

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

**IN THE MATTER OF THE BANKRUPTCY AND INSOLVENCY ACT, R.S.C., 1985, C. B-3, AS  
AMENDED**

**Court File No. 32-3175820  
Estate No. 32-3175820**

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF UCG LAND INC., IN  
THE CITY OF HAMILTON, IN THE PROVINCE OF ONTARIO**

**Court File No. 32-3175819  
Estate No. 32-3175819**

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF UPPER CANADA  
GROWERS LTD., IN THE CITY OF HAMILTON, IN THE PROVINCE OF ONTARIO**

**THIRD REPORT OF THE PROPOSAL TRUSTEE  
May 6, 2025**

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## LIST OF APPENDICES

- A. First Report of the Proposal Trustee dated January 29, 2025 (without appendices)
- B. Initial Order dated February 6, 2025
- C. SISP Order dated February 6, 2025
- D. Second Report of the Proposal Trustee dated March 15, 2025 (without appendices)
- E. Stay Extension Order and Endorsement dated March 25, 2025
- F. Extended Cash Flow Forecasts for the period of January 17, 2025, to May 17, 2025
- G. Email from Robert Haynes to AreaOne dated April 11, 2025
- H. Letter from Proposal Trustee to Robert Haynes April 15, 2025
- I. Cash Flow Variance Analysis for the 8-week period ending March 8, 2025
- J. Fee Affidavit of Clark Lonergan, sworn May 6, 2025
- K. Fee Affidavit of Ian Aversa, sworn May 5, 2025
- L. Avison Young Agreement

## INTRODUCTION

1. On January 17, 2025 (the “**Filing Date**”), Upper Canada Growers Ltd. (“**UCG OpCo**”) and UCG Land Inc. (“**LandCo**” and, together with UCG OpCo, “**UCG**” or the “**Companies**”) each filed a Notice of Intention to Make a Proposal (“**NOI**”) pursuant to section 50.4 of the *Bankruptcy & Insolvency Act*, R.S.C. 1985, c. B-3 (the “**BIA**”). BDO Canada Limited (“**BDO**”), a Licensed Insolvency Trustee, was named proposal trustee (the “**Proposal Trustee**”) in each of the Companies’ proposal proceedings (collectively, the “**Proposal Proceedings**”).
2. On January 29, 2025, the Proposal Trustee prepared a report (the “**First Report**”) to the Ontario Superior Court of Justice (the “**Court**”) in advance of the Companies’ motion to the Court on February 6, 2025. A copy of the First Report, without appendices, is attached hereto as **Appendix “A”**.
3. On February 6, 2025, the Court issued an order (the “**Initial Order**”) granting the following material relief:
  - (a) administratively consolidating the two Proposal Proceedings;
  - (b) extending the time to file a proposal pursuant to s 50.4(9) of the BIA and the associated stay of proceedings up to and including April 1, 2025;
  - (c) approving the First Report, and the actions, activities and conduct of the Proposal Trustee described therein;
  - (d) enhancing certain powers of the Proposal Trustee to facilitate the Sale and Investment Solicitation Process (the “**SISP**”), which was approved and directed to be administered by the Proposal Trustee pursuant to a further order dated February 6, 2025 (the “**SISP Order**”);
  - (e) approving the interim financing (the “**DIP Facility**”) funded by the Companies’ secured lender, The Bank of Nova Scotia (“**BNS**” or the “**DIP Lender**”), and granting a priority charge in favour of BNS to secure the Companies’ obligations under the DIP Facility;
  - (f) granting an administration charge (the “**Administration Charge**”) to secure payment of the fees and disbursements of the Proposal Trustee, counsel to the Proposal Trustee and counsel to the Companies;
  - (g) granting a directors’ charge (the “**Directors’ Charge**”) to secure the Companies’ obligation to indemnify the directors and officers for post-filing liabilities that may arise; and

