District of Ontario
Division No. 05 – London
Court File No. BK-23-00000010-OT35

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERICIAL LIST)

IN THE MATTER OF AN APPLICATION PURSUANT TO SECTION 243(1) OF THE BANKRUPTCYAND INSOLVENCY ACT, R.S.C. 1985, c. B-3, AS AMENDED, AND SECTION 101 OF THE COURTS OF JUSTICE ACT, R.S.O. 1990, c. C.43, AS AMENDED

BETWEEN:

FARM CREDIT CANADA

Applicant

- and –

SIF AMBER (3.5) PROJECTS LP

Respondents

FIRST REPORT OF GRANT THORNTON LIMITED THE PROPOSED RECEIVER

JULY 23, 2023

Grant Thornton Limited
200 King Street West, 11th Floor
Toronto, Ontario
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BETWEEN:

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PRE-FILING REPORT OF GRANT THORNTON LIMITED
THE PROPOSED RECEIVER

July 23, 2023

INTRODUCTION

1. Grant Thornton Limited (“**GTL**” or the “**Proposed Receiver**”) understands that an application will be made before the Ontario Superior Court of Justice (Commercial List) (the "**Court**") by Farm Credit Canada. ("**FCC**" or the “**Applicant**”) for an order (the “**Appointment Order**”), *inter alia,* appointing GTL as receiver and manager (in such capacity, the “**Receiver**”) of all of the assets, undertakings and properties of SIF Amber (3.5) Projects LP (“**SIF LP**”) and SIF Amber (3.5) Projects GP Inc., in its capacity as general partner (“**SIF GP**” or collectively with SIF LP, "**SIF**" or the "**Company**"), substantially in the form included in FCC's application record.

2. This pre-filing report (the "**Report**") has been prepared by the Proposed Receiver, should this Court grant the Appointment Order, to provide information to the Court for its consideration in respect of FCC's receivership application.

PURPOSE OF REPORT

3. The purpose of this Report is to:

   a) Provide background information on the Company;

   b) Demonstrate GTL's qualifications to act as Receiver pursuant to the proposed Appointment Order; and

   c) Seek approval of a sale process should the Appointment Order be granted.

SCOPE AND TERMS OF REFERENCE

4. Certain information contained in this Report has been obtained from the records of the Company, publicly available information, and/or is based upon discussions with, and representations made by, other creditors of the Company or professional advisors retained in this matter. The information has not been audited by the Proposed Receiver as to its accuracy or completeness, nor has it necessarily been prepared in accordance with generally acceptable accounting principles and the reader is, therefore, cautioned that this Report may not disclose all significant matters about the Company.

5. This Report has been prepared for the use of this Court to assist the in making a determination of whether to approve the relief sought. Accordingly, the reader is cautioned that this Report may not be appropriate for any other purpose. The Proposed Receiver

assumes no responsibility or liability for any loss or damage occasioned by any party because of the circulation, publication, reproduction or use of this Report. Any use that a party makes of this Report, or any reliance on or decisions to be made based on it, is the responsibility of such party.

6. The Proposed Receiver has prepared this Report in connection with the application of FCC to be heard on July 28, 2023. This Report should not be relied on for other purposes.

7. Capitalized terms not otherwise defined herein are as defined in the Applicants' application materials, including the Affidavit of Jason Inman sworn July 12, 2023 (the "**Inman Affidavit**"). This Report should be read in conjunction with the Inman Affidavit as certain information has not been included herein to avoid unnecessary duplication.

8. Unless otherwise stated, all monetary amounts noted herein are expressed in Canadian dollars.

BACKGROUND

9. SIF operates five solar installations described in the table below. Each installation is near Alymer, Ontario and is installed on the rooftop of an operating farm subject to an access agreement with each landlord (the "**Landlords**") as set out in the Inman Affidavit. Collectively the installations referenced below are herein referred to as the "**Solar Assets**".

