

**SUPREME COURT OF PRINCE EDWARD ISLAND
(GENERAL SECTION)**

BETWEEN:

ROYAL BANK OF CANADA

Applicant

and

**DME LIMITED PARTNERSHIP, DME GENERAL PARTNER INC., ATLANTIC SYSTEMS
MANUFACTURING (2016) LTD., DME CANADA ACQUISITIONS INC.
and DME US HOLDCO INC.**

Respondents

NOTICE OF APPLICATION

TO THE RESPONDENTS:

A LEGAL PROCEEDING HAS BEEN COMMENCED by the Applicant. The claim made by the applicant appears on the following page.

THIS APPLICATION will come on for hearing on the 26th day of November, 2018, at 2:00 o'clock in the afternoon at 42 Water Street, Charlottetown, Prince Edward Island.

IF YOU WISH TO OPPOSE THIS APPLICATION, to receive notice of any step in the application or to be served with any document in the application, you or a lawyer acting for you must prepare a notice of appearance in Form 38A and a designation of address for service (Form 16A.1) prescribed by the Rules of Civil Procedure, serve it on the applicant's lawyer or, where the applicant does not have a lawyer, serve it on the applicant, and file it, with proof of service, in this court office, and you or your lawyer must appear at the hearing.

IF YOU WISH TO PRESENT AFFIDAVIT OR OTHER DOCUMENTARY EVIDENCE TO THE COURT OR TO EXAMINE OR CROSS-EXAMINE WITNESSES ON THE APPLICATION, you or your lawyer must, in addition to serving your notice of appearance, serve a copy of the evidence on the applicant's lawyer or, where the applicant does not have a lawyer, serve it on the applicant at least three days before the hearing, and file it with proof of service in the court office where the application is to be heard, not later than noon on the day before the hearing.

IF YOU FAIL TO APPEAR AT THE HEARING, JUDGMENT MAY BE GIVEN IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU.

Dated this ____ day of November, 2018.

Issued by: _____
Registrar

Address of court office: 42 Water Street
Charlottetown, PE

TO: DME LIMITED PARTNERSHIP,
54 Hillstrom Avenue
Charlottetown, PE C1E 2C6

AND TO DME GENERAL PARTNER INC.,
333 Bay Street, Suite 640
Toronto, Ontario M5H 2R2

AND TO ATLANTIC SYSTEMS MANUFACTURING (2016) LTD.,
54 Hillstrom Avenue
Charlottetown, PE C1A 7L1

AND TO DME CANADA ACQUISITIONS INC.
510 West Georgia Street, Suite 1800
Vancouver, British Columbia V6C 3L2

AND TO DME US HOLDCO INC.
333 Bay Street, Suite 640
Toronto, Ontario M5H 2R2

THE APPLICANT, ROYAL BANK OF CANADA ("RBC"), MAKES APPLICATION FOR:

1. An Order, if necessary, to abridge the time requirement as prescribed by the Rules with respect to the filing and service of this Application and related materials pursuant to Rule 2 and 3.
2. An Order appointing Alvarez & Marsal Canada Inc. ("A & M") as Receiver and Manager, without security, over all of the assets, undertakings and property of each of DME Limited Partnership (the "**Borrower**"), DME General Partner Inc., Atlantic Systems Manufacturing (2016) Ltd., DME Canada Acquisitions Inc. and DME US Holdco Inc. (collectively, the "**Debtors**") acquired for, or used in relation to the businesses carried on by the Debtors, including all proceeds thereof, pursuant to section 243 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985 c-13-3, as amended ("**BIA**"), Rule 41 of the Rules of Court and section 44 of the *Judicature Act*, R.S.P.E.I. 1988, Cap. J-2.1 with the power to do such acts and deeds as set out in the attached draft Receivership Order.
3. Such further and other relief as the Applicant may advise and this Honourable Court may permit.

THE GROUNDS FOR THE APPLICATION ARE:

1. Due to the nature of this proceeding it is within the interests of justice to dispense with the time requirements as required by Rule 3.
2. The Borrower builds brewing systems primarily for the craft beer industry, and a wide range of stainless steel based manufacturing products such as seafood processing equipment, bio extractors, and marine exhaust scrubbers, and has built more than 1,600 brewery systems for breweries in 70 countries.

3. The Borrower has approximately 250 employees and operates from two manufacturing facilities through two divisions:
 - (a) DME Brewing Solutions from owned premises in Charlottetown, PEI, with approximately 150 employees, the hourly wage earners of whom are unionized; and
 - (b) Newlands Systems (now DME) from leased premises in Abbotsford, BC, with approximately 100 non-unionized employees.
4. The Borrower has suffered a material adverse change in its financial condition and operations, and is facing significant and immediate liquidity issues.
5. The Applicant is a secured creditor of the Debtors.
6. The Debtors pursuant to the terms of a Credit Agreement dated November 17, 2015 (as amended or otherwise modified from time to time) breached their obligations and have defaulted on payment.
7. The Applicant demanded repayment of the indebtedness of the Debtors, and issued the BIA 244 Notices by respective letters dated November 13, 2018, which demand remains unsatisfied and the ten (10) day notice period has expired by the return date of this application.
8. The Debtors as of November 13, 2018, owe the Bank \$17,733,964.08.
9. All of the directors of the Borrower have resigned (or will have resigned by the return date of this application) and the Borrower does not oppose the appointment of a receiver, and the Borrower's primary investor has expressed an unwillingness to support their investment any longer on terms acceptable RBC;
10. The Debtors are insolvent and unable to fulfill all their obligations to RBC and other stakeholders.

11. The appointment of a receiver is necessary and just and convenient in the circumstances to ensure the preservation of the value of the Applicant's collateral and the overall assets of the Respondents.
12. The Applicant is entitled to proceed by application to a the Court Appointment of a Receiver and Manager pursuant to s. 44 of the *Judicature Act*, s. 243 of the BIA and Rule 41 of the Rules of Court.
13. Based on the nature of the assets of the Respondents a court appointed receiver is for the benefit of all interested parties.
14. It is reasonable and prudent for RBC to begin the enforcement of its security in an effort to recover its outstanding loans to the Borrower and it is within RBC's rights to do so.
15. RBC has, at all times, acted in good faith towards the Debtors and has been understanding and patient in its arrangements with the Debtors.
16. A&M is a licensed trustee in bankruptcy and is familiar with the circumstances of the Debtors and its arrangements with RBC.
17. A&M has consented to being appointed as Receiver, without security, of all the assets, undertakings and property of each of the Debtors acquired for, or used in relation to the businesses carried on by the Debtors, including all proceeds thereof.
18. The other grounds set out in the affidavit of Gary Ivany dated November 23, 2018 (the "Ivany Affidavit").

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of the Application:

1. The Ivany Affidavit.
2. The consent of A&M to act as Receiver of the Debtors.
3. Such further and other documentary evidence as counsel may advise and this Honourable Court may permit.

Dated this 25 day of November, 2018.



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