Court File No. CI 15-01-98054

THE QUEEN'S BENCH
Winnipeg Centre

IN THE MATTER OF: The Appointment of a Receiver pursuant to Section 243 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended, and Section 55 of *The Court of Queen's Bench Act*, C.C.S.M. c. C280

BETWEEN:

ROYAL BANK OF CANADA,

plaintiff,

- and –

KELLER & SONS FARMING LTD. and KELLER HOLDINGS LTD.,

defendants.

ERNST & YOUNG INC.
Receiver of Keller & Sons Farming Ltd. and Keller Holdings Ltd.

FIRST REPORT OF THE RECEIVER

January 19, 2016

INTRODUCTION

1. On October 8, 2015 this Honourable Court granted an Order (the "Order") appointing Ernst & Young Inc. as receiver ("EY" or the "Receiver") of all the assets, property and undertaking of Keller & Sons Farming Ltd. ("KSF") and Keller Holdings Ltd. ("Holdings") (collectively "Keller") pursuant to Section 243 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "BIA"), and Section 55 of *The Court of Queen's Bench Act*, C.C.S.M. c. C280.

2. The purpose of this first report of the Receiver (the "First Report") is to advise and update this Honourable Court with respect to:

   a) the background of Keller;

   b) the activities of the Receiver since the date of the Order;

   c) the Receiver's efforts to sell the assets of Keller;

   d) the Receiver's interim statement of receipts and disbursements; and

   e) the Receiver's conclusions and recommendations.

3. Concurrently with the filing of this First Report, the Receiver has filed the First Confidential Report of the Receiver (the "First Confidential Report") to provide information to this Honourable Court that is subject to the Receiver's motion to seal certain commercially sensitive material from the public record. The First Confidential Report includes:

   a) A Confidential Information Memorandum ("CIM") prepared by the Receiver and dated 20 November 2015, as described later in this First Report;

   b) An update on the results of the initial phase of a sale and investor solicitation process for Keller's land, buildings and related irrigation and infrastructure equipment;

c) An appraisal of Keller's land, buildings and related irrigation infrastructure equipment prepared in April 2015 by the Red River Group;

d) Appraisals of Keller's rolling stock and farming equipment prepared by Century Services Inc. ("Century"), and Ritchie Bros. Auctioneers (Canada) Ltd. ("Ritchie"); and

e) Auction proposals submitted to the Receiver.

4. The Receiver is of the view that if disclosed in the public domain at this time, the material contained in the First Confidential Report would have a material adverse effect on the ability of the Receiver to maximize the value to be obtained for Keller's assets in the circumstances.

5. Upon request, the Receiver will consider providing copies of the First Confidential Report to legal counsel to the parties on the Service List, upon the provision of a written undertaking that counsel will keep the contents confidential, and will only disclose the contents of the First Confidential Report to designated personnel at their clients, who will provide the Receiver with an executed confidentiality agreement, the form of which is attached as Appendix "A". If any other party requests a copy of the First Confidential Report, or if the Receiver is of the view that the party has no valid business purpose to review the First Confidential Report, the Receiver will advise this Honourable Court accordingly at the time of the hearing of the sealing motion.

DISCLAIMER

6. In preparing this First Report, the Receiver has relied upon unaudited financial information, books and records of Keller, financial information prepared by Keller and discussions with management of Keller and the Applicant.

7. The Receiver has not audited, reviewed, or otherwise attempted to verify the accuracy or completeness of the information in a manner that would comply with

Generally Accepted Assurance Standards pursuant to the Chartered Professional Accountants (Canada) Handbook. Accordingly, the Receiver expresses no opinion or other form of assurance on the information contained in this First Report.

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

9. Capitalized terms not defined herein are as defined in the Order.

BACKGROUND OF KELLER

KSF and Holdings

10. KSF is the principal operating company, and owns a number of the Keller land parcels as well as the farm equipment and rolling stock used in Keller's operations. All Keller employees were employed by KSF.

11. Holdings is a company related to KSF by way of common ownership, whose principal asset comprises various land parcels used in Keller's operation.

12. KSF and Holdings are controlled by Mr. Markus Keller, who lives in a residential dwelling on one of the Keller land parcels. Mr. Keller's parents also live in an adjacent residential dwelling on one of the Keller land parcels.

13. Keller operated a large commercial crop farm located approximately 30 km east of Brandon, Manitoba. Keller's principal crop is potatoes, which were primarily sold pursuant to annual production contracts with both McCain Foods Ltd. ("McCain") and Simplot Canada Ltd. ("Simplot"). Cereal and other cash crops were grown on various Keller fields for crop rotation and soil management purposes.

14. In addition to land parcels owned by KSF and Holdings (the "Keller Lands"), Keller historically leased additional potato fields from the adjacent landowner, Shilo Farms Ltd. ("SFL").

15. For the 2015 growing season, all of Keller's buildings, equipment and the Keller Lands were leased to SFL, and all potato contracts were entered into between SFL and McCain or Simplot, respectively. A large proportion, but not all, of the farm operation expenditures for the 2015 growing season were funded by SFL. A copy of the lease agreement between Keller and SFL (the "2015 SFL Lease"), covering the period May 1, 2015 to March 31, 2016, is attached as an exhibit to the affidavit of Mr. Gary Ivany sworn on October 2, 2015 (the "Ivany Affidavit").

16. The principal secured creditors of Keller are Royal Bank of Canada ("RBC") and National Bank of Canada ("NBC"). Details with respect to both RBC's and NBC's security and Keller's indebtedness to both RBC and NBC are provided in the Ivany Affidavit.

Elk Haven Farms Partnership

17. Prior to the 2015 growing season, all of Keller's potato-farming activities were carried out through Elk Haven Farms Partnership ("Elk Haven"), a partnership between KSF and a third party, US-based potato-farming company.

18. Elk Haven does not own any physical assets – all land, buildings and equipment were leased by Elk Haven from KSF on an annual basis. Certain land parcels owned by SFL and farmed by Elk Haven for potatoes were leased by SFL to KSF, which were then sub-leased to Elk Haven.

19. In February 2015, the third party advised KSF of its intention to withdraw as a partner in Elk Haven, and the parties subsequently entered into an agreement to redeem a portion of the third party's partnership interest, and to transfer the remaining partnership interest to a nominee of KSF, which was Holdings. The transactions were completed such that effective July 6, 2015, the sole partners of Elk Haven were KSF and Holdings.

20. The principal secured creditors of Elk Haven are RBC and Aikins, MacAulay & Thorvaldson LLP. The Receiver is advised that there are no direct obligations

owed by Elk Haven to RBC, and the security granted to Aikins is in support of a guarantee provided to Aikins for outstanding legal fees.

ACTIVITIES OF THE RECEIVER SINCE OCTOBER 8, 2015

Creditor/Stakeholder Communications

21. The Receiver has established a web-site to facilitate communications with creditors and customers. The Receiver's web-site is: www.ey.com/ca/keller.

