, 2016**

Receipts

Advances under Receiver's Certificates	\$ 250,000.00
Advances for Receiver's Fees	147,875.70
HST refunds	21,355.62
	<u>419,231.32</u>

Disbursements

Receiver's fees to November 30, 2015	129,311.00
Legal fees of Harrison Pensa LLP to October 31 2015	40,454.02
Insurance	36,907.92
HST charged on disbursements	32,256.23
Environmental & Engineering Consultants	29,122.70
Purchase of Tractor	26,335.85
Utilities	25,011.22
Repairs and maintenance	25,915.83
Newspaper Advertisements	5,073.76
Ministry of Environment & Climate Control Fees	3,800.00
Travel	1,379.04
Change of Locks	1,052.70
License fees - Promeric	550.00
Telephone/Alarm	443.10
Postage and photocopies	418.46
Filing fees with Official Receiver	70.00
Courier	69.37
Search Fees	66.00
Miscellaenous	30.00
	<u>358,267.20</u>

Actual net receipts over disbursements \$ 60,964.12

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APPENDIX E

Tom McElroy

From: Tom McElroy
Sent: March-26-15 4:37 PM
To: ldesimone1@gmail.com
Cc: Joe Albert; Tony DeSimone; Joe DeSimone
Subject: RE:

Follow Up Flag: Follow up
Flag Status: Completed

Luke, as part of the daily monitoring please confirm the following:

- a) when you visited the plant (including when you arrived and left);
- b) the refrigeration system is functioning properly;
- c) the boiler is functioning properly;
- d) the waste water management system is functioning properly;
- e) that the plant is secured; and,
- f) that there are no visible signs that someone has tried to break into the plant.

Please scan and attach to each daily monitoring email a copy of the daily pond testing log.

Regards,
Tom McElroy, CPA, CA, CBV, CIRP, Trustee in Bankruptcy



Albert Gelman Inc. | T: 416.504.1650 ext. 117 | F: 416.504.1655 | E: tmcelroy@albertgelman.com | 100 Simcoe Street, Suite 125, Toronto, ON | www.albertgelman.com

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This message and any attachments are solely for the intended recipient and may contain confidential or privileged information. If you are not the intended recipient, any disclosure, copying, use, or distribution of the information included in this message and any attachments is prohibited. If you have received this communication in error, please notify us by reply e-mail and immediately and permanently delete this message and any attachments. Thank you.

From: ldesimone1@gmail.com [mailto:ldesimone1@gmail.com]
Sent: March 26, 2015 9:14 AM
To: Tom McElroy; Joe Albert; Tony DeSimone; Joe DeSimone
Subject:

Good morning

- 1) I visited the plant last evening at 630 pm everything was secure,
- 2) ab wass has been called to come change the alarm code, waiting to hear back from them for appt times

APPENDIX F

**TOWNSHIP OF WEST LINCOLN
SITE PLAN AGREEMENT**

THIS AGREEMENT made in triplicate this 15th day of September, 2004, and authorized by By-law No 2004-96 of The Corporation of the Township of West Lincoln.

BETWEEN: DeSimone Investments Limited (Abingdon Meats)

hereinafter called the **OWNER
OF THE FIRST PART**

AND: Farm Credit Canada

Hereinafter called the **MORTGAGOR
OF THE SECOND PART**

AND:

THE CORPORATION OF THE TOWNSHIP OF WEST LINCOLN

hereinafter called the **TOWNSHIP
OF THE THIRD PART**

WHEREAS:

1. The Owner warrants and represents it is the registered Owner, in fee simple, of the lands described in Schedule "A" attached hereto and made part of this Agreement;
2. The Owner desires that the Township allow the lands to be developed for agriculturally-related industrial purposes;
3. The Owner acknowledges that the lands are subject to site plan control pursuant to the provisions of Section 41 of the Planning Act, 1990 and the Township's Site Plan Control By-law;
4. The Township is of the opinion that it is in the best interest of the Township and its inhabitants for any construction or development on the lands to proceed upon the Owner being required to undertake to make certain arrangements and to give certain assurances with and to the Township for the health, safety, convenience and well-being of the public;
5. The Owner agrees to enter into a Site Plan Agreement with the Township, pursuant to the Township's Site Plan Control By-law.

NOW THEREFORE, in consideration of the premises and the sum of One Dollar (\$1.00) paid by the Township to the Owner, the Township, and the Owner mutually covenant and agree as follows:

1. DEFINITIONS

In this Agreement:

- (a) "Chief Building Official" means the Chief Building Official, or designate, in the employ of the Township.
- (b) "Clerk" means the Clerk, or designate, in the full-time employ of the Township.
- (c) "Deputy-Treasurer" means the Deputy-Treasurer, or designate, in the employ of the Township.
- (d) "Director of Planning" means the Director of Planning, in the employ of the Township.
- (e) "Director of Public Works" means the Director of Public Works, or designate, in the employ of the Township.

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- (f) "Director of Recreation and Parks" means the Director of Recreation and Parks, or designate, in the employ of the Township.
- (g) "Lands" means the lands described in Schedule "A" attached hereto and made part of this Agreement.
- (h) "Owner" means Desimone Investments Limited (Abingdon Meats).
- (i) "Performance Security" means any cash deposit or letter of credit provided to the Township pursuant to the provisions of Clause 15 of this Agreement.
- (j) "Region" means the Corporation of the Regional Municipality of Niagara or any of its authorized full-time employees.
- (k) "Required", where not specified, means required by this Agreement and/or an appropriate authority.
- (l) "Township" means The Corporation of the Township of West Lincoln or any of its authorized employees.

2. BUILDING PERMIT

- (a) The Owner agrees to apply for and obtain a building permit for construction of the works contemplated by this Agreement no later than twenty-four months after execution of this Agreement and no later than six months after approval of the plans required pursuant to Clause 2.(c) and acknowledges and agrees that failure to do so will require that the Owner submit and receive approval of a new site plan approval application relating to the lands reflecting the latest standards and policies of the Township prior to a building permit being issued.
- (b) The Owner acknowledges and agrees that where construction of all works contemplated by the Agreement have not been seriously commenced within six months of the issuance of a building permit, or where construction is substantially suspended or discontinued for a period of more than one year after commencement of construction, the building permit shall be revoked and the site shall be returned to its original condition. If the building can not be completed in that time frame and there are no significant changes (as determined by the Chief Building Official) the Owner may apply in writing for an extension to the building permit. The extension shall only be granted if the Owner has a sufficient reason for the delay in construction (as determined by the Chief Building Official). If there are significant changes to the submitted plans affecting permits required by this Agreement, the Owner shall submit for approval a new site plan application related to the lands reflecting the latest standards and policies required of the Township.
- (c) The Owner acknowledges and agrees that the Township shall be under no obligation to issue a building permit on the lands until:
 - (i) Such site plans of associated agreements, which in the opinion of the Director of Planning are necessary for the development of the lands, have been approved in writing by the said Director.
 - (ii) Required landscape plans have been approved by the Director of Recreation and Parks or the Director of Planning.
 - (iii) Required site servicing, grading and drainage plans have been approved by the Director of Public Works.
 - (iv) The Owner has obtained all necessary approvals from any government agency having an interest in the development.
 - (v) All Municipal taxes in arrears are paid in full.
 - (vi) That the Building and By-law Enforcement Services department have received a complete building permit application and conducted a plan examination to ensure compliance with the Ontario Building Code as amended.