Solar Asset	Address	Landlord	Output in Kilowatts

Bossuyt	4548 Half-Moon Road, Aylmer, ON, N5H 2R2	Marjorie Bossuyt	60
Field and Flock	50292 Vienna Line, Aylmer, ON, N5H 2R2	Field And Flock Farms LTD.	300
Dawson	50338 Wilson Line, Springfield, ON, N0L 2J0	943448 Ontario Inc.	300
Underhill	52741 Nova-Scotia Line, Port Burwell, ON, N0J 1T0	Chad Randy Underhill and Chad Underhill Farms Limited	300
Skipper	47734 Talbot Line, Aylmer, ON N5H 2R4	Skipwell Farms Inc.	600

10. On May 15, 2020, SIF signed a solar asset management agreement (the "**Management Agreement**") with Parity Management and Consulting Inc. ("**Parity Management**"). Parity Management was contracted to provide general management services, engineering and technical oversite services, accounting and banking services, investor/lender communications and reporting services, capital management services and other services. As was contemplated in the Management Agreement, Parity Management outsources some of the services it was obliged to provide. Parity Management is operated by, and shares its registered office with, the general partner of SIF.

11. The credit provided to SIF is described in the Inman Affidavit and totals $3,472,463.81 as at July 10, 2023. As noted in the Inman Affidavit, FCC entered into forbearance arrangements with the debtors on May 15, 2020 and the Forbearance Period (defined in the Inman Affidavit) was extended several times. GTL understands that SIF approached FCC asking for decrease the amount of indebtedness. In August of 2022, FCC engaged GTL as a financial advisor to assist with settlement discussions between FCC and SIF. Thereafter, SIF and FCC entered into a Settlement Agreement (defined in the Inman Affidavit). Unfortunately, for reasons described in the Inman Affidavit, SIF was unable to complete the transaction contemplated in the Settlement Agreement despite multiple extensions granted by FCC.

12. The Proposed Receiver, if appointed, would seek to implement an expeditious sale process so as to reduce the amount of time before a sale transaction could be completed and reduce the overall administrative costs of a receivership proceeding.

GTL'S QUALIFICATIONS TO ACT AS RECEIVER

13. GTL's qualifications to act as Receiver in these proceedings include:

    a) experience in Court-appointed mandates (including acting as Court-appointed receiver and manager);

    b) experience in green energy cases; and,

    c) GTL is a trustee within the meaning of section 2(1) of the BIA and has provided its consent to act as receiver, attached as an exhibit to the Inman Affidavit.

14. Should the Court grant the Applicant's request to make the Appointment Order, the Proposed Receiver intends to engage the Applicant's counsel, Gowling WLG ("**Gowling**"), as its counsel. The Proposed Receiver would obtain an independent legal opinion on the validity and enforceability of the Applicant's security, and any other security interests.

PROPOSED SALE PROCESS

15. Pursuant to the Appointment Order, the Proposed Receiver would be authorized to, among other things, market and sell the Assets (as defined below) of the Company. In an effort to manage time and costs, the Applicant is seeking approval of its proposed sale process (the "**Sale Process**") at the same time as the Appointment Order. The proposed Sale Process was developed by the Proposed Receiver in consultation with the Applicant.

16. The proposed Sale Process has been designed to market the Company's right, title and interest in the Solar Assets including any books and records, contracts or other assets belonging to the Company (collectively, the "**Assets**"). The Proposed Receiver's objective would be to find a buyer for the Assets. The Proposed Receiver understands that there is a 20 year feed-in-tariff contract with the Independent Electricity System Operator ("**IESO**") for each of the Solar Assets which guarantees a certain price per kilowatt-hour of electricity generated.