- (h) approving a key employee retention program (“KERP”) and granting a related charge on the Companies’ assets to secure payment of amounts owing under the KERP.
4. Copies of the Initial Order and the SISP Order are attached hereto as **Appendix “B”** and **Appendix “C”** respectively.
  5. On March 14, 2025, the Proposal Trustee prepared a report (the “**Second Report**”) to the Court in advance of the Companies’ motion (the “**Motion**”) dated March 14, 2025. A copy of the Second Report without appendices is attached hereto as **Appendix “D”**.
  6. On March 25, 2025, the Court issued an order (the “**Stay Extension Order**”) granting the following material relief:
    - (a) extending the time to file proposals pursuant to s. 50.4(9) of the BIA and the associated stay of proceedings up to and including May 16, 2025;
    - (b) approving the Second Report, and the actions, activities and conduct of the Proposal Trustee described therein; and
    - (c) approving the fees and disbursements of the Proposal Trustee and its counsel, as set out in the Second Report and the fee affidavits appended to the Second Report.
  7. A copy of the Stay Extension Order and the related endorsement are attached hereto as **Appendix “E”**.

**PURPOSE**

8. The purpose of this third report of the Proposal Trustee (the “**Third Report**”) is to provide the Court with a detailed update on the activities undertaken by the Proposal Trustee since the Second Report and, *inter alia*:
  - (a) the Companies’ operations since the date of the Second Report;
  - (b) an update on the SISP; and
  - (c) the Companies’ actual cash flow results for the 8-week period ended May 3, 2025, versus the same budgeted period as outlined in the Companies’ cash flow forecasts for the period January 17, 2025 to May 17, 2025 (the “**Extended Cash Flow Period**”), separately for each of the Companies (the “**Extended Cash Flow Forecasts**”), projections and the Proposal Trustee’s comments regarding the variances. Copies of the Extended Cash Flow Forecasts are attached hereto as **Appendix “F”**.

9. The Third Report is also filed in support of the Proposal Trustee’s motion for an order (the “**Discharge Order**”), substantially in the form attached as Tab 3 to the Motion Record of the Proposal Trustee, *inter alia*:
- (a) approving the Third Report and the Confidential Supplement to the Third Report dated May 6, 2025 (the “**Confidential Supplement**”) and approving the actions of the Proposal Trustee described therein;
  - (b) sealing the Confidential Supplement until further Order of the Court;
  - (c) authorizing BDO to act as trustee-in-bankruptcy (the “**Bankruptcy Trustee**”), a licensed insolvency trustee, of the Companies upon the deemed bankruptcies of the Companies pursuant to the BIA (the “**Deemed Bankruptcies**”);
  - (d) authorizing the Trustee, upon or after the Deemed Bankruptcies of the Companies, to administer the bankruptcy estates of UCG OpCo and LandCo on a consolidated basis;
  - (e) approving the fees and disbursements of the Proposal Trustee, as set out in the Fee Affidavit of Clark Lonergan sworn May 6, 2025 (the “**BDO Fee Affidavit**”);
  - (f) approving the fees and disbursements of the Proposal Trustee’s independent legal counsel, Aird & Berlis LLP (“**A&B**”), as set out in the Fee Affidavit of Ian Aversa sworn May 5, 2025 (the “**A&B Fee Affidavit**”);
  - (g) ratifying and approving the Companies’ reported receipts and disbursements from the Filing Date to May 3, 2025 (the “**Final R&D Period**”);
  - (h) approving the Proposal Trustee’s estimate of the operating costs and reserves required to complete these Proposal Proceedings and the funding of the bankruptcy proceedings (the “**Remaining Fees and Disbursements**”);
  - (i) discharging the Proposal Trustee upon the Proposal Trustee filing a Discharge Certificate, substantially in the form appended to the draft order at Tab 3 of the Motion Record, certifying that the Proposal Trustee has completed the Remaining Activities (as defined below).
10. Finally, the Third Report is filed to provide the Proposal Trustee’s recommendations vis-à-vis the order (the “**Receivership Order**”) sought by the DIP Lender to, *inter alia*:
- (a) appoint BDO Canada Limited as receiver (in such capacity, the “**Receiver**”) of all of the assets and undertaking of UCG OpCo and LandCo (the “**Receivership Proceedings**”);