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- (vii) An Entrance Permit has been obtained allowing driveway connections to the driveway access.
- (viii) Any and all required easements have been provided to the Township.
- (ix) Required performance securities, as outlined in Clause 15, and administration deposits as outlined in Clause 16, have been received by the Township.
- (x) If applicable, the required development charges have been paid to the Region and the Township.
- (xi) If applicable, the required parkland dedication fees have been paid to the Township.

3. PREPARATION AND SUBMISSION OF PLANS

The Owner acknowledges and agrees that:

- (a) Any required Landscape Plans shall be drawn by a Registered professional Landscape Architect.
- (b) Any required Building Permit Plans shall be in accordance with the Township's Building By-law and requirements of the Chief Building Official.
- (c) Any required Grading, Drainage and Servicing plans shall be drawn by a Registered Professional Engineer.
- (d) Any Land Survey required by this Agreement shall be prepared by an Ontario Land Surveyor.
- (e) It is the Owner's responsibility to ensure that all plans and development indicated thereon shall be in accordance with the requirements of all applicable laws, by-laws, codes, rules and regulations.
- (f) All plans required by this agreement shall be submitted by the Owner and receive approval of the Township no later than six months after the passing of a by-law by the Township to enter into this Agreement and no later than six months after approval of an application to amend approved plans and that failure to do so will require, at the discretion of the Director of Planning, that the Owner submit and have approved a new site plan approval application relating to the lands reflecting the latest standards and policies of the Township.

4. BUILDINGS, CONSTRUCTION AND OCCUPANCY

- (a) The Owner agrees that any buildings or structures on the lands will be constructed entirely in accordance with:
 - (i) any plans related to the proposed buildings or structures that may be approved by the Township;
 - (ii) the provisions of the Ontario Building Code, the Township's Building By-law and the requirements of the Chief Building Official;
 - (iii) the requirements of the Zoning By-law, as amended, of the Township;
 - (iv) the requirements of this Agreement;
 - (v) any applicable statute, regulation or code of any other authority having jurisdiction.
- (b) The Owner agrees not to perform any construction or installation on the lands except in accordance with the terms and conditions contained in this Agreement unless otherwise agreed to and approved, in writing, by the Director of Planning.

- (c) The Owner agrees not to construct or install private servicing until the Director of Public Works and the Region, if required, have formally approved such work.
- (d) The Owner shall own, construct, maintain and keep in repair at its expense any internal roads on the lands which are the subject of this Agreement.
- (e) The Owner shall provide its own road cleaning and shall undertake to keep proposed roadways free and clear of snow, mud, debris and obstructions (including motor vehicles) at all times in order to provide access for fire, police and utility vehicles.
- (f) The Owner agrees not to occupy or use any portion of any building or structure on the lands without first receiving written approval from the Township's Chief Building Official.
- (g) The Owner agrees to commence the demolition the existing facility within sixty (60) days of occupancy of the new facility. The demolition is to be completed within forty-five (45) days of the commencement of demolition including the termination of all services leading to the existing facility. The site shall be left in a condition that is deemed satisfactory by the Chief Building Official.
- (h) The Owner ensures that the portion of the facility that is to remain (the calf holding barn and the existing phase II building) is deemed to be structurally adequate following the demolition of the existing facility. Any remedial work to those portions remaining must be performed under permit with provisions made for building drawings to be provided to the Township for those portions of the buildings. An engineer is required to be involved for inspection purposes.
- (i) According to the Owner, the new proposed barn shall house calves on a temporary basis.
- (j) The construction of the sewage lagoons shall meet all requirements and approval of the Ministry of the Environment and/or any other agency having jurisdiction. When it is issued, the Owner shall provide the Township with a copy of the Certificate of Approval for the sewage lagoons.

5. GRADING AND DRAINAGE

- (a) If required, the Owner shall prepare detailed Grading and Drainage Plans containing specifications and designs to be approved by the Director of Public Works and in conformity with the Township's Public Works Stormwater Management Master Plan. Grading and Drainage Plans are to clearly indicate the existing drainage pattern on all lands adjacent to the lands and provide for the direction of all surface drainage, including water, from lands and provide for the direction of all surface drainage, including water, from lands adjacent to the lands that are through, into or over the area of the lands as they now exist to the street storm sewer system or other outlet that is approved by the Township.
- (b) Grading and Drainage Plans shall ensure proper drainage without interference with or flooding of properties adjacent to the lands.
- (c) Grading and Drainage Plans shall, if deemed necessary by the Director of Public Works, be approved in advance by the Region, Province of Ontario, and any other relevant authority.
- (d) The Owner shall ensure that no soil is added to or removed from the lands or any landscaping carried out in order to establish final grades on the lands so as to cause ground water or roof run-off or drainage to be interrupted or diverted to properties adjacent to the lands or to cause ponding, reverse flow or raising of the water table on properties adjacent to the lands. The Owner shall further ensure that water impounded or gathered on the lands by reason of the proposed building on the lands or any other construction or work on the lands is channeled within the confines of the lands to a ditch or drain or is disposed of by other approved means of disposal that may be required and approved by the Director of Public Works from time to time and if such action is not taken by the Owner, this shall constitute a violation of this Agreement. In the event of a dispute, verification of the final topographic grades of the lands will be decided, at the expense of the Owner, by an Ontario Land Surveyor.

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It is understood and agreed by the Owner that it will not add or remove any soil to or from the lands without first obtaining all necessary approvals and permits from any applicable government authority.

- (e) The Owner agrees to provide upon completion of grading, sodding and/or top soiling and preparation for seeding of the lands a Grading Conformance Certificate prepared by an Ontario Land Surveyor or Professional Engineer certifying compliance of the lands with an approved Grading and Drainage Plan mentioned in Clause 5.(a) of this Agreement.
- (f) It is understood and agreed by the Owner that the final grades and drainage shall be forever maintained by the Owner, as approved, unless approved otherwise by the Director of Public Works.
- (g) The Owner agrees to extend the roof leaders a maximum of 30m from the new building to discharge in an open field.

6. STORM SEWERS

- (a) The Owner shall construct a storm sewer system and make sufficient outlet to adequately serve the lands and the development proposed thereon. Such construction shall be in accordance with the specification and design as approved by the Director of Public Works and the Region, if required.
- (b) The Owner agrees to repair and forever maintain any storm sewer located on the lands.
- (c) Buildings located on the lands shall be drained to an appropriate outlet.
- (d) No storm surface or roof water emanating from the lands shall be discharged into any sanitary system of the Township.

7. SANITARY SEWERS

- (a) The Owner shall construct a sanitary sewer system on the lands to adequately serve any buildings to be erected thereon and the construction of this sanitary sewer system shall be in accordance with specifications and a design as approved by the Township, the Region, the Province of Ontario and any other relevant authority. The Owner shall obtain the appropriate utility permits from the Township prior to commencing construction.
- (b) The Owner covenants with the Township that no storm surface or roof water emanating from the lands shall be discharged into any sanitary system in the Township.
- (c) The Owner agrees to repair and forever maintain any sanitary sewer system located on the lands.
- (d) The Owner agrees to install a sanitary sewer inspection manhole on the lands, if required by the Director of Public Works and Regional Public Works Department.
- (e) All discharge into the sanitary sewers must meet the Region's Sewer Use By-law.