Phase 1: Preparation - Time Frame: 2-3 weeks

17. During Phase 1 of the Sales Process the Proposed Receiver will:

    a) Liaise with each of the Landlords, explaining the receivership and Sale Process;

b) Finalize its review and assessment of the Assets for the purposes of preparing a confidential information memorandum for prospective purchasers.

c) Prepare a teaser letter summarizing the Sale Process and soliciting parties to express their interest in same.

d) Prepare a form of non-disclosure agreement (the "**NDA**") to be executed in order to obtain information that is not included in the teaser and to further participate in the Sale Process.

e) Prepare a data room (the "**Data Room**") containing, among other things, financial information, any relevant agreements, customer information, real property information, and any other information to be shared with prospective purchasers subsequent to receiving an executed NDA.

f) Identify and prepare a list of potential purchasers for the Assets ("**Potential Purchasers**") with assistance from Grant Thornton's corporate finance practice.

Phase 2: Marketing - Time Frame: 90 days

18. During Phase 2 of the Sales Process the Proposed Receiver will:

a) Circulate the teaser letter and NDA to the Potential Purchasers where such Potential Purchasers will include both regional and national buyers;

b) Directly communicate with industry participants who have expressed an interest in, or who the Proposed Receiver believes may have an interest in, the Assets;

c) Advertise the sale of the Assets in a Canadian national newspaper;

d) Allow Potential Purchasers who execute the NDA to access the Data Room;

e) Coordinate site visits for Potential Purchasers to inspect the Assets and facilitate Potential Purchaser's due diligence generally;

f) Maintain the Data Room; and

g) Collect offers from Potential Purchasers by a bid deadline date (which will be set upon the completion of Phase I and will provide for at least a 90 day due diligence period from when the first solicitation letters are sent to Potential Purchasers).

Phase 3: Entering into APA - Time Frame: 2-4 weeks

19. During Phase 3 of the Sale Process the Proposed Receiver will:

a) Review all offers submitted in Phase 2 and, where appropriate, discuss the results of the initial sale process with FCC;

b) Potentially ask some or all of the offerors to re-submit offers for subsequent rounds of offers – in such a case, the Proposed Receiver will, where appropriate, discuss the results of the sale process with FCC;

c) Select the offer that represents the best offer and negotiate the terms of a final sale agreement which will be subject to Court approval; and,

d) Work to efficiently close the transaction as soon shortly after Court approval based on the terms of the sale agreement.

20. The Proposed Receiver will adjust the above noted timelines as necessary to maximize the net recovery to the Company's creditors.

21. The Proposed Receiver has shared its proposed Sale Process with FCC which is supportive of the Sale Process steps and timeline. The Proposed Receiver intends to continue operating the Company's business, including ensuring collection of revenues from the IESO and that any needed repairs are completed.

22. The proposed Sale Process would include the following conditions:

    a) The Property will be marketed for sale on an "as is, where is" basis.

    b) The Proposed Receiver shall be under no obligation to accept the highest offer and the acceptance of any offer shall be in the discretion of the Proposed Receiver, however, the Proposed Receiver may consult with FCC.

    c) The Proposed Receiver may, in its discretion, extend the deadline for offers if it considers it to be appropriate or necessary in the circumstances.

    d) Offers must be accompanied with a deposit equal to at least 5% of the offer price.

    e) If deemed appropriate, the Proposed Receiver may prepare a form of an agreement of purchase and sale (the "**APS**") to be used by all prospective bidders. Bidders will then be able to submit their offers in the form of the APS and be able to provide a blackline to the APS with any proposed changes or conditions.

    f) The final sale agreement will be subject to Court approval.

CONCLUSION AND RECOMMENDATION

23. The Proposed Receiver respectfully recommends that the Court grant the relief being sought.

All of which is respectfully submitted,

GRANT THORNTON LIMITED
As Proposed Receiver of
SIF Amber (3.5) Projects LP
and not in its personal or corporate capacity.

RA Stelzer
____
Rob Stelzer, CA, CPA, CIRP, LIT
Senior Vice President