- (b) establish a charge over the Companies' assets in favour of the Receiver and its counsel for the administration of the Receivership Proceedings (the "**Receiver's Charge**");
  - (c) establishing a charge over the Companies' assets, in an amount not to exceed \$500,000, to fund the Receivership Proceedings (the "**Receiver's Borrowings Charge**");
  - (d) approving an engagement between Avison Young Commercial Real Estate Services, LP ("**Avison**") and the Receiver.
11. The Proposal Trustee has also prepared the Confidential Supplement, which should be read by the Court in conjunction with this Third Report, and which will assist the Court in considering the relief being sought by the Proposal Trustee and the DIP Lender.
  12. The Proposal Trustee understands that the DIP Lender will be relying on the affidavit of Mr. James Cook, Senior Manager, Special Accounts Management at BNS, sworn May 5, 2025 (the "**Cook Affidavit**") in support of the relief sought in the Receivership Order.
  13. The Proposal Trustee understands that the Companies support the relief sought by the Proposal Trustee.
  14. The Cook Affidavit, along with all other materials filed with the Court in these Proposal Proceedings, the Receivership Proceedings or the Deemed Bankruptcies are accessible on the Proposal Trustee's websites at: [www.bdo.ca/services/financial-advisory-services/business-restructuring-turnaround-services/current-engagements/upper-canada-growers-ltd](http://www.bdo.ca/services/financial-advisory-services/business-restructuring-turnaround-services/current-engagements/upper-canada-growers-ltd) (the "**Case Website**").

#### **TERMS OF REFERENCE**

15. In preparing this Third Report, the Proposal Trustee has been provided with, and has relied upon, unaudited financial information, books and records prepared by the Companies, discussions with management of the Companies ("**Management**"), and information from other third-party sources (collectively, the "**Information**"). The Proposal Trustee has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards ("**GAAS**") pursuant to the Chartered Professional Accountants Canada Handbook and, accordingly, the Proposal Trustee expresses no opinion or other form of assurance contemplated under GAAS in respect of the Information. The Proposal Trustee has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided.

16. Some of the Information referred to in this Third Report consists of forecasts and projections. An examination or review of the financial forecasts and projections, as outlined in the Chartered Professional Accountants Canada Handbook, has not been performed.
17. Future oriented financial information referred to in this Third Report was prepared based on Management's estimates and assumptions. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are not ascertainable, the actual results will vary from the projections, even if the assumptions materialize, and the variation could be significant.
18. Unless otherwise indicated, the Proposal Trustee's understanding of factual matters expressed in this Third Report concerning the Companies and their business is based on the Information, and not independent factual determinations made by the Proposal Trustee.
19. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars.

#### **THE COMPANIES' OPERATIONS**

20. Since the Second Report, Management of the Companies have focused on oversight of regular operations and assisting the Proposal Trustee with the SISP. Management, with the assistance of the Proposal Trustee, has engaged in discussions with various stakeholders, suppliers, customers, and employees to minimize disruption to the operations and reduce conflicts. As of the date of this Third Report, the Companies have maintained their business operations without significant disruption or issues. Additionally, Management has assisted with the SISP by assisting the Proposal Trustee with responding to due diligence requests from Qualified Bidders.

#### **PROPOSAL TRUSTEE'S ACTIVITIES**

21. Since the date of the Second Report, the Proposal Trustee has undertaken the following activities:
  - (a) attended the Companies' second motion on March 25, 2025;
  - (b) uploaded all court materials and certain other relevant documents to the Case Website;
  - (c) engaged with its legal counsel, A&B, regarding matters related to these Proposal Proceedings;
  - (d) monitored the Companies' receipts and disbursements on a weekly basis;