8. LANDSCAPING AND BUFFERS

The Owner, as required by and to the full satisfaction of the Township, agrees:

- (a) To sod and landscape the lands in accordance with the Landscaping Plan deposited with and approved by the Township.
- (b) Not to alter the grades of or remove trees or other vegetation from the lands until such time as:
 - (i) The Township has agreed in writing to such alteration or removal; and

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- (ii) A Building Permit is issued for the construction work contemplated herein on the lands.
- (c) Three separate berms shall be constructed along the northern edge of the property in accordance with the locations shown on the site plan.
- (d) To screen any outside storage area by a specified combination of wire fencing and evergreen hedging or by decorative wood or masonry fencing or berming. Any screening shall be of a height specified by the Township.
- (e) Upon completion of all landscaping, to replace any sod, trees, shrubs or bushes which die within one year of the completion of the landscaping. Thereafter, the Owner shall maintain said landscaping in a healthy state.
- (f) A landscaping area shall be provided along the entire front yard in the form of a planting strip three (3) metres in depth except where provisions have been made for ingress and egress. This landscaping shall be forever maintained by the Owner.
- (g) The Owner agrees to implement suitable measures for dust control.

9. WATER

If required:

- (a) The Owner shall construct and install all water services and water supply services necessary to serve the lands and the development thereon.
- (b) The Owner shall construct, install and forever maintain water services and water supply services on the lands necessary to serve the lands and the development thereon. The construction of the necessary connections to existing watermains and the internal water supply services shall be in accordance with the requirements of and with the specifications and design as approved by the Director of Public Works and the Region, if required. The Owner shall produce and file with the Director of Public Works and the Region, if required, plans depicting these specifications and design of the necessary connections to existing watermains and all internal water supply services to serve the lands.
- (c) The Owner shall comply with any provisions of the Ontario Water Resources Act or any successor thereof, and all Regulations thereunder insofar as these provisions may apply to all internal water supply services on the lands and this Act and these Regulations shall be enforced by the Township.
- (d) Prior to any above grade construction on the lands, fire hydrants shall, if required, be installed and be pressurized and tested to the satisfaction of the Township.
- (e) The Owner agrees to permit Township employees or any authorized agents of the Township to enter upon the lands as may be required for the purpose of inspecting all fire hydrants located thereon and performing such work as may be necessary for the proper maintenance and operation of the said fire hydrants, including any painting thereof. The Owner further agrees to pay the cost of any works, other than the inspection required, to be performed in order to maintain the fire hydrants in a condition satisfactory to the Township. In the event of the failure of the Owner to pay such costs within thirty days of serving of Notice thereof by the Township upon the Owner, the Township shall have the right to recover such costs by action or in like manner as municipal taxes.
- (f) The Owner shall comply with the regulations of the Ontario Fire Code and agrees to allow the Fire Department to supply and install the correct adapter fitting for the dry hydrant connection, involving Desimone Investments Limited (Abingdon Meats) for the cost.
- (g) The Owner agrees to keep all fire hydrants free of all obstructions at all times and shall provide protection for the said fire hydrants to the satisfaction of the Township. The maximum distance from the hydrant connection to the edge of the travelled portion of the roadway is 6 metres.

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- (h) The Owner agrees to provide confirmation that the fire protection reservoir/cistern is adequate for its intended use and submit related design calculations for review and approval by the Fire Department.

10. GARBAGE DISPOSAL

- (a) The Owner shall at all times provide adequate facilities for the collection and disposal of garbage, sanitary refuse and waste in accordance with any Provincial and Municipal requirements and in the event of its failing to do so the Township shall have the right to enter upon the lands, at the expense of the Owner, undertake the collection and disposal of garbage, sanitary refuse and waste and recover the cost thereof by action or in like manner as municipal taxes.
- (b) The Owner shall at all times provide enclosed storage space(s) for all garbage, sanitary refuse and waste. Unless approved otherwise, in writing by the Director of Planning, such storage space(s) shall be enclosed by a minimum 2 metre high decorative wood fence.
- (c) The Owner shall make suitable arrangements for the regular collection and disposal of all garbage, sanitary refuse and waste from the lands and shall immediately dispose of all garbage, sanitary refuse and waste from the lands upon any specific request from the Township to do so.

11. STORAGE

- (a) The Owner shall not permit outside storage of anything on the lands save and except for enclosed garbage containment or any other use as approved, in writing, by the Township pursuant to the terms of this Agreement.
- (b) The Owner shall provide a suitable area for the short term storage of manure, the spreading or long term storage of manure shall not take place on site.

12. LIGHTING

The Owner agrees to provide adequate lighting on the lands to provide for the safety and convenience of the public and the Owner further agrees that all lighting provided shall be directed away from all abutting properties.

13. PARKING AND DRIVEWAYS

- (a) The Owner shall provide, and at all times maintain on the lands, parking areas in accordance with the site plans approved by the Township. Paved parking areas shall be suitably marked by painted lines in accordance with the layout shown on the said site plan.
- (b) Prior to above grade construction of any building on the lands, the driveways shown on the site plans shall be surfaced with required material by the Owner so as to permit safe, easy access by emergency vehicles.
- (c) If required, the entrance along Abingdon Road should be upgraded to provide adequate widths and radii to accommodate truck turning movements.
- (d) The Owner shall place and maintain "No Parking" and "Fire Route" signs along driveways designated by the Township, if required.
- (e) The Owner shall provide handicapped parking spaces in accordance with the requirements of the Township. Further the Owner shall place and maintain "Handicapped Parking" signs along the parking spaces designated on the Site Plan in accordance with the requirements of the Township.

14. EASEMENTS

The Owner shall, free of all costs to the Township (including any Registry or Land Titles Office fees), provide the Township with and register any and all easements required by the Township for any requirement or purpose that may be occasioned by the development of the lands by the Owner.

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15. PERFORMANCE SECURITY.

- (a) Prior to the issuance of a building permit, the Owner will provide a Performance Security to the Township in an amount sufficient to guarantee its compliance with the terms of this Agreement. Performance Security by way of Letter of Credit will be in the form required by the Township and an amount approved by the Director of Planning which may be based on professionally prepared cost estimates supplied by the Owner.
- (b) The applicant will provide the Township with three (3) quotations for the demolition of the existing facility and obtain securities in the form of a letter of credit to be held by the Township in an amount equivalent to the cost of the demolition for the existing facility. The Township shall have the right to enter upon the lands and demolish the existing facility and utilize the securities held to gain compliance. Any additional costs over the securities held shall be added to the tax roll and collected accordingly.
- (c) In the event of the failure of the Owner to comply with any term or terms of this Agreement, the Township may use all or any part of the Performance Security to pay the costs of anything done to remedy any such failure of the Owner. Such costs shall include legal, planning, engineering or any other professional or administrative costs incurred by the Township.
- (d) In the event the costs of performing the works or services required to be effected pursuant to this Agreement or because of it exceed the remaining Performance Security, the Owner will forthwith pay such excess costs to the Township, upon demand therefor. In the event of failure by the Owner to pay such excess costs within thirty days of receiving Notice thereof from the Township, the Township shall have the right to recover such costs by action or in like manner as and with the same priorities as municipal taxes.
- (e) Up to ninety percent of any Performance Security provided to the Township by the Owner may be returned by the Township to the Owner without interest when the terms and provisions of this Agreement have been completed by, and at the expense of, the Owner to the satisfaction of the Township. Any reduction in Performance Security will not occur prior to a written request by the Owner and a recommendation by the Director of Planning to the Deputy-Treasurer that such reduction be permitted.
- (f) A maximum of ten percent of the initial Performance Security provided to the Township by the Owner shall be retained by the Township for a minimum period of one year (commencing on the day that ninety percent of a deposit has been returned to the Owner) as a guarantee against any defects that may occur with regard to any building, structure or work effected by the Owner in or on the lands pursuant to the terms of this Agreement and these funds may be used by the Township to pay the expense of rectifying or remedying any such defect and the costs and expense of so rectifying any such defect may be fixed by the Deputy-Treasurer whose Certification of the matter and the fixing of the costs and expense shall be final. If, after the expiry of this one year guarantee period, no outstanding defects are found that relate to the lands or to any of the buildings, structures or works in or on the lands and the Performance Security remaining in the hands of the Township, shall be returned to the Owner without interest.
- (f) A deposit fee of \$3,000.00 was collected at the time of Site Plan application. This deposit is to be used for fees incurred by the Township for the review and administration of said Agreement. Such fees would include but not limited to engineering review, legal fees, street cleaning, etc. Once it has been determined that the Site Plan is complete and the Security Deposit returned, the Municipality will return any monies remaining from the deposit.