22. In accordance with the Order the Receiver has posted the following documents on its web-site:

    a) A copy of the initial materials filed by RBC in support of the receivership application;

    b) A copy of the Order;

    c) Notice to Creditors pursuant to s.245(1) and s.246(1) of the BIA;

    d) An Acquisition Opportunity overview for potentially interested purchasers;

    e) A service list of parties requesting notice of these proceedings (the "Service List"); and

    f) A copy of this First Report.

23. The Receiver has responded to numerous creditor queries since the date of the receivership.

24. The Receiver has registered notice of its appointment as receiver with respect to Keller in the Personal Property Registry of Manitoba pursuant to s.64(2) of *The Personal Property Security Act*.

25. The Notice to Creditors pursuant to s.245(1) and s.246(1) of the BIA was sent by ordinary mail to Keller, the Office of the Superintendent of Bankruptcy and all known creditors (both secured and unsecured).

26. The Receiver, accompanied by Mr. Keller, met with representatives for each of McCain and Simplot to outline the impact of the receivership on the delivery of potatoes from the 2015 growing season, and to describe the Receiver's anticipated course of action to liquidate the Keller land parcels.

27. The Receiver has had multiple conversations and met with the principal of SFL, to review amounts owed to KSF, to explore the prospects of a lease of the Keller land for the 2016 growing season, and to discuss the Receiver's anticipated course of action to realize on the assets of Keller and possible outcomes.

28. The Receiver has met with representatives of the Government of Manitoba (Water Stewardship Branch) to advise Water Stewardship officials of the receivership, and to review the status of issued and outstanding irrigation licences and irrigation upgrade projects.

Protection and Preservation of Assets – Banking

29. Prior to the receivership, KSF operated bank accounts at both RBC and the Carberry, Manitoba branch of Bank of Montreal ("BMO"), and Holdings operated bank accounts at RBC. Immediately upon its appointment, the Receiver contacted both RBC and BMO and issued instructions to immediately freeze Keller's bank accounts effective October 8, 2015.

30. The Receiver is advised by RBC that the pre-receivership KSF bank accounts are in a net overdraft position in the amount of $1,179.76. RBC has further advised that it has exercised its set off rights and applied any credit balances in the Holdings bank accounts against Keller's secured loans. The Receiver is advised that the aggregate amount set off by RBC against the Holdings bank accounts is $7,883.95.

31. As at the date of the receivership, the balance in the KSF BMO account was approximately $66,000. Certain previously-funded disbursements for various payroll and employee related obligations were authorized to be processed, and SFL pre-funded payroll for KSF employee obligations was deposited to and processed through the BMO account.

32. Effective November 16, 2015, the BMO account was closed and the net proceeds paid to the Receiver.

Protection and Preservation of Assets – Insurance

33. Prior to the receivership, Keller maintained liability, equipment and premises insurance through Wawanesa Insurance. The Receiver has confirmed that Keller's policies continue to be in force until the next annual policy anniversary of February 3, 2016, and the Receiver has been added as a loss payee.

34. The Receiver has arranged for continued coverage of KSF's vehicles and rolling stock through Manitoba Public Insurance ("MPI").

35. On October 9, 2015, MPI officials advised Keller that licence registrations and insurance coverage would be suspended effective midnight on October 26, 2015 due to non-payment of insurance premiums. The Receiver contacted MPI on October 15, 2015 and provided a copy of the Order.

36. MPI officials subsequently acknowledged on October 28, 2015 that the suspensions were issued in error and insurance coverage on KSF's vehicles and rolling stock had been retroactively reinstated.

Protection and Preservation of Assets – Information Technology and Records

37. The Receiver has taken backups of all computers at Keller's offices to a separate external storage device that is stored at the Receiver's office.

38. The Receiver has catalogued all the files and documents located at Keller's premises.

39. Certain files which are necessary for the administration of the receivership have been relocated to the Receiver's office. Other Keller records have been retained at Keller's premises.

Employee Matters

40. At the time of the Receivership, the Receiver was advised by Keller that all employees were providing services to SFL, in support of the harvesting and storage of crops grown during the 2015 growing season, as well as required maintenance on Keller's facilities and equipment. As at the date of the receivership, Keller employed approximately 80 employees.

41. Effective November 2, 2015, all employees providing services to SFL were terminated by KSF. The Receiver is advised that with the exception of seasonal farm workers, substantially all former KSF employees have been hired by SFL.

42. The Receiver is not aware of any unpaid amounts owing to employees pursuant to the *Wage Earner Protection Program Act* ("WEPPA").

43. Pursuant to instructions from the Receiver, former Keller staff prepared and mailed T4 slips to former Keller employees, and has filed such T4 slips with Canada Revenue Agency ("CRA").

44. The Receiver has contacted officials with CRA, and has requested a payroll audit to complete a trust examination audit, to ascertain the unpaid balance for source deduction arrears. The Receiver is aware of pre-receivership arrears for unpaid source deductions, but has not yet quantified the liability owed by KSF.

Site Visits and Maintenance

45. The Receiver has maintained a regular presence at Keller's farm site for the purposes of periodically monitoring the equipment and assets, conducting site tours for interested parties, and addressing stakeholder queries.

46. The Receiver has regularly sought the input and advice of Mr. Keller, the former principal of Keller, on required soil agronomy practices to prepare the Keller Lands for the 2015/2016 winter season, and to further prepare the Keller Lands for the 2016 growing season. In particular, the Receiver has undertaken and/or arranged for the following:

    a) At the conclusion of harvest activities by SFL, Keller's employees engaged in deep tine "sub-soiling" to break up compacted soil, overseeded certain fields, and packed harvest by-products (stalks etc.) to minimize the risk of soil erosion;

    b) Based on third party soil composition tests, the Receiver arranged for the supply, delivery and application of potash to fields intended for potato farming in 2016, and nitrogen to certain fields intended for rye crops in 2016; and

    c) Application of organic fertilizer.

47. The Receiver is advised by Mr. Keller that a historical key success factor of increased potato yields on the Keller Lands involved the application of Busan, a chemical fumigant that proved effective for late harvest potato varieties.

48. The Receiver has made numerous verbal and written requests that Mr. Keller make appropriate arrangements for the application of Busan to the fields intended for potato production in the 2016 growing season. However, due to the unavailability of Keller tractors with sufficient application equipment and auto-steer controls, and the unwillingness of SFL to provide its tractors (with such

equipment) on a short-term rental basis, no Busan was applied to the Keller Lands.

49. Mr. Keller has advised the Receiver that Busan can be applied to the Keller Lands in early spring 2016, or alternatively potatoes scheduled for early harvest can be planted on the Keller Lands as a mitigation measure without substantial yield loss.