- (e) continued to respond to calls, e-mails and letters received from creditors and other stakeholders;
- (f) reviewed the Companies' actual cash receipts and disbursements and variances to the DIP budget for the same period as outlined in the Extended Cash Flow Forecasts;
- (g) corresponded with BNS regarding the bi-weekly reporting as outlined in the DIP Term Sheet;
- (h) assisted Management with the Companies' interim funding requests;
- (i) assisted the Companies in responding to information requests from orchard partners, namely Essex Farmland Holdings LP ("**Essex**") and Bonnefield Canadian Farmland LP V Master ("**Bonnefield**", and together with Essex, the "**Orchard Partners**"), regarding maintenance and capital expenditure plans for their respective orchards;
- (j) corresponded with Aginvest Farmland IV Inc. and Aginvest Farmland IV LP. (collectively, "**Aginvest**") regarding the purchase and sale agreement dated January 24, 2024, and the related land lease dated April 16, 2024, both as between the Companies and Aginvest;
- (k) assisted Management in analyzing a number of operational matters, including:
  - (i) deposits received to date for 2025 and 2026 sales;
  - (ii) matters related to headcount and timing of the return of employees (including those in the foreign worker program); and
  - (iii) pursuing the collection of certain insurance proceeds from the Agristability program, which is administered by Agricorp, a crown agency of the Government of Ontario.
- (l) continued to assist Management with other supplier, customer and stakeholder communications;
- (m) attended to other matters pertaining to the administration of these Proposal Proceedings;
- (n) reviewed the security of BNS and Agricultural Credit Corporation ("**ACC**") engaged in discussions with counsel regarding same;
- (o) administered the SISP, including:

- (i) supervising and assisting with activities related to the SISP;
  - (ii) updating the virtual data room (“VDR”) with financial and operational information to aid potential purchasers in their due diligence process;
  - (iii) reviewing the expressions of interest (“EOIs”) received and providing a summary comparison of same to the DIP Lender;
  - (iv) providing recommendations and assistance to BNS regarding the selection of EOIs and determination of Qualified Bidders;
  - (v) communicating with potential purchasers regarding either their selection to become a Qualified Bidder or their exit from the SISP;
  - (vi) working with A&B and the Companies’ legal counsel to draft the template agreement of purchase and sale;
  - (vii) corresponding with Management to address due diligence questions and inquiries from Qualified Bidders;
  - (viii) following up with potential bidders regarding their interest in the Companies’ assets; and
  - (ix) providing various updates to the BNS regarding the SISP;
- (p) prepared this Third Report and the Confidential Supplement; and
- (q) attended to other matters pertaining to the administration of these Proposal Proceedings.

22. The Proposal Trustee is requesting approval of this Third Report, its confidential supplement and the activities of the Proposal Trustee described herein.

#### **SISP UPDATE**

23. Immediately following the issuance of the SISP Order on February 6, 2025, the Proposal Trustee, among other things:

- (a) prepared a list of 174 companies, consisting of 68 strategic and 106 financial parties which the Proposal Trustee, in consultation with Management, identified as being possibly interested in the SISP (the “**Known Potential Bidders**”);
- (b) prepared a process summary (the “**Teaser Letter**”) describing the opportunity;

- (c) prepared a Confidential Information Memorandum, with the assistance of Management, detailing the financial and operational information of the Companies;
  - (d) worked with Management to populate the VDR with financial and operational documents that may be required for the due diligence process; and
  - (e) sent the Teaser Letter and NDA to the potentially interested parties.
24. A summary of the status of the 174 Known Potential Bidders who were emailed the opportunity is as follows:
- (a) five of the Known Potential Bidders (the “**EOI Bidders**”) provided non-binding expressions of interest on or before March 28, 2025 (the “**EOI Bid Date**”). These EOIs were then assessed by the Proposal Trustee and BNS and, on April 1, 2025, the EOI Bidders were notified if they had been selected to participate in the next phase of the SISP or if they were rejected;
  - (b) three of the EOI Bidders were selected to proceed to the next round of the SISP which required binding letters of intent (“**LOI**”) to be received on or before April 25, 2025 (the “**LOI Bid Date**”); and
  - (c) all three Qualified Bidders exited the process prior to the LOI Bid Date. Accordingly, no binding offer for the business were received by the LOI Bid Date.
25. The Proposal Trustee attempted to assist the Qualified Bidders by connecting them with certain other members of the EOI Bidders and the Orchard Partners to address their operational concerns and enable them to submit an LOI by the LOI Bid Date. Nevertheless, no binding offers were received.
26. The Proposal Trustee is of the view that re-running the SISP would be costly and unlikely to yield any better result than the SISP that was already administered.
27. Further details on the SISP are outlined in the Confidential Supplement.