16. ADMINISTRATION DEPOSIT

The Owner shall pay to the Township a deposit applicable to the total cost of site works in a sufficient amount to cover any costs of administration, including engineering and other inspections and supervision of these works, plans review and analysis in accordance with the following:

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- (i) 4% of the cost of site works up to \$100,000.00; plus
- (ii) 3.5% of the cost of site works in excess of \$100,000.00 up to \$500,000.00; plus
- (iii) 3% of the cost of site works in excess of \$500,000.00.
- (iv) Above payments shall be payable, in cash or certified cheque, to the Township prior to the site plan being approved.

17. NOTIFICATION

Any Notice or Notification pursuant to the terms of this Agreement may be effected by prepared First Class Mail:

- (a) By the Township upon the Owner at its address: 1607 Abingdon Road, Caistor Center, Ontario, L0R 1E0, unless otherwise advised, in writing.
- (b) By the Owner upon the Township at its address: P.O. Box 400, Smithville, Ontario L0R 2A0. Service of such Notice or Notification shall be deemed to have occurred 7 days after the date of the mailing of same.

18. GENERAL

- (a) The Owner hereby constitutes any successor-in-title to the lands its agent with full authority to enter into any agreement with the Township to amend this Agreement from time to time.
- (b) The Owner agrees that upon the execution of this Agreement, the lands are charged with the performance of this Agreement.
- (c) The Business Development Bank of Canada hereby consents to this Site Plan Agreement and for itself, its successors and assigns, hereby subordinates and postpones all of its right, title and interest in the lands with the intent that this Agreement shall take priority over its mortgage, but no further or other covenant on the part of the Mortgagee shall be implied by reason of this Agreement.
- (d) The Owner understands and agrees that if the Owner is required to submit and have approved a new site plan approval application the Owner also agrees to have this Agreement replaced by a new agreement, if required.
- (e) The Owner understands and agrees that the works required by this agreement shall be completed within three (3) years of the date of approval of the site plan by the Director of Planning.
- (f) It is understood and agreed that this Agreement and everything contained herein shall ensure to the benefit of and be binding upon the heirs, executors, administrators, mortgagees, successors-in-title and assigns of each of the parties hereto as the case may be and shall constitute a covenant running with the lands.
- (g) The Owner understands and agrees that the lands will be forever maintained in accordance with the terms and conditions of this Agreement. Failure of the Owner to do so can result in the Township doing so, at the expense of the Owner.
- (h) In the event of any failure by the Owner to carry out any provisions of this Agreement (the determination of which shall be at the sole discretion of the Director of Planning) the Township may provide Notice to the Owner of the nature of the failure. Such Notification may provide that any Performance Security held by the Township will be cashed by the Deputy-Treasurer.
- (i) If the Owner fails to remedy any failure of which it has been notified pursuant to this Agreement within twenty-one days after Notice by the Township, the Township shall have the full authority, power and right to enter upon the lands to employ such workmen and to use such equipment and machinery as is deemed, in the sole discretion of the Township, to be necessary to complete and perform any work that is required to remedy the failure. Further, the Owner agrees that in the event of its

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failure to carry out any provisions of this agreement and in the event such failure is deemed by the Township, in its sole discretion, to create an emergency in which the safety of the public may be affected, then in such case or cases the Township shall have the full authority, power and right to enter upon the lands to employ such workmen and to use such equipment and machinery as is deemed in the sole discretion of the Township necessary to remedy the failure without any notice to the Owner.

- (j) The Owner understands and agrees that any required approvals, permits, certificates, affidavits, plans, drawings, surveys, construction work or maintenance to be provided by the Owner, under the terms of this agreement, shall be at the cost of the Owner.
- (k) The Owner covenants and agrees to pay the costs of alterations or repair of damage to public property, sidewalks, roadway curbs and gutters, storm sewers and illumination, which may occur during the period of construction. In the event of the failure of the Owner to pay such costs within thirty days of serving Notice thereof upon the Owner, the Township shall have the right to recover such costs by action or in like manner as municipal taxes.
- (l) The Owner understands and agrees that there shall be no work performed on or development of the lands except in conformity with all applicable municipal by-laws and Provincial legislation and that this Agreement or approval of plans does not exempt the Owner from any applicable statute, regulation, or code of any other authority having jurisdiction contrary to the requirements of this Agreement or prevent the Township from taking action to rectify any non-compliance resulting from said work or development taking place.
- (m) The Owner agrees that all municipal taxes shall be paid in full prior to the execution of this Site Plan Agreement and such payment shall be made from time to time as each such event may occur so that payments of municipal taxes are at all times up-to-date.
- (n) The Owner, for itself and on behalf of its successors in title assigns, covenants and promises with and to the Township to provide, maintain and use any buildings, structures, utilities, services, facilities and any other matter or thing that is specified or referred to in this Agreement or depicted or referred to in any Schedule to this Agreement, at its sole risk and expense and to the satisfaction of the Township and within any time prescribed and endorsed on any plans and drawings relating to the lands and such work, services and material that is to be done, provided and maintained pursuant to the terms of this Agreement shall be done, provided and maintained and used in a continuous process and in a good and workmanlike manner.
- (o) The Owner agrees that construction work relating to the lands or any building, structure, utility, or service therein or thereon will be carried forward as expeditiously as may be in a good and workmanlike manner in accordance with good trade practice so as to cause a minimum of nuisance to the neighbours of the lands.
- (p) The Owner agrees that during any construction work relating to the lands or to any matters referred to in the terms of this Agreement all necessary precautions to avoid dust, noise and other nuisances and to provide for the safety of the public will be taken by the Owner, its agents, servants and assigns.
- (q) The cost, including legal, planning, engineering or other professional or administrative costs incurred by the Township, of any work performed by the Township pursuant to this Agreement shall be calculated by the Township, whose decision on the amount that is fixed shall be final. The cost of any such work shall be at the expense of the Owner and may be recovered from the Performance Security. Any cost of such work in excess of any Performance Security shall be paid by the Owner to the Deputy-Treasurer forthwith upon demand thereof. In the event of failure by the Owner to pay such costs within thirty days of serving Notice thereof by the Township upon the Owner, the Township shall have the right to recover such incurred costs by action or in like manner as municipal taxes.


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- (r) Any work performed by the Township pursuant to the provisions of this Agreement shall not be deemed to be an assumption by the Township of any liability of any nature or kind in connection with such work or a release of the Owner by the Township of the obligations of this Agreement.
- (s) The Owner grants to the Township, its servants, agents and assigns, permission to enter upon the lands for the purpose of inspection of any work referred to in this Agreement and for the purpose of completion of any works in accordance with this Agreement and such entry and inspection shall not be deemed an acceptance of any of the works by the Township or an assumption by the Township of any liability in connection therewith or a release of the Owner from any of its obligations under this Agreement.
- (t) In the event of any dispute respecting the interpretation of any Township Standards, the matter is to be decided by the Council of the Township and its decision is final and binding.
- (u) The Owner will at all times indemnify and keep indemnified and save harmless the Township from any losses, costs, damages and injuries which the Township may suffer or be put to for or by reason of the construction, maintenance or existence of any work done by the Owner, its contractors, servants or agents on the lands or on any lands adjacent to such lands and such indemnity shall constitute a first lien and charge on the lands in favour of the Township.
- (v) The Owner shall not call into question directly or indirectly in any proceeding whatsoever in law or in equity or before any Administrative Tribunal the right of the Township to enter into this Agreement and to enforce each and every term, covenant and condition herein contained and this Agreement or this Clause may be pleaded as an estoppel against the Owner in any such proceeding.