Inventory

50. As at the date of the receivership and pursuant to the 2015 SFL Lease, potatoes and grain harvested from the 2015 growing season are stored in specialized potato storage facilities and granaries owned by Keller. All preservation and operating expenses related to the storage of this inventory are paid directly by SFL. No potato or grain inventory is owned by KSF.

Equipment

51. KSF owns a substantial amount of equipment (the "KSF Equipment"), comprised primarily of specialized farm equipment, farm support vehicles, a fleet of trucks and trailers for transporting crops from fields to storage or processing facilities and miscellaneous other equipment. As noted previously, all of the KSF Equipment was leased to SFL until March 31, 2016 pursuant to the 2015 SFL Lease. Certain of the KSF Equipment is currently in use and operated by SFL, other items are stored at storage yards owned and maintained by SFL, and other items are at stored at yards owned and maintained by Keller.

52. The Receiver has catalogued all of the KSF Equipment, and has confirmed ongoing insurance coverage.

53. The Receiver engaged two third-party appraisal firms, Century and Ritchie, to attend at the Keller Lands and the SFL yard site to prepare liquidation appraisals of the KSF Equipment. Copies of these appraisals are attached as an appendix to the First Confidential Report.

Equipment – subject to third party ownership claims

54. As at the date of the receivership, certain equipment was physically present on the Keller Lands but subject to ownership claims by third parties, including SFL, third party land parcel lessors, Mr. Keller and his parents. The Receiver has been provided with documentation to substantiate the bulk of these ownership claims, and is satisfied that KSF has no claim to the vast majority of the equipment claimed as owned by third parties.

55. Certain claims for equipment subject to possible third party ownership claims are still being assessed by the Receiver, although the overall value of these items is not considered significant.

Equipment – subject to prior-ranking security interests

56. The Receiver has been contacted by representatives of John Deere Financial ("JDF"), Calidon Financial Services Inc. ("Calidon"), and CNH Capital Canada Ltd. ("CNH"), each of whom have asserted purchase money security interest ("PMSI") claims against certain KSF Equipment. Each of these parties has provided the Receiver with copies of security documents and financing agreements in support of their claims.

57. KSF Equipment leased from JDF and CNH is still in the possession of the Receiver, with the exception of a John Deere 9560R 4X4 Farm Tractor, which had been brought to a local John Deere dealership prior to the receivership for repairs and remains at the repair facility.

58. Shortly after the commencement of the receivership, Calidon advised the Receiver it wished to immediately repossess a 2014 RBR Venturi 350 Floater Fertilizer Applicator (the "Floater") that had been leased to KSF. At the time of the demand for repossession, the Floater was being used for the post-harvest application of potash to the Keller Lands.

59. On October 16, 2015, representatives of the Receiver verbally advised Calidon that the provisions of the Order prohibited any parties from exercising any rights to repossess any of the KSF Equipment. A copy of the Order was provided to Mr. Monty Bergquist of Calidon via e-mail on the same day.

60. On October 20, 2015, Calidon provided the Receiver with copies of its security documentation and advised the Receiver that:

    a) it was not a creditor of KSF, and was not subject to the Order;

    b) the Floater was provided to KSF pursuant to a rental or lease agreement only, and that Calidon retained title to the Floater; and

    c) it had engaged the services of a third-party bailiff to repossess the Floater.

61. The Receiver advised Calidon that legal counsel to the Receiver was reviewing the Calidon security documentation, and during this period of review both Calidon and/or its bailiff was stayed from repossessing the Floater.

62. The bailiff retained by Calidon subsequently contacted the Receiver, and was advised of the stay provisions in the Order. The bailiff indicated it would not take any steps to repossess the Floater.

63. Based on advice from the Receiver's legal counsel, the Receiver is of the view that Calidon was prevented from seizing the Floater without leave of this Honourable Court or the written consent of the Receiver.

64. On October 26, 2015, despite knowledge of the Order and confirmation from the bailiff that it would not take steps to repossess the Floater, Calidon engaged the services of a local equipment dealer to seize the Floater without the consent of the Receiver.

65. The Receiver's legal counsel demanded the immediate return of the Floater by written demand sent to Calidon via e-mail, regular mail and facsimile on October 27, 2015.

66. The Receiver also inquired whether Calidon would be willing to agree to a daily use rate to use the Floater to apply potash to the Keller Lands. Calidon representatives advised the Receiver that it would only agree to return the Floater if the Receiver purchased the Floater outright based on Calidon's buyout value, which it calculated as the sum of all remaining lease payments (principal and interest).

67. To date, Calidon has refused to return the Floater. In order to finalize the application of potash and nitrogen to the Keller Lands, the Receiver entered into a short-term rental arrangement with a local supplier to provide rental of a replacement floater at an additional cost to the estate of $15,107.21. In addition, the Receiver estimates that the Receiver and its legal counsel has incurred over 10 hours of additional professional time dealing with the unauthorized seizure of the Floater.

Amounts owed to Keller from SFL

68. As noted above, all of the land, buildings and equipment owned by Keller are leased to SFL pursuant to the 2015 SFL Lease, for the term of May 1, 2015 to March 31, 2016, with the exception of SFL's ability to use Keller's granaries and potato storage facilities, which are leased to SFL until July 31, 2016.

69. 50% of the rental payments due to Keller pursuant to the 2015 SFL Lease were payable at the commencement of the 2015 SFL Lease, with the balance due on October 1, 2015. As of the date of the receivership, SFL had withheld the aggregate sum of $260,495.56 from the amount payable on October 1, 2015.

70. Representatives of SFL have advised the Receiver that it exercised its right of set-off for amounts SFL claimed were payable by Keller for various expenses for

repair and maintenance items, principally for irrigation maintenance and expansion of the pumping infrastructure.

71. The Receiver has demanded payment of the amount of $260,495.56 from SFL, and has rejected SFL's claims that Keller was responsible pursuant to the 2015 SFL Lease to pay for any items related to the Keller land, buildings or equipment other than property taxes. The Receiver has further advised SFL that the 2015 SFL Lease specifically states that "...All Rent shall be paid without any deduction or abatement on any account whatsoever".

72. To date, SFL has not responded to the Receiver's demands and has not remitted payment of the amount demanded.

Amounts owed to Elk Haven by SFL

73. The books and records of Elk Haven indicate that expenditures in the amount of $909,048.73 were made in the fall of 2014 for the application of required fumigants, fertilizer and related soil preparation activities for the benefit of 2015 potato crops (the "2015 Crop Inputs").

74. Elk Haven recorded $819,594.62 of the 2015 Crop Inputs as an asset described on its balance sheet as "Investment in Future Crops". The remaining 2015 Crop Inputs of $89,454.09 were recorded in the books of Elk Haven as an asset and included in a schedule of accounts receivable.

75. The effect of recording the 2015 Crop Inputs as an asset had the effect of deferring the expense to future periods. As farming activities occurred in 2015, the "Investment in Future Crops" would be amortized as an expense, to appropriately match expenses with the revenue realized from 2015 farming activities.