***Interference by Robert Haynes***

28. On April 11, 2025, after learning that AreaOne Farms (“**AreaOne**”) had reservations about continuing to pursue a potential acquisition of the Companies’ assets, the Chief Executive Officer of the Companies, Robert Haynes, sent an unauthorized email to the Chief Executive Officer of AreaOne with his commentary on the value of the Companies’ assets and suggested that AreaOne could significantly lower their offer price and BNS would likely agree to the closing of such transaction. A copy of this email is attached as **Appendix “G”**.

29. The Proposal Trustee considered Mr. Haynes' email to be prejudicial to the SISP and indicative of a failure to act in good faith. Accordingly, through its counsel, the Proposal Trustee issued a letter to Mr. Haynes requiring him to cease and desist all communications with any Potential Bidders without the approval of and direction from the Proposal Trustee, and advising that the Proposal Trustee would consider next steps relating to his continued employment and compensation. A copy of this letter is attached as **Appendix "H"**.

#### **CASH FLOW PROJECTIONS**

30. The Proposal Trustee has monitored the banking activities of the Companies and reviewed the actual cash flows from operations for the eight-week period ending May 3, 2025.
31. The Companies' negative cash flow for the eight-week period ending May 3, 2025 exceeded the corresponding Extended Cash Flow Forecasts for that same period by approximately \$280,000. This negative variance is largely due to:
- (a) receipts were approximately \$480,000 lower due to cold weather, which delayed spring sales;
  - (b) the receipts were offset by approximately \$460,000 of lower professional fee disbursements due to delayed payments, to be reversed shortly;
  - (c) operating costs (farm materials, labour, utilities, equipment, etc.) were approximately \$220,000 higher than projected due to the reversal of timing differences from the prior period and an acceleration of material purchases; and
  - (d) approximately \$35,000 of fees and interest were charged by the DIP Lender, which were not forecasted until June (i.e., the period beyond the Extended Cash Flow Forecast Period).
32. A summary of the variance analysis regarding the same are attached hereto as **Appendix "I"**.
33. It is anticipated that the positive variances will likely reverse over the final weeks of the Proposal Proceedings, as the majority of the KERF will be paid out prior to the Discharge Order.

#### **THE RELIEF AND ORDER BEING SOUGHT BY THE PROPOSAL TRUSTEE**

##### ***Approval of the Proposal Trustee's Fees and Disbursements***

34. The Proposal Trustee and its legal counsel, A&B, have been paid their fees and disbursements at their standard rates and charges by the Companies from time to time, as part of the costs of the Proposal Proceedings.