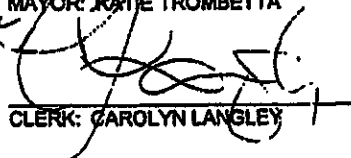
IN WITNESS WHEREOF, the parties hereto have hereunto affixed their respective corporate seals under the hands of the respective authorized officers.

SIGNED, SEALED AND DELIVERED
IN THE PRESENCE OF:

THE CORPORATION OF THE
TOWNSHIP OF WEST LINCOLN



 MAYOR: KATIE TROMBETTA



 CLERK: CAROLYN LANGLEY

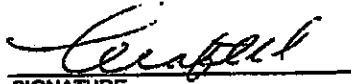


 BICCE DESIMONE, PRESIDENT (OWNER)

SIGNATURE

Logan Naftel - Account Manager

FARM CREDIT CANADA



 SIGNATURE

DeSimone Investments Limited
Abingdon Meats

SCHEDULE "A"

A Site Plan Agreement between DeSimone Investments Limited (Abingdon Meats) and the Farm Credit Canada and the Township of West Lincoln.

All and Singular that certain parcel or tract of land, situated, lying and being composed of Part of Lot 15, Concession 4, former Township of Caistor, in the Township of West Lincoln in the Regional Municipality of Niagara.

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SCHEDULE "C"
ADMINISTRATION FEE
COST ESTIMATE OF SITE WORKS

ON-SITE WORKS

1.	SITE GRADING AND PREPARATION	\$ 18 000.00
2.	PAVING	\$ -
3.	LANDSCAPING	\$ 13 000.00
4.	SITE DRAINAGE	\$ 6 000.00
5.	FENCING	\$ -
6.	WALKWAYS AND CURBS AND ROADWAYS	\$ 8 000.00
7.	WATERLINES	\$
8.	SANITARY SEWERS (INCLUDED IN COST BELOW)	\$
9.	STORM SEWER AND FIRE RESERVOIR	\$ 9 500.00
10.	OTHER WORKS OR SERVICES	\$ 7 000.00

OFF-SITE WORKS

1.	WATER LINES AND HYDRANTS	\$
2.	SANITARY SEWERS	\$
3.	STORM SEWERS	\$
4.	OTHER WORKS OR SERVICES	\$ 27 500.00
	TOTAL	\$ 89 000.00

LETTER OF CREDIT IN THE AMOUNT OF THE ABOVE TOTAL

TO BE SUBMITTED \$ 89 000.00

ADMINISTRATION FEE

4% OF COST OF SITE WORKS TO \$100,000.00	\$ 3 560.00
PLUS 3 ¼ % OF COST OF SITE WORKS BETWEEN \$100,000.00 AND \$500,000.00	\$
PLUS 3% OF COST OF SITE WORKS OVER \$500,000.00	\$
TOTAL FEE (cash)	\$ 3 560.00

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Properties

PIN 46065 - 0008 LT **Estate/Qualifier** Fee Simple LI Conversion Qualified
Description PT LT 15 CON 4 CAISTOR PTS 1, 2, 3, 4, 30R876 EXCEPT PTS 1, 2, 3, 30R4290 & PT 1, 30R7032; S/T CS9886; WEST LINCOLN
Address WEST LINCOLN

Consideration

Consideration \$ 0.00

Applicant(s)

The notice is based on or affects a valid and existing estate, right, interest or equity in land

Name THE CORPORATION OF THE TOWNSHIP OF WEST LINCOLN
Address for Service 318 Canborough Street
 Box 400,
 Smithville, Ontario
 L0R 2A0

This document is not authorized under Power of Attorney by this party.

This document is being authorized by a municipal corporation Katie Trombetta, Mayor and Carolyn Langley, Clerk.

Party To(s)	Capacity	Share
--------------------	-----------------	--------------

Name DESIMONE INVESTMENTS LIMITED
Address for Service R. R. #2
 Caistor Centre, Ontario
 L0R 1E9

, Bicca Desimone, have the authority to bind the corporation

This document is not authorized under Power of Attorney by this party.

Statements

This notice is for an indeterminate period

Schedule: See Schedules

Signed By

Maureen Frances Murphy 40 Queen St., PO Box 1360 acting for Applicant(s) Signed 2004 12 20
 St. Catharines L2R 6Z2
Tel 905-688-6655
Fax 9056885814

Submitted By

SULLIVAN MAHONEY 40 Queen St., PO Box 1360 2004 12 21
 St. Catharines L2R 6Z2
Tel 905-688-6655
Fax 9056885814

Fees/Taxes/Payment

Statutory Registration Fee \$60.00
Total Paid \$60.00

File Number

Party To Client File Number : 71186

000115

APPENDIX G



September 8, 2015

Tony Van klink - Legal Advisor for BMO
Albert Gelman - Court appointed Reciever
Kathy Johnstone - BMO Representative

Via email: tvanklink@millერთhompson.com
jalbert@albertgelman.com

RE: The Abingdon Meat Packers/DeSimone Investment Ltd

To whom it may concern:

I have made numerous attempts to rectify the current situation of AMP/DIL since obtaining the shares of the corporations, to no avail, due to the none response from Tony Van Klink, Albert Gelman and Kathy Johnstone.

This none communication by the parties involved to make no attempt to protect unsecured creditors or allow the current debts to be caught up floors me, there was a sound proposal put forward which falls in line with any redemption order. The primary concern should be to bring all liabilities current to hold the asset value no to diminish or devalue the asset. I am currently taking the steps to investigate all parties in this transaction as to their role's and negligence in this matter unless I am brought up to speed on all transactions to date no later than 48 hours of this letter it should have never got to this stage legally I have the right to redeem right up to point of sale.

It has also been brought to my attention the plant was not decommissioned properly on shut down. There has been no up keep to the curb appeal, the two biggest wrongs to lower the value of the asset to increase the GSA/PPSA amounts that can be collected once the sale of assets has been bastardise in value.

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The Receiver's task is to protect the value of the asset and get the most secured value for the secured and unsecured creditors, this clearly is not happening, with my proposal the asset value remain between 7-8 million with a NOI of 2.5 million annually , which I have contracts for or can easily obtain. It is my right to know everything that is happening from the bank and courts and the receiver.

Please act accordingly, I await your response.

Sincerely

Pat McGaffey

Pat McGaffey

President/CEO

APPENDIX H



September 10, 2015

Via Email: patmcgaffey@gmail.com

Agrico Realty Consultants
Attn: Pat McGaffey, President/CEO
52 Cimarron Drive
Okotoks, Alberta
T1S 1R9

Dear Pat:

**Re: Albert Gelman Inc. Court Appointed Receiver (the "Receiver")
of Abingdon Meat Packers Limited and Desimone Investments Limited (the
"Debtors")
Our File No. 162431**

We are counsel to the Receiver and we have your letter of September 8, 2015 for response.

We attach a copy of our email of June 18, 2015 where the Receiver's position was provided. The Receiver's position has not changed since the attached email.