76. In spring 2015, KSF sold certain land parcels to an arm's length third party. The amount of the 2015 Crop Inputs attributed to those land parcels were invoiced to and paid by the third party shortly after the closing of the sale of the land parcels.

77. Notwithstanding that SFL leased all Keller land parcels for the 2015 growing season, SFL has not reimbursed Elk Haven for the 2015 Crop Inputs related to those land parcels.

78. Representatives of SFL have advised the Receiver that it intends to exercise rights of set-off for amounts owed to SFL by Keller for unpaid land rent obligations during the 2014 growing season.

79. The Receiver notes that land rent is owed by Keller to SFL for the 2014 growing season. However, the books and records of Keller indicate that pursuant to the sublease arrangements between Keller and Elk Haven, Elk Haven's obligations were paid to Keller in two instalments in April and October 2014, yet Keller did not remit payment to SFL.

80. The Receiver has demanded payment of the amount of $839,191.49 from SFL, and has rejected SFL's set-off claims. To date, SFL has not responded to the Receiver's demands and has not remitted payment of the amount demanded.

REALIZATION OF ASSETS

Sale of Land, Buildings and related Irrigation Infrastructure Assets

81. The principal asset of Keller includes approximately 6,400 acres of farmland in southwestern Manitoba, including buildings, crop storage and related farm support equipment. For crop rotational purposes, Keller management has subdivided the Keller Lands into a series of numbered fields, with each field being identified as a single unit based on the size of the irrigation pivot. A map of the Keller Lands is attached as Appendix B.

82. The Keller Lands are not all geographically contiguous, but are located within reasonable proximity to each other. The Receiver considered whether it would be feasible for the Receiver to liquidate the Keller lands by seeking purchasers for four distinct sub-parcels, each arranged by contiguous geographic groupings, or to sell individual field parcels using the services of local real estate agents.

83. In April 2015, Ernst & Young Inc. in its capacity as advisor to RBC and NBC and with the consent of Keller, engaged the Red River Group, a real estate appraisal firm, to prepare an appraisal of the Keller Lands (the "April 2015 Appraisal"). The Red River Group was familiar with the Keller Lands, and had previously prepared an appraisal for Keller for financing purposes in late 2013. A copy of the April 2015 Appraisal is attached as an appendix to the First Confidential Report.

84. The April 2015 Appraisal notes that the Keller Lands would constitute a special use property, as the Keller Lands and related infrastructure have been developed specifically for potato production and require significant irrigation infrastructure and specialized storage facilities.

85. The April 2015 Appraisal further notes that in order to attain the full value of the site improvements, specifically potato storage buildings, the property would be required to be sold as one integrated unit to realize maximum productivity of the site improvements.

86. The April 2015 Appraisal also noted that the Keller Lands are specific to potato farming, which require significant infrastructure including irrigation and specialized storage. The most likely purchaser for the Keller Lands would be an existing potato producer, a family succession event or a foreign purchaser. However, the Receiver notes that a foreign-based purchaser would likely require a holding period of 24 to 36 months to accommodate immigration requirements pursuant to the Manitoba Provincial Nominee Program.

87. As a result of the foregoing and based on the advice of the Red River Group, the Receiver's initial objective is to identify prospective purchasers with the capability

to acquire all Keller Lands in a single transaction, with a view to maximizing the overall value of the land and related improvements.

88. The Receiver has considered that one method of liquidating the Keller Lands would be to solicit proposals from real estate agents specializing in farming operations, to sell the land and buildings, with a focus on identifying and securing an offer for an en-bloc sale.

89. The Receiver consulted with Mr. Barry Rabe, a realtor with Royal LePage / Martin Liberty Realty located in Brandon who had been retained by Keller in early 2015 to liquidate certain land parcels, and who indicated a very high degree of familiarity with the Keller Lands.

90. Mr. Rabe advised the Receiver that he was of the view that the Keller Land should be quite saleable, but he was not confidant that an en-bloc purchaser could be readily identified.

91. The Receiver is of the view that it is unlikely that a real estate agent engaged by and representing the Receiver would be able to identify possible purchasers with the ability to purchase the assets on an en-bloc basis. In addition, the Receiver is also of the view that the likely outcome of listing the Keller Lands for sale with a realtor would result in numerous offers for individual parcels (or smaller combinations of various parcels) from an assortment of unrelated purchasers. If such a scenario were to occur, the Receiver is concerned about the adverse impact on overall value identified by the Red River Group in the April 2015 Appraisal.

92. As a result, the Receiver has concluded that the most logical format to liquidate the Keller Lands would be to solicit offers by way of a modified sale and investor solicitation process (the "SISP"). The SISP has been divided into two phases:

   a) A broad-based solicitation of the market that would culminate in the pre-qualification of potential purchasers and submission of non-binding expressions of interest to the Receiver on or before 12 January 2016 ("Phase One"); and

b) In the event that the non-binding expressions of interest submitted at the conclusion of Phase One indicated a range of value within acceptable ranges, a period of enhanced due diligence for the party (or parties) which would culminate in a binding agreement of purchase and sale, subject only to the approval of this Honourable Court ("Phase Two").

93. The timing of SISP process was designed by the Receiver to maintain the maximum level of flexibility to deal with potential viable offers for the Keller Lands in a time frame that provided adequate exposure time to the market to generate qualified interest in the Keller Lands, yet would permit a prospective purchaser with sufficient time to close the sale and prepare the Keller Lands for the 2016 growing season. Alternatively, in the event that viable offers were not presented at the conclusion of Phase One, the Receiver would be in a position to seek offers from farming operators to rent the Keller Lands for the 2016 growing season.

94. Phase One of the SISP has included the following activities:

Potential Purchaser Identification and Acquisition Overview

a) The Receiver developed a list of 54 potentially interested parties, including Manitoba-based potato farmers, real estate agents, private equity funds with a demonstrated interest in agricultural land, and other parties that had contacted the Receiver expressing interest in the Keller Lands.

b) The Receiver prepared a two-page acquisition opportunity overview (the "Overview") that described key attributes of the sale opportunity. A copy of the Overview is attached as Appendix C.

c) The Receiver contacted the potentially interested parties by telephone and/or email, enclosing a copy of the Overview and a confidentiality agreement if the party wished to receive additional information. The Overview was also posted to the Receiver's publicly available web site.

d) The Receiver also contacted commercial account managers at each of RBC, Bank of Montreal, Toronto Dominion Bank, Bank of Nova Scotia, and Canadian Imperial Bank of Commerce, enclosing a copy of the Overview, and requesting the account managers forward the Overview to any of their clients that may have an interest in the Keller Lands. If any of those parties had interest they could contact the Receiver for additional information.