35. The Proposal Trustee and A&B have maintained records of their professional time and costs. The Proposal Trustee requests approval of its interim fees and disbursements for the period from March 1, 2025 to May 3, 2025 (the “**BDO Fee Period**”), and the interim fees and disbursements for A&B for the period from March 1, 2025 to May 2, 2025 (the “**A&B Fee Period**”).
36. The total interim fees and disbursements of the Proposal Trustee for the BDO Fee Period total \$198,079.96 (including HST and net of \$25,000 of courtesy discounts), comprising fees in the amount of \$175,292 (exclusive of HST) and disbursements in the amount of \$0, as more particularly described in the BDO Fee Affidavit, a copy of which is attached hereto as **Appendix “J”**.
37. The total interim fees and disbursements of A&B for the A&B Fee Period total \$53,704.89 (including HST), comprising fees in the amount of \$53,704.89 and disbursements in the amount of \$741.22, as more particularly described in the A&B Fee Affidavit, a copy of which is attached hereto as **Appendix “K”**.
38. The Proposal Trustee respectfully submits that the fees and disbursements of the Proposal Trustee and its counsel are reasonable in the circumstances and have been validly incurred in the course of these Proposal Proceedings. Accordingly, the Proposal Trustee respectfully requests the approval of the fees and disbursements of the Proposal Trustee and those of its counsel, as set out in this Third Report.
39. The fees of the Proposal Trustee and A&B Fees for the period from each of the BDO Fee Period and the A&B Fee Period to the effective date of the Proposal Trustee’s discharge will be calculated and billed at the standard hourly rates currently in effect. Assuming no opposition to the relief requested by the Proposal Trustee, and that such relief is granted on May 15, 2025, the additional fees and disbursements of the Proposal Trustee and A&B up to the effective date of the Proposal Trustee’s discharge are estimated not to exceed \$70,000, plus applicable taxes and disbursements (the “**Remaining Fees and Disbursements**”). The Remaining Fees and Disbursements includes the costs payable in respect of the bankruptcies of the Companies.

#### ***Termination of the Proposal Proceedings***

40. Under the BIA, the current stay of proceedings will expire on May 16, 2025 (the “**Stay Period**”).
41. Given the results of the SISP, and the lack of ongoing interim financing, the Proposal Trustee is of the view that the Companies no longer have the ability to make a viable proposal within

the Proposal Proceedings. Accordingly, the Stay Period should not be extended any further, and the appointment of the Receiver is appropriate and reasonable in the circumstances.

***Bankruptcy Proceedings***

42. Under the Initial Order, the Proposal Trustee is not prevented from subsequently acting as trustee in bankruptcy of the Companies or their property.
43. Given BDO's background, knowledge and experience as Proposal Trustee of the Companies, it makes economic sense for BDO to act as the Bankruptcy Trustee of the Companies if they are deemed bankrupt.
44. The Companies are part of a single business enterprise. They share the same directors, Management, books and records and DIP Lender.
45. The Proposal Trustee seeks an order consolidating the Companies' bankruptcy estates on a procedural basis, upon their deemed bankruptcies, in order to save costs. The Discharge Order and the Receivership Order provide for an allocation of funds for the administration of the Companies' bankruptcy estates.
46. The procedural consolidation of the bankruptcy estates will not prejudice creditors. Rather, consolidation will yield cost savings insofar as the Bankruptcy Trustee will only be required to, among other things, convene one meeting of creditors for both estates, and review a single proof of claim from each creditor. The costs saved by avoiding the duplication of procedural steps will benefit creditors.
47. The proposed consolidation of the bankruptcy estates is solely administrative in nature. It is not proposed that the creditor pools for each of the Companies be co-mingled or substantively consolidated. All creditors shall continue to hold distinct claims and rights against the individual estates of the Companies, which will be addressed in accordance with the law.
48. Pursuant to the Initial Order, the Charges (as defined in the Initial Order) and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the "Chargees") shall not be limited or impaired in any way by the deemed bankruptcies of the Companies. The continuation of the Charges into the Receivership Proceedings, as contemplated in the Receivership Order being sought by BNS, will ensure that the Chargees are not prejudiced by the appointment of the Receiver or the deemed bankruptcies of the Companies.