The Receiver has continued to administer the receivership in the normal course pursuant to the terms of the Court Order appointing the Receiver and the Sales Process approved by the Court by way of Court Order dated July 21, 2015.

With respect to your comments on the decommissioning of the subject property and the "curb appeal" of the property, please be advised:

1. Paragraph 21 of the Receiver's First Report to the Court dated June 29, 2015 addresses the issue of maintenance and inspections of the plant. It reads as follows:

On March 26, 2015 the Private Receiver arrived at an agreement with the Principals for them to regularly attend at the Premises, attend to ongoing maintenance issues, maintain the refrigeration system, boiler system and water management systems, conduct required inspection and monitoring of the sewage works ponds and check the building for security. The Principals reported regularly by email to the Private Receiver on all of these matters.

This activity remains ongoing in the receivership.

2. There is no basis to the allegation that "There has been no up keep to the curb appeal". The principals of the Debtors have been maintaining the property, building and grounds, with the Receiver reimbursing them for their out of pocket costs in doing so. The Receiver receives reports from the principals in this regard.

HARRISON PENSA LLP  MERITAS
Lawyers Law firm worldwide

450 Talbot Street, P.O. Box 3237, London, Ontario N6A 4K3 Tel: 519 679 9660 Fax: 519 667 3362 www.harrisonpensa.com

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The Receiver will continue to administer the receivership in the normal course.

If you have any questions please contact the writer to discuss.

Yours truly,

HARRISON PENZA LLP

A handwritten signature in black ink, appearing to be the initials 'TH' or a stylized 'TCH'.

Timothy C. Hogan
Direct: (519) 661-6743
Email: thogan@harrisonpensa.com
TCH/ama
Enclosure

2483444_1.DOCX

APPENDIX I



SimpsonWigle
LAW FIRM

390 Brant Street, Suite 501
Burlington, Ontario L7R 4J4
Tel: 905-639-1052 Fax: 905-333-3960
www.simpsonwigle.com

Bart Sarsh
Tel: 905-639-1052 Ext. 235
E-mail: sarshb@simpsonwigle.com

May 26, 2015

Sent Via Email to tvanklink@millერთhompson.com

Tony Van Klink
Miller Thomson LLP
One London Place
255 Queens Avenue, Suite 2010
London, Ontario N6A 5R8

Dear Mr. Van Klink:

Re: Abingdon Meat Packers and DeSimone Investments

I enclose a copy of a Letter of Intent dated May 22, 2015 but received by my office on the afternoon of May 26, 2015 in the name of Advanced Agriculture Inc. in its capacity as buyer.

Despite the fact that the Letter of Intent, in its current form, requires minor technical amendments with respect to the identity of the vendor (it should only be DeSimone Investments Limited) among other reasons, we are forwarding this Letter of Intent for consideration and review by the court-appointed receiver.

The compelling feature of this Letter of Intent is the representation made by the proposed buyer in clause 1, which confirms that the Acquisition Price to acquire the shares of the corporation is an amount not more than the outstanding arrears under the loans.

Given that the bank commenced enforcement proceedings beginning with a private appointment that ultimately led to a court-appointment because of the manner in which the debtors were operating the slaughterhouse business, it is in the interest of all stakeholders, including the debtors and the individual guarantors, that the court-appointed receiver seriously consider the contents of this Letter of Intent and proceed to further explore this Letter of Intent in order to maximize recovery while minimizing unnecessary time and expense.

P.D. MILNE
J.M. WIGLE
K.I. OSBORNE
S.R. LEE
M. DURDAN
A. KNUDSEN

L.W. MATTHEWS
T. BULLOCK
R.A. FISHER
H.A. HAMDANI
B. SARSH

J.N. ROSENBLATT
D.A. SCHMUCK*
P.A. RAMACIERI**
E. SAVAS**
J.R. FLETCHER

J.C. BROWN
J.C. MONACO*
S.M. LAW
G. NALSOK
S. KHAN

D.J.H. JACKSON
B.J. FOREMAN
B.C. LANGLOTZ
K.G. HYLAND
M.L. DEKENS

M.C. MORGAN
R.S. DANKS (1957-2012)
C.A. OLSIAK
K. WYSYNSKI
J.E. PINEDA

*Professional Corporation ** Member of the Ontario and New York Bar

Hamilton Office: 1 Hunter Street East, Suite 200, P.O. Box 990, Hamilton, Ontario L8N 3W1 Tel: 905-528-8411 Fax: 905-528-9088

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The receiver risks liability with respect to the conduct of the receivership if it turns out that the Letter of Intent from Advanced Agriculture Inc. would have yielded a greater recovery than the recovery ultimately achieved.

Once counsel for the court-appointed receiver has been formally retained, we expect the receiver's counsel to provide the receiver's position on the Letter of Intent from Advanced Agriculture Inc. to us.

Yours very truly,

SimpsonWigle LAW LLP

A handwritten signature in cursive script, appearing to read "Bart Sarsh", is enclosed within a hand-drawn oval.

Bart Sarsh

BS\mk
Encl.

000121

LETTER OF INTENT

THIS LETTER OF made as of the 22 day of May, 2015

FROM: Advanced Agriculture Inc. or Nominee

A Corporation incorporated under the laws of the Province of Alberta
(hereinafter called "Buyer" and/or "AAI")

TO: Abingdon Meat Packers/DeSimone Investment

Individuals comprising the owners of the **Abingdon Meat Packers** located
At 1607 Abingdon Rd. Caistor Centre (LOR 1E0) In the Province of Ontario
(hereinafter collectively referred to as "Seller")

-and-

DeSimone Investments, A corporation incorporated under the laws of the
Province of Ontario currently established to operate the Slaughter Facility.
(hereinafter called "the Company")

RE: Potential Acquisition of through payment of all outstanding debt

The basis of this Letter of Intent ("LOI") originates from the communications between the principal of Advanced Agriculture Inc. ("AAI") Patrick McGaffey and the principals of the Seller. This LOI will confirm that AAI intends to enter into a Formal Agreement to acquire the Shares of the Corporation, located at 1607 Abingdon Rd, Caistor Centre Ontario, LOR 1E0 by virtue of a share purchase in which the existing debt will be assumed by the buyer.

The shareholders of AAI must provide sufficient authorization to allow the assumption of shares of the corporation's purchaser to proceed with their plan to take over the plant on certain terms and conditions. AAI will acquire up to One Hundred percent (100%) of the issued and outstanding shares in the Seller and the Seller will provide certain representations and warranties in favor of the Purchaser with respect to the transaction for which a Definitive Agreement will be entered into with the Seller upon appropriate approvals from a sufficient majority of the shareholders.

From the original communications with the seller, AAI has undertaken certain steps in commencing the preliminary steps to structure a controlled acquisition of the Plant and to make an arrangement with the seller regarding their involvement and their interest going forward. AAI will determine a payout with the Seller based on the Net Operating

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Income of the facility to be concluded within two years and the amount agreed between the parties.

AAI agrees to provide Funding in the approximate amount of the current and outstanding arrears under the mortgage and any other encumbrances registered on the title to the Property. The Seller will provide confirmation of all debts and liabilities including any outstanding shareholder loans and provide suitable representations and warranties with respect to the existing operating company satisfactory to the Buyer AAI.