Confidential Information Memorandum

e) Based on Keller's records and with the input of Mr. Keller, the Receiver developed a confidential information memorandum (the "CIM") that described the operations of Keller in greater detail, including the SISP procedure, preliminary due diligence materials, and descriptions of the land, buildings, storage facilities and irrigation infrastructure.

f) A copy of the CIM is attached as an appendix to the First Confidential Report.

g) Potentially interested parties who executed a confidentiality agreement were provided with a copy of the CIM. A total of 19 parties received a copy of the CIM.

Electronic Data Room

h) An electronic data room was populated with additional detailed information including property tax assessments, water licences, historical crop inputs and crop yields on a field-by-field basis, land leases, title and real property descriptions for individual land parcels, and photos of related equipment and infrastructure.

i) Representatives of each of the potentially interested parties who executed confidentiality agreements were provided with unique user names and password-protected access to the materials posted to the electronic data room.

<u>*Site Tours and Prospective Purchaser Queries*</u>

j) Upon request, potentially interested parties were provided with an opportunity to visit the site and tour the Keller Lands. Mr. Keller and/or former Keller employees were made available to potentially interested parties to answer questions related to infrastructure improvements, storage facilities, etc.

k) The Receiver met with a number of potentially interested parties, in person and/or via telephone, to address any queries in respect of a sale of assets in a receivership process or other queries on the assets offered for sale.

95. The Receiver will provide additional information on the results of Phase One in the First Confidential Report.

Auction Proposals – Sale of Farm Equipment and Rolling Stock

96. Shortly after the commencement of the receivership, the Receiver obtained appraisal reports for the KSF Equipment from Century and Ritchie.

97. Copies of the appraisal reports are attached as an appendix to the First Confidential Report. Upon a review of the appraisal reports, the Receiver observed that both Ritchie and Century had included assets that were subject to third-party ownership claims and did not belong to KSF.

98. After the receipt of the equipment appraisal reports, the Receiver solicited auction proposals from 11 auction companies to liquidate the KSF Equipment. The Receiver requested that proponents provide the Receiver with options to sell the

KSF Equipment by way of three different scenarios: (a) net minimum guarantee; (b) outright purchase; and (c) straight commission structure.

99. Prior to submitting proposals, the Receiver provided the auction companies with the opportunity to inspect the assets. Certain auction companies declined to submit or indicated they did not have the capability to provide a net minimum guarantee to the Receiver.

100. Based on possible claims submitted to the Receiver by various creditors claiming purchase money security interests and certain 3rd party ownership claims, the auction companies were asked to segregate the net minimum guarantee related to those assets.

101. Five auction companies submitted auction proposals to the Receiver. In addition, another party submitted an offer to purchase the KSF Equipment. Details on the auction proposals and purchase offer are described in the First Confidential Report.

102. Based on a review of the auction proposals, the Receiver is of the view that the net minimum guarantee option in the auction proposal submitted by Ritchie will provide the greatest return to the estate in the circumstances, while minimizing the Receiver's risk in the event that the net minimum guarantee is not achieved during the auction.

103. The assets subject to the Ritchie auction proposal includes certain equipment that are subject to security interests in favour of JDF and CNH, principally farm tractors, attachments, and handling equipment. Ritchie has provided the Receiver with a schedule indicating the possible reduction to the net minimum guarantee in the event these items are removed from the proposed auction.

104. Each of JDF and CNH provided the Receiver with documentation in support of their claims. Legal counsel to the Receiver has reviewed the related security documents and registrations at the Manitoba Personal Property Registry ("PPR")

and has provided its opinion that the claims of JDF and CNH have valid first priority purchase money security interest ("PMSI") claims in the specific assets described in the PPR registrations.

105. Representatives of JDF and CNH have requested that the Receiver release the equipment, in order that JDF and CNH may liquidate the equipment through their respective dealer networks.

106. Ritchie has advised the Receiver that including the equipment subject to the PMSI claims will significantly enhance the level of interest in the auction of the KSF Equipment. The Receiver is of the view that the creditors and stakeholders will benefit generally from maintaining a large pool of prospective auction bidders.

107. The Receiver advised JDF and CNH that it intended to recommend to this Honourable Court that the equipment subject to the PMSI claims of JDF and CNH be included in the auction of the KSF equipment. In addition, the Receiver has invited representatives from either of JDF's and CNH's dealer networks to participate in the auction, which would have the effect of creating a floor price for these assets in the event that the auction sale for these specific assets did not meet the valuation expectations of JDF or CNH.

Auction Sale – Impact on 2015 SFL Lease

108. The KSF Equipment which would comprise the proposed auction sale is leased to SFL pursuant to the 2015 SFL Lease for the period May 1, 2015 to March 31, 2016. However, with the exception of some potato-handling equipment, the vast majority of the KSF Equipment is not utilized in the winter months post-harvest.

109. The Receiver notes that Ritchie has recommended that the auction be conducted on or about the third week of March 2016, in order to maximize interest from prospective purchasers prior to the commencement of planting operations for the 2016 growing season.

110. On November 20, 2015, legal counsel to the Receiver corresponded with legal counsel to SFL, and requested that it consent to the termination of the 2015 SFL Lease in respect of the KSF Equipment, in order to facilitate preparation for a sale by auction. To date, the Receiver has not yet received any such consent from SFL.

THE RECEIVER'S INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS

111. The Receiver's interim statement of receipts and disbursements for the period October 8, 2015 to January 15, 2016 (the "Reporting Period") is attached as Appendix D to this First Report.

112. Receipts during the Reporting Period totalled approximately $645,000, comprised of the following:

a) Advances of $500,000 from RBC, in respect of borrowings supported by the Receiver's borrowing charge pursuant to the Order;

b) Proceeds of approximately $125,000 from KSF's bank accounts at BMO; and

c) Miscellaneous receipts of approximately $20,000 comprised principally of cost recoveries for certain operating costs funded by KSF and reimbursed by SFL to the Receiver.

113. Disbursements during the Reporting Period totalled approximately $618,000, comprised of the following:

a) Land preparation and future crop input costs of approximately $317,000, representing fertilizer input and application costs for potash, nitrogen and Busan;

b) Payroll and employee related costs of $58,000 (funded by proceeds from the BMO bank account);

c) Utilities, repairs and maintenance and other operational expenditures of approximately $38,000

d) Insurance premiums of approximately $38,000 in respect of the assets of Keller;

e) Appraisal fees of approximately $17,000;

f) Miscellaneous disbursements of approximately $14,000 which represents amounts paid for GST and PST on disbursements, and other miscellaneous disbursements; and

g) Professional fees of approximately $136,000, representing payments in respect of advances on the Receiver's and the Receiver's legal counsel's fees and disbursements.

114. As at January 15, 2016 the Receiver had cash on hand of approximately $27,000. The principal balance of outstanding borrowings in respect of the Receiver's Borrowings Charge (as defined in the Order) is $500,000.