## THE RELIEF AND ORDER BEING SOUGHT BY THE DIP LENDER

### *Appointment of a Receiver*

49. Given BDO's background, knowledge and experience as Proposal Trustee of the Companies, it makes economic sense for BDO to act as the Receiver of the assets and undertakings of the Companies.
50. The Proposal Trustee obtained written opinions (the “**Security Opinions**”) from A&B, its independent legal counsel, with respect to the validity and enforceability of each of BNS’ and ACC’s respective security.
51. Subject to qualifications and assumptions customary in rendering security opinions of this nature, the Security Opinions confirm that the security interests granted by the Companies in favour of BNS and ACC, respectively, are valid and enforceable. Pursuant to an Acknowledgement and Postponement dated November 21, 2023, delivered by ACC to BNS, the security interest of BNS in the personal property of the Companies is subordinate only to the security interest of ACC with respect to:
  - (a) all present and future deciduous tree crops of the Debtor, including all proceeds thereof, for which a cash advance payment was issued by the Creditor under the “Advance Payments Program” (APP) pursuant to the Agricultural Marketing Programs Act (AMPA) and any subsequent present and future agricultural products of the same nature produced by the Debtors whether or not harvested, and whether or not attached by root to the land of the Debtors; and
  - (b) all proceeds made payable to the Debtors under the Business Risk Management Program (BRM).

### *Receiver’s Charge*

52. The Receivership Order provides for a charge as security for the professional fees and disbursements of the Receiver and the Receiver’s independent counsel, A&B.
53. The fees and disbursements secured by the Receiver’s Charge will be paid in the normal course using proceeds from the Companies’ inventory sales or through borrowings secured by the Receiver’s Borrowings Charge.
54. BDO is of the view that given the current liquidity constraints of the Companies and the extensive time period that may be required to sell the Companies’ real property, the proposed Receiver’s Charge is required. BDO is of the view that the Receiver’s Charge is necessary for the effective participation of the professionals in the Receivership Proceedings.

### ***Receiver's Borrowings Charge***

55. The Receivership Order contemplates that the Receiver shall be granted the requisite authority to exercise borrowing powers (as needed) to fund the payment of ongoing costs for the Receivership Proceedings to a maximum of \$500,000.
56. BDO is of the view that given the current liquidity constraints of the Companies and the extensive time period that may be required to sell the Companies' real property, the proposed Receiver's Borrowings Charge is necessary.
57. BDO is of the view that the Receiver's Borrowings Charge is necessary for the operation of the Receivership Proceedings and believes that the quantum of the Receiver's Borrowings Charge is reasonable in the circumstances based upon a review and assessment of the anticipated costs of the Receivership Proceedings.

### ***Approval of the Avison Engagement***

58. Prior to the EOI Bid Deadline, the Proposal Trustee sought proposals from four real estate brokerages in case the SISP failed to yield a going-concern bid for the Companies' business.
59. Of these four parties solicited, three submitted proposals to the Proposal Trustee. The Proposal Trustee discussed the proposals with the DIP Lender and recommended the selection of Avison. Further details on the three proposals and the selection of Avison can be found in the Confidential Supplement.
60. After all Qualified Bidders exited the SISP, BDO entered into negotiations with Avison to formalize listing agreements for the marketing and sale of the Companies' real estate (collectively, the "**Avison Agreement**"). The Avison Agreement is conditional on Court approval of Avison's engagement. A copy of the Avison Agreement can be found in **Appendix "L"**.
61. The DIP Lender has no objections to the engagement of Avison pursuant to the Avison Agreement.
62. Given the competitive process that was run to solicit proposals, and the DIP Lender's approval of the Avison Agreement, BDO is of the opinion that the terms of the Avison Agreement are fair and reasonable in the circumstances and should be approved by this Court.

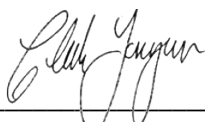
### **CONCLUSION AND RECOMMENDATIONS**

63. The Proposal Trustee confirms that the Companies have acted, and continue to act, in good faith and with due diligence.

64. For the reasons stated in this Third Report, the Proposal Trustee supports the relief sought by the Proposal Trustee and the DIP Lender as set out above.

All of which is respectfully submitted this 6<sup>th</sup> day of May 2025.

**BDO CANADA LIMITED, in its capacity  
as Proposal Trustee of Upper Canada Growers  
Ltd. and UCG Land Inc. and not in its corporate  
or personal capacity.**



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Clark Lonergan, CA, CPA, CIRP, LIT  
Partner/Senior Vice President



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Michael Basso, CA, CPA, CIRP, LIT  
Partner/Senior Vice President