As the operation of a Slaughter facility requires significant labour, there are key employees or contract workers that will be essential to the effective operation of the plant. There are certain Critical Employees that will have to be staffed and the Seller agrees to fully cooperate with the Purchaser to properly staff and maintain the Slaughter facility. It is expected that the Seller will re-establish old and new markets for AAI

PART ONE—NONBINDING PROVISIONS

The parties wish to continue negotiating a definitive written acquisition agreement providing for the Possible Acquisition (a "Definitive Agreement"). To facilitate the negotiation of a Definitive Agreement, the parties acknowledge that AAI will prepare an initial draft. The execution of any Definitive Agreement would be subject to the satisfactory completion of AAI's ongoing investigation of the Seller's business and would also be subject to approval by AAI's board of directors. Based upon the information currently known to AAI, it is proposed that the Definitive Agreement would include the following terms:

1. ACQUISITION PRICE

The Acquisition Price to acquire the shares of the corporation would be an amount no more than the outstanding arrears under the loans. This amount will be a negotiated amount and subject to adjustment and would be paid in the following manner:

(a) The Acquisition price may be adjusted downward in the event that the Net Asset Value of the Seller is reduced through the disposition of any strategic assets subsequent to the date of this Letter and the submission of a Formal Offer by AAI.

2. BASIC TRANSACTION

Sellers would sell their shares at the price (the "Acquisition Price") set forth in Paragraph 1 at certain closing dates established for the Possible Transaction (the "Closing"), which Closing is expected to be no later than July 26, 2015 or the next business day following July 26, 2015.

3. OTHER TERMS

Sellers would make comprehensive representations and warranties to Buyer and would provide comprehensive covenants, indemnities, and other protections for the benefit of Buyer. The consummation of the Possible Acquisition by Buyer would be subject to the

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satisfaction of various conditions required to be satisfied prior to Closing, which would include, but not be limited to, the following:

- (a) Sellers have the full ability, upon satisfactory vote of outstanding shareholders comprising the appropriate majority, to convey the outstanding shares, and the shares will be free and clear of all liens and encumbrances with the exception;
- (b) There will have been no material adverse change in the business or financial condition of any of the Community association and its affiliates;
- (c) Buyer's satisfactory environmental audit of all real properties owned or occupied by the REIT;
- (d) Between the date of the Definitive Agreement and the Closing, Sellers will cause the business to operate in the ordinary course; The purchase acknowledges that
- (e) The truth and accuracy of the representations and warranties of Sellers set forth in the Definitive Agreement;
- (f) Sellers will have performed or complied in all material respects with all agreements required by the Definitive Agreement to be performed or complied with by them; and
- (g) Such other conditions as are customary in transactions of this type.

PART TWO—BINDING PROVISIONS

The parties, intending to be legally bound, agree to the following legally enforceable *paragraphs* of this letter.

4. ACCESS

Sellers will cause the Company to afford Buyer and its duly authorized representatives full and free access to each Company and affiliate of the REIT, its personnel, properties, contracts, books and records, and all other documents and data, subject to the Confidentiality Agreement referred to in Paragraph 7 and pursuant to the reasonable requests of the Buyer.

5. CONDUCT OF BUSINESS

Seller shall cause the Company to operate in the ordinary course and to refrain from any transactions outside the ordinary course of business.

6. CONFIDENTIALITY

Except as expressly modified by the Binding Provisions, the Confidentiality Agreement needs to be entered into by the Company's and Buyer (the "Confidentiality Agreement") See Schedule A attached.

7. APPLICABLE SECURITIES REGULATIONS

Buyer and Sellers shall proceed, as promptly as is reasonably practical, to prepare and to file any notifications required by the applicable securities regulatory bodies and sign any approvals as required.

8. COSTS

Buyer and Seller will be responsible for and bear all of its respective costs and expenses (including any broker's or finder's fees and the expenses of their representatives) incurred at any time in connection with pursuing or consummating the Possible Acquisition.

9. TERMINATION

The Binding Provisions will automatically terminate upon the earliest of the following (the "Termination Date"): (i) July 15, 2015, (ii) execution of the Definitive Agreement by all parties, (iii) the mutual written agreement of Buyer and Sellers, or (iv) written notice of termination by Buyer, for any reason or no reason, with or without cause, at any time; provided, however, that the termination of the Binding Provisions will not affect the liability of a party for breach of any of the Binding Provisions prior to the termination. Upon termination of the Binding Provisions, the parties will have no further obligations under this letter, except Paragraph 12 will survive such termination.

10. EFFECT OF LETTER

The provisions of Paragraphs 1 through 3 of this letter are intended only as an expression of interest on behalf of Buyer, are not intended to be legally binding on any party or the Seller, and are expressly subject to the negotiation and execution of an appropriate Definitive Agreement. In addition, nothing in this letter should be construed as an offer or commitment on the part of Buyer to submit a definitive proposal. Except as expressly provided in Paragraphs 4 through 12 (or as expressly provided in any binding written agreement that the parties may enter into in the future), no past or future action, course of conduct, or failure to act relating to the Possible Acquisition, or relating to the negotiation of the terms of the Possible Acquisition or any Definitive Agreement, will give rise to or serve as a basis for any obligation or other liability on the part of the parties or any of the entities associated with the Seller.

11. MISCELLANEOUS

(a) Entire Agreement. The Binding Provisions supersede all prior agreements, whether written or oral, between the parties with respect to its subject matter and constitute a complete and exclusive statement of the terms of the agreement between the parties with respect to its subject matter.

(b) Modification. This letter may only be amended, supplemented, or otherwise modified by written confirmation executed by the parties.

(c) Governing Law. All matters relating to or arising out of a potential acquisition and the rights of the parties (sounding in contract, tort, or otherwise) will be governed by and construed and interpreted under the laws of the Province of Ontario, without regard to conflicts of laws principles that would require the application of any other law.

(d) Jurisdiction; Service of Process. Any proceeding arising out of or relating to a Possible Acquisition shall be brought in the courts of the Province of Ontario, and each of the parties irrevocably submits to the exclusive jurisdiction of such court in any such proceeding, and waives any objection it may now or hereafter have to venue or to convenience of forum, agrees that all claims in respect of such proceeding shall be heard and determined only in any such court, and agrees not to bring any proceeding arising out of or relating to a possible acquisition in any other court. Each party acknowledges and agrees that this Paragraph 11(d) constitutes a voluntary and bargained- for agreement between the parties.

(e) Counterparts. This letter may be executed in one or more counterparts, each of which will be deemed to be an original copy and all of which, when taken together, will be deemed to constitute one and the same document, and will be effective when counterparts have been signed by each of the parties and delivered to the other parties. A manual signature on this letter whose image shall have been transmitted electronically will constitute an original signature for all purposes. The delivery of copies of this letter, including executed signature pages, by electronic transmission will constitute effective delivery of this letter for all purposes.

The parties acknowledge and recognize that this LOI is entered into on a best efforts basis and there are not any guarantees with respect to the ability of the Buyer to conclude their acquisition of the shares of the corporation in the time period established and to .

If you are in agreement with the foregoing, please sign and return one copy of this letter, which thereupon will constitute our understanding with respect to its subject matter and a binding agreement with respect to the Binding Provisions.

Very truly yours,

Advanced Agriculture Inc.

By: Pat McGaffey

Patrick McGaffey President

In Witness Whereof, the parties hereto have executed this Agreement by their duly authorized officers or representatives.

By: _____

Abingdon Meat Packers/DeSimone Investment

000126



HARRISON PENZA

May 28, 2015

Via E-Mail – sarshb@simpsonwigle.com

Mr. Bart Sarsh
Simpson Wigle LLP
Barristers & Solicitors
390 Brant Street, Suite 501
Burlington, ON L7R 4J4

Dear Sir:

Re: Albert Gelman Inc. (the "Receiver") – Receiver of Abingdon Meat Packers Limited and DeSimone Investments Limited (collectively the "Debtors")
Our File No. 162431

We are counsel to the Receiver appointed pursuant to the Order of the Honourable Justice Miller dated May 26, 2015 (the "Appointing Order").