CONCLUSION AND RECOMMENDATIONS

115. The Receiver respectfully recommends that this Honourable Court grant an order:

a) approving the First Report and the activities of the Receiver described therein, including the process implemented thus far for the sale of Keller's assets and the Receiver's Interim Statement of Receipts and Disbursements;

b) declaring that the First Confidential Report shall be treated as confidential and sealed at this time;

c) authorizing the Receiver to terminate and disclaim the provisions of the 2015 SFL Lease solely in respect of the KSF Equipment;

d) authorizing the Receiver to enter into an auction agreement with Ritchie, to liquidate the KSF Equipment; and

e) providing for advice and direction with respect to potential proceedings against Calidon relating to contempt of the Order.

All of which is respectfully submitted this 19th day of January, 2016.

ERNST & YOUNG INC.
In its capacity as the Court-Appointed Receiver of
Keller & Sons Farming Ltd. and Keller Holdings Ltd.

Per:

Joe Healey, CPA, CA, CIRP
Senior Vice President

APPENDIX A

CONFIDENTIALITY AGREEMENT

Confidentiality agreement dated January __, 2016 between Ernst & Young Inc., in its capacity as Receiver of Keller & Sons Farming Ltd. and Keller Holdings Ltd. (the "Receiver") and ______________________ (the "Counterparty") (collectively the "Parties" or individually a "Party"). Reference to a Party includes such Party's Representatives (as hereinafter defined) and "affiliates". For purposes of this Agreement, an entity is an "affiliate" of a Party if: (1) one of them is a subsidiary of the other; or (2) each of them is controlled by the same person.

The Counterparty is requesting access to the First Confidential Report of the Receiver dated January 19, 2016 (the "First Confidential Report"), filed in connection with the Notice of Motion of the Receiver dated January 19, 2016 in Manitoba Court of Queen's Bench File No. CI-15-01-98054 (the "Application"). This Agreement sets out the terms under which the Receiver is willing to disclose the First Confidential Report and the terms under which the Counterparty may receive and use the First Confidential Report.

Section 1 Non-Disclosure of Confidential Information

(1) The Counterparty and its directors, officers, employees, agents or advisors, including, accountants, counsel, lenders, consultants and financial advisors ("Representatives"), will keep confidential all information disclosed to the Counterparty within the First Confidential Report, regardless of whether such information is in oral, visual, electronic, written or other form, and including all notes, analyses, compilations, or other documents prepared by, on behalf of or for the benefit of, the Counterparty that contain, reflect, summarize, analyze, discuss or review any of the foregoing (collectively, "Confidential Information"), and will use the Confidential Information solely to assist the Counterparty in evaluating and, if deemed necessary by the Counterparty, responding to the Application (collectively, and exclusively, the "Purpose"), and not directly or indirectly for any other purpose and will not disclose such Confidential Information except as permitted by this Agreement.

(2) The Counterparty represents and warrants to the Receiver that it is a creditor of Keller & Sons Farming Ltd., that it has not either by itself or with any other person, offered to purchase any of the assets of Keller & Sons Farming Ltd. and Keller Holdings Ltd. (collectively "Keller") and that it will not by itself or with any other person, use the Confidential Information to subsequently make an offer for any of the assets of Keller.

(3) Confidential Information does not include any information that:

(a) is or becomes generally available to the public (other than as a result of disclosure directly or indirectly by the Counterparty);

(b) is or becomes available to the Counterparty on a non-confidential basis from a source other than the Receiver provided such source does not owe a duty of confidentiality to the Receiver or to any other person in respect of such information; or

(c) is or was independently acquired or developed by the Counterparty without use of any information disclosed by the Receiver.

(4) The disclosure restrictions contained in this Agreement do not apply to any information that is required to be disclosed by law. However, prior to making such disclosure, the Counterparty must unless prohibited by law:

(a) immediately advise the Receiver of the requirement;

(b) cooperate with the Receiver in limiting the extent of the disclosure; and

(c) provide the Receiver with a reasonable opportunity to obtain a protective order or other remedy from a court of competent jurisdiction in order to preserve the confidentiality of the information required to be disclosed.

(5) The Counterparty may disclose Confidential Information to its Representatives but only to the extent that such Representatives need to know the Confidential Information, have been informed of the confidential nature of the Confidential Information and agree to be bound by and act in accordance with the confidentiality provisions of this Agreement.

(6) The Counterparty is responsible for any breach by its Representatives or affiliates of any of the provisions of this Agreement.

(7) The Counterparty agrees that it and its solicitors shall not disclose any value ascribed to any property or assets of Keller (except as may be expressly disclosed in the First Report of the Receiver filed in connection with the Application) in any oral or other submissions made by it or on its behalf in connection with the Application.

(8) The Counterparty hereby confirms, acknowledges and agrees that, upon receipt of the Confidential Information, the Counterparty (and any and all of its affiliates) will be barred from acting, and shall not act, directly or indirectly, for itself or on behalf of a third party or in participation with a third party, as a purchaser and shall not participate as a potential purchaser in any process to sell any of the assets of Keller.

Section 2 No Representation or Warranty.

The Receiver makes no representation or warranty, expressed or implied, as to the accuracy or completeness of the Confidential Information. The Receiver is not liable to the Counterparty or to any other person for any losses, liabilities, damages, claims, demands or expenses resulting from, connected with or arising out of the Counterparty's use of the Confidential Information. Nothing in this Agreement or in the disclosure of any Confidential Information confers any interest in the Confidential Information on the Counterparty.

Section 3 Remedies.

In the event of a breach of a Party's obligations under this Agreement, that Party must, immediately following discovery of the breach, give notice to the other Party of the nature of the breach. Any breach of this Agreement will give rise to irreparable injury to the Receiver inadequately compensable in damages. The Receiver may, in addition to any other remedy, enforce the performance of this Agreement by way of injunction or specific performance upon application to a court of competent jurisdiction without proof of actual damages (and without the requirement of posting a bond or other security) and the Counterparty agrees not to plead sufficiency of damages as a defence in any such proceeding. The rights and remedies provided in this Agreement are cumulative and are in addition to, and not in substitution for, any other rights and remedies available at law or equity.

Section 4 Other Covenants and Agreements.

The Parties share a common legal and commercial interest in all Confidential Information which is and remains subject to all applicable privileges, including solicitor-client privilege, anticipation of litigation privilege, work product privilege and privilege in respect of "without prejudice" communications. No waiver of any privilege is implied by the disclosure of Confidential Information to any person pursuant to the terms of this Agreement.

Section 5 Miscellaneous.

(1) Time is of the essence in this Agreement.

(2) No waiver of any provision of this Agreement constitutes a waiver of any other provision.

(3) This Agreement is binding on and enures to the benefit of the Parties and their respective successors and permitted assigns.

(4) Neither this Agreement nor any of the rights or obligations under this Agreement, are assignable or transferable by a Party without the prior written consent of the other Party.

(5) If any provision of this Agreement is determined to be illegal, invalid or unenforceable by an arbitrator or any court of competent jurisdiction from which no appeal exists or is taken, that provision will be severed from this Agreement and the remaining provisions will remain in full force and effect.

(6) This Agreement is governed by, interpreted and enforced in accordance with the laws of the Province of Manitoba and the federal laws of Canada applicable in the province.

(7) It is understood and agreed that no failure or delay by the Receiver in exercising any right, power or privilege hereunder shall operate as a waiver hereof, nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any right, power or privilege hereunder.

(8) Ernst & Young Inc. acts in its capacity as Receiver of the assets of Keller & Sons Farming Ltd. and Keller Holdings Ltd. as aforesaid and shall have no personal or corporate liability hereunder or from the Agreement contemplated hereby.

(9) This Agreement may be executed in any number of counterparts (including by facsimile or .pdf) and all counterparts taken together constitute one and the same instrument.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF the Parties have executed this Agreement.

Ernst & Young Inc., Receiver of Keller & Sons Farming Ltd. and Keller Holdings Ltd.

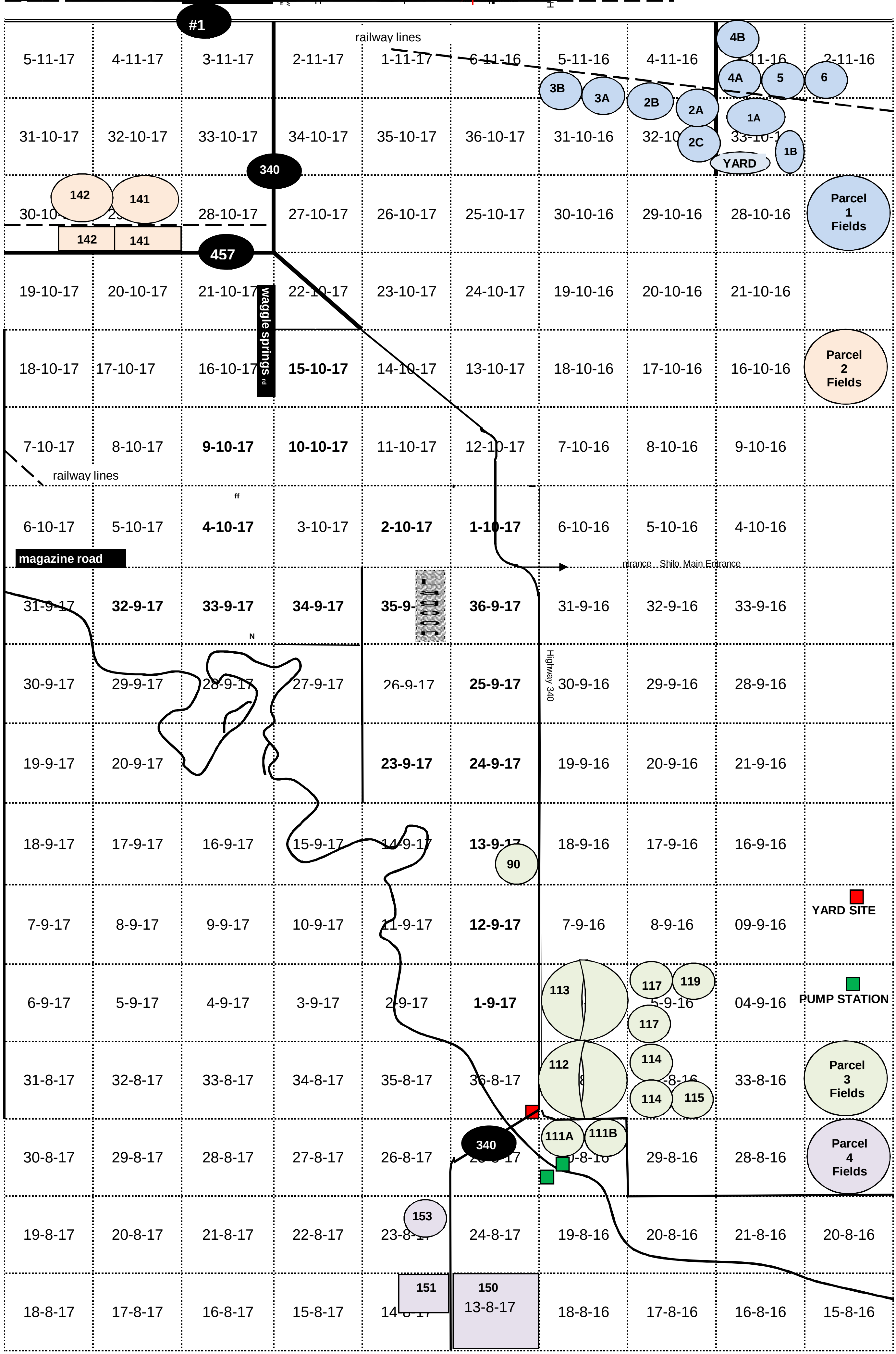
By: ______________________________
Authorized Signing Officer

[NAME OF COUNTERPARTY]

By: ______________________________
Authorized Signing Officer

By: ______________________________
Authorized Signing Officer

APPENDIX B



#1
railway lines
5-11-17 4-11-17 3-11-17 2-11-17 1-11-17 6-11-16 5-11-16 4-11-16 2-11-16
4B 4A 5 6 3B 3A 2B 2A 1A 2C 1B YARD
31-10-17 32-10-17 33-10-17 34-10-17 35-10-17 36-10-17 31-10-16
340
142 141
27-10-17 26-10-17 25-10-17 30-10-16 29-10-16 28-10-16
Parcel 1 Fields
457
19-10-17 20-10-17 21-10-17 23-10-17 24-10-17 19-10-16 20-10-16 21-10-16
waggle springs rd
18-10-17 17-10-17 16-10-17 15-10-17 14-10-17 13-10-17 18-10-16 17-10-16 16-10-16
Parcel 2 Fields
7-10-17 8-10-17 9-10-17 10-10-17 11-10-17 7-10-16 8-10-16 9-10-16
railway lines
6-10-17 5-10-17 4-10-17 3-10-17 2-10-17 6-10-16 5-10-16 4-10-16
magazine road
Shilo Main Entrance
32-9-17 33-9-17 34-9-17 36-9-17 31-9-16 32-9-16 33-9-16
N
Highway 340
30-9-17 29-9-17 27-9-17 26-9-17 25-9-17 30-9-16 29-9-16 28-9-16
19-9-17 20-9-17 23-9-17 24-9-17 19-9-16 20-9-16 21-9-16
18-9-17 17-9-17 16-9-17 18-9-16 17-9-16 16-9-16
90
YARD SITE
7-9-17 8-9-17 9-9-17 10-9-17 12-9-17 7-9-16 8-9-16 09-9-16
113 117 119 117
PUMP STATION
6-9-17 5-9-17 4-9-17 3-9-17 1-9-17 04-9-16
112 114 114 115
31-8-17 32-8-17 33-8-17 34-8-17 35-8-17 33-8-16
Parcel 3 Fields
340
111A 111B
30-8-17 29-8-17 28-8-17 27-8-17 26-8-17 29-8-16 28-8-16
Parcel 4 Fields
153
19-8-17 20-8-17 21-8-17 22-8-17 24-8-17 19-8-16 20-8-16 21-8-16 20-8-16
151 150
18-8-17 17-8-17 16-8-17 15-8-17 13-8-17 18-8-16 17-8-16 16-8-16 15-8-16