We have reviewed your correspondence of May 26, 2015 addressed to Mr. Van Klink as counsel for Bank of Montreal. We also have reviewed the Letter of Intent dated May 22, 2015 from Advanced Agriculture Inc.

Pursuant to the Appointing Order, the Receiver was appointed Receiver over the Property of the Debtors. The Receiver is empowered and authorized but not obligated to deal with this Property. The Receiver is not empowered nor obligated to deal with any other property, including the shares owned by third party shareholders in either of the Debtors. As a result, the Receiver is not in a position to consider the Letter of Intent as the transaction is presently structured.

The Receiver is obligated to take all steps to maximize the value of the Property of the Debtors. The Receiver intends to move before the Court to have a sales process approved. Your firm is on the service list and you will receive notice of this motion.

Also, please advise if you are aware if Advanced Agriculture Inc. may have an interest in the assets of the Debtors?

HARRISON PENZA LLP
Lawyers

450 Talbot Street, P.O. Box 3237, London, Ontario N6A 4K3 Tel: 519 679 9660 Fax: 519 667 3362 www.harrisonpenza.com

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We trust this clarifies the Receiver's position at this stage. If you have any questions please contact the writer to discuss.

Yours truly,

HARRISON PENSA LLP



Timothy C. Hogan
Direct: (519) 661-6743
Email: thogan@harrisonpensa.com
TCH/cc
Cc: client
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Bart Sarsh
Tel: 905-639-1052 Ext. 235
E-mail: sarshb@simpsonwigle.com

June 8, 2015

Sent Via Email to thogan@harrisonpensa.com

Tim Hogan
Harrison Pensa LLP
450 Talbot Street
London, Ontario N6A 5J6

Dear Mr. Hogan:

Re: DeSimone Investments and Abingdon Meat Packers

Further to your letter of May 28, 2015 advising that you are counsel to the court-appointed receiver, we are requesting on behalf of DeSimone Investments Limited ("DIL") and Abingdon Meat Packers Limited ("AMP"), (collectively, the "Debtors") a formal accounting of all receipts and disbursements obtained and incurred, respectively, by the private receiver, Albert Gelman Inc. ("AGI"), for the period of March 19, 2015 to May 25, 2015 in respect of AMP and for the period of April 13, 2015 to May 25, 2015 in respect of DIL.

AGI was appointed as private receiver of AMP on March 19, 2015 and as private receiver of DIL on April 13, 2015.

To date, we have not received any documentation outlining the income (if any) and expenses AGI collected and incurred, respectively, for the periods noted above in respect of the time during which it was acting in its capacity as the private receiver of both Debtors.

In terms of the information and documents that are being requested pursuant to the request for accounting, the following is sought based on the dates noted above in respect of AMP and DIL:

1. A statement of receipts and disbursements detailing the monies collected (if any) and expenses incurred. The statement of receipts and disbursements must show payments to any creditors on account of arrears, in applicable, as well as payments with respect to contracts and liabilities incurred during the private receivership in respect of both Debtors.

P.D. MILNE
J.M. WIGLE
K.I. OSBORNE
S.R. LEE
M. DURDAN
A. KNUDSEN

L.W. MATTHEWS
T. BULLOCK
R.A. FISHER
H.A. HAMDANI
B. SARSH

J.N. ROSENBLATT
D.A. SCHMUCK*
P.A. RAMACIERI**
E. SAVAS**
J.R. FLETCHER

J.C. BROWN
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S. KHAN

D.J.H. JACKSON
B.J. FOREMAN
B.C. LANTLOTZ
K.G. HYLAND
M.L. DEKENS

M.C. MORGAN
R.S. DANKS (1957-2012)
C.A. OLSIAK
K. WYSYNSKI
J.E. PINE

*Professional Corporation ** Member of the Ontario and New York Bar

Hamilton Office: 1 Hunter Street East, Suite 200, P.O. Box 990, Hamilton, Ontario L8N 3W1 Tel: 905-528-8411 Fax: 905-528-9008

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2. All bills, charges, invoices, accounts, and statements relating to (1) above except for documentation subject to lawyer-client privilege. If lawyer-client privilege or other privilege is asserted, an inventory list describing each document over which privilege is being asserted will be provided as soon as possible.
3. A detailed and itemized list of all financial and business records that AGI collected upon being appointed in respect of AMI and DIL and a statement explaining who currently has possession of the financial and business records if possession has changed.

They are two bases upon which the demand for an accounting is made. First, under the law of agency, because each Debtor is deemed to be the receiver's principal and the receiver is deemed to be each Debtor's agent pursuant to clause 10 of the General Security Agreement ("GSA") dated October 30, 2006 that DIL signed and the General Security Agreement dated October 30, 2006 that AMP signed, the receiver owes a duty to account to each of the Debtors. Because the receiver is deemed to be the agent of each Debtor for the purposes of taking control of each Debtor's undertakings, assets, and properties in addition to incurring liabilities to third parties, each of the Debtors is entitled to an accounting explaining in detail what the receiver has completed in its capacity as the private receiver of both Debtors.

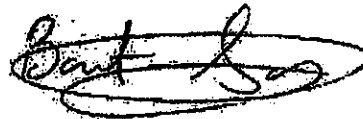
Second, at common law, each of the Debtors has a right to demand an accounting from the private receiver as confirmed in *Royal Bank of Canada v. First Pioneer Investments Ltd. et al*, (1979), 27 OR (2d), 352 at p. 356 (Ont CA):

The duty of a privately appointed receiver-manager is to protect the security. He must act in accordance with the terms of the security agreement under which he has been appointed. He must act without any ulterior interest, ensure that a fair sale is conducted, and that a proper account is ultimately made to the Debtor. [emphasis added]

We look forward to receipt of the information and documentation as demanded.

Yours very truly,

SimpsonWigle LAW LLP



Bart Sarsh

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HARRISON PENSA

June 12, 2015

Via E-Mail – sarshb@simpsonwiggles.com

Mr. Bart Sarsh
Simpson Wigle LLP
Barristers & Solicitors
390 Brant Street, Suite 501
Burlington, ON L7R 4J4

Dear Sir:

**Re: Albert Gelman Inc. (the "AGI") – Receiver of Abingdon Meat Packers Limited and DeSimone Investments Limited (collectively the "Debtors")
Our File No. 162431**

We have your letter of June 8, 2015. Please be advised that AGI will prepare its final reports in accordance with the requirements of the *Bankruptcy and Insolvency Act*. A copy of these reports will be provided to you on behalf of your clients.

Further, please be advised that all records collected by AGI were done so with the knowledge and under the observation of your clients. AGI is not willing to prepare a detailed and itemized list of all financial and business records collected. It is our position that this is an unreasonable request and is one that will simply increase the costs to the estate to the detriment of the stake holders. A reasonable alternative is that, if your clients require access to any of the records in AGI's possession, AGI will permit attendance to AGI's office to obtain copies of same.

Further, attached please find an email from AGI dated June 8 to your clients seeking input into the Receiver's sale strategy. AGI has not received a response to this email and we would request that you speak to your clients with respect to a response to same.

HARRISON PENSA LLP
Lawyers

450 Talbot Street, P.O. Box 3237, London, Ontario N6A 4K3 Tel: 519 679 9660 Fax: 519 667 3362 www.harrisonpensa.com

000131

If you have any questions please contact the writer to discuss.

Yours truly,

HARRISON PENZA ^{LLP}



Timothy C. Hogan
Direct: (519) 661-6743
Email: thogan@harrisonpensa.com
TCH/cc
Enclosure

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