APPENDIX C

Ernst & Young Inc.
360 Main Street, Suite 2700
Winnipeg, MB R3C 4G9

Tel: +1 204 947 6519
Fax: +1 204 956 0138
ey.com

Acquisition opportunity

Potato Farming Operation

Acquisition Opportunity

November 2015

Keller & Sons Farming Ltd. and Keller Holdings Ltd. (collectively, "Keller") own and operate a large commercial crop farm located approximately 30 km east of Brandon, Manitoba. Keller was placed into receivership on October 8, 2015 by order of the Court of Queen's Bench of Manitoba (the "Receivership Order"). Ernst & Young Inc. (the "Receiver") was appointed as the Receiver and Manager of Keller pursuant to the Receivership Order. A copy of the Receivership Order is available at: www.ey.com/ca/keller

Pursuant to the Receivership Order, the Receiver is marketing the property of Keller including approximately 6,440 acres of agricultural land, irrigation infrastructure, and associated buildings and machine shop (collectively, the "Potato Farm"). The Potato Farm has been operating on a "business as usual" basis since the Receivership Order. Any transaction involving the Potato Farm will require Court approval.

Key Investment Attributes

- 48 individual land parcels within a 32 km radius comprising 6,441 deeded acres of agricultural land (approximately 5,970 (+/-) acres of irrigated arable and 470 (+/-) acres of non-irrigated arable). All of the lands are accessible via all weather graveled municipal roads;
- The Potato Farm grows potatoes for sale under annual contracts to McCain Foods Ltd. (two processing plants located within 25 km and 110 km of the Potato Farm) and Simplot Canada Ltd. (processing plant located in within 90 km of the Potato Farm). Certain of the Potato Farm Lands have previously been leased to other farmers to grow cereal grains and rotational crops;
- Manitoba is Canada's second largest potato producer[1]. Farmland values in Manitoba increased an average of 12.2% in 2014 continuing a trend of yearly increases since 1992[2];
- The Potato Farm's soil is an agriculture classification mix of 3m and 4m (Sandy Loam consisting of Miniota, Marringhurst, Stockton, and Marsh soil classification) serviced by an extensive irrigation system including 6 wells, 3 pump stations, and 22 pivots, with individual fields serviced by underground irrigation pipeline; and
- The Potato Farm includes the following structures:

Description	Year Built	Size	Details
Potato Storage Building	2011	136' X 264'	Steel frame and concrete floor with exhaust fans, partitions and bulkheads to maximize utility of potato storage allowing for humidcell control.
Potato Storage Building	2002	136' x 264'	Steel frame and concrete floor with exhaust fans, partitions and bulkheads to maximize utility of potato storage allowing for humidcell control.
Potato Loading and Processing Building	2002	6,720 sq. ft.	Wood frame, metal clad and insulated. Loading infrastructure to potato storage buildings.
Office and Machine Shop	2009	5,600 sq. ft.	Floor space of 4,200 sq. feet and upper office level of 1,400 sq. feet
Machine Shop	2004	60' x 100'	Pole frame metal clad workshop with full concrete floor

(Additional structures on the Potato Farm include grain storage, a cold storage building and two personal residences)

[1] Agriculture and Agri-Food Canada, *Potato Market Information Review 2013 - 2014*

[2] Farm Credit Canada, April 13, 2014 *2014 Farmland Values Report*

Further Information

Further information on this acquisition opportunity will be provided to qualified parties in a Confidential Information Memorandum ("CIM") and a data room for those parties that have executed a non-disclosure agreement ("NDA").

Confidentiality

The information contained in this summary is submitted to parties on a confidential basis for use solely in connection with their consideration of the transaction opportunity described herein. By its acceptance hereof, the recipient agrees that neither it nor any of its employees or advisors shall use the information for any purpose other than the evaluation of the business opportunity, nor shall it divulge the information or distribute this Summary to any other party, in whole or in part, at any time without the prior written consent of the Receiver.

Next Steps

Prospective bidders interested in this opportunity are asked to contact the Receiver directly. Parties will be expected to sign a NDA and return the executed version to the Receiver along with the following information (collectively, the "Access Information"):

(i) name of individual(s) to receive information;
(ii) name of company;
(iii) email address; and,
(iv) phone number.

Upon receipt of the executed NDA and Access Information, the party may receive the CIM and access to the virtual data room. Prospective Bidders should direct all inquiries to the Receiver who will arrange all appropriate due diligence contacts and will facilitate site visits on a "by appointment only" basis. Potential bidders are instructed not to contact Keller or any of its former employees or consultants without the Receiver's prior approval. The Receiver will consider qualified bids and any transaction involving Keller's assets will be subject to Court approval.

The Receiver reserves the right to accept an offer at any time without further notice to parties receiving this acquisition opportunity overview.

Potential bidders are requested to direct all inquiries to one of the persons listed below.

Ernst & Young Inc., Receiver of Keller & Sons Farming Ltd. and Keller Holdings Ltd.
2700-360 Main Street | Winnipeg, Manitoba | R3C 4G9

Joe Healey
Senior Vice President
(204) 954-5568
joe.a.healey@ca.ey.com

Marcus Matychuk
Associate
(204) 933-0296
marcus.matychuk@ca.ey.com

APPENDIX D

IN THE MATTER OF THE RECEIVERSHIP OF KELLER & SONS FARMING LTD.

STATEMENT OF RECEIPTS AND DISBURSEMENTS

For the period from October 8, 2015 to January 15, 2016

	CAD
RECEIPTS	
Receiver's borrowing certificate proceeds	$ 500,000.00
Pre-receivership bank account proceeds	124,527.59
Recovery of operational expenses from Shilo Farms Ltd.	19,034.09
Interest earned	18.93
Miscellaneous other receipts	870.03
Total receipts	$ 644,450.64
DISBURSEMENTS	
Filing fees	$ 70.00
Future crop input purchases	316,545.35
Insurance	37,572.53
Appraisal fees	16,495.00
Professional fees (receiver and legal)	135,931.68
Utilities and telephone	22,119.67
Payroll and related source deductions	57,619.69
Site operational expenses	16,247.86
Utilities, telephone and miscellaneous	14,733.56
Total disbursements	$ 617,335.34
Excess of receipts over disbursements before distributions	**$ 27,115.30**