

COURT FILE NUMBER

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COURT

COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE

CALGARY

APPLICANT

IN THE MATTER OF THE COMPANIES' CREDITORS
ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF SUNTERRA FOOD CORPORATION,
TROCHU MEAT PROCESSORS LTD., SUNTERRA
QUALITY FOOD MARKETS INC., SUNTERRA FARMS
LTD., SUNWOLD FARMS LIMITED, SUNTERRA BEEF
LTD., LARIAGRA FARMS LTD., SUNTERRA FARM
ENTERPRISES LTD., SUNTERRA ENTERPRISES INC.

DOCUMENT

FIRST REPORT OF FTI CONSULTING CANADA INC., IN
ITS CAPACITY AS MONITOR OF SUNTERRA FOOD
CORPORATION, TROCHU MEAT PROCESSORS LTD.,
SUNTERRA QUALITY FOOD MARKETS INC., SUNTERRA
FARMS LTD., SUNWOLD FARMS LIMITED, SUNTERRA
BEEF LTD., LARIAGRA FARMS LTD., SUNTERRA FARM
ENTERPRISES LTD., SUNTERRA ENTERPRISES INC.

April 25, 2025

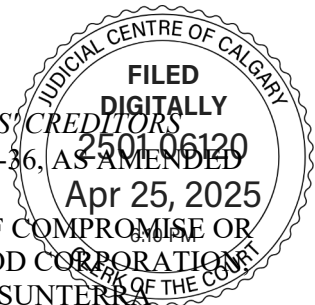
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FIRST REPORT OF THE MONITOR

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INTRODUCTION

1. On March 24, 2025 (the “**NOI Filing Date**”) Sunterra Farms Ltd. (“**Sunterra Farms**”), Sunterra Food Corporation (“**Sunterra Food**”), Sunterra Quality Food Markets Inc. (“**Sunterra Markets**”), Sunwold Farms Limited (“**Sunwold**”) and Trochu Meat Processors Ltd. (“**Trochu**” and with Sunterra Farms, Sunterra Food, Sunterra Markets and Sunwold collectively, the “**BIA Applicants**”) each filed a Notice of Intention to Make a Proposal (“**NOI**”) under Section 50.4 of the Bankruptcy and Insolvency Act, R.S.C 1985, c. B-3, as amended (the “**BIA**”). Harris & Partners Inc. (“**HPI**”) consented to act as proposal trustee of the BIA Applicants under the NOI (the “**Proposal Trustee**”).
2. On April 15, 2025 the BIA Applicants and four additional applicants, Sunterra Beef Ltd. (“**Sunterra Beef**”), Lariagra Farms Ltd. (“**Lariagra**”), Sunterra Farm Enterprises Ltd. (“**Sunterra Farm Enterprises**”) and Sunterra Enterprises Inc. (“**Sunterra Enterprises**” and collectively with the BIA Applicants, Sunterra Beef, Lariagra, Sunterra Farm Enterprises and Sunterra Enterprise and the “**Sunterra Group**” or the “**Applicants**”), applied to the Court of King’s Bench of Alberta (the “**Court**”) for an initial order (the “**Initial Order**”) to commence proceedings (the “**CCAA Proceedings**”) under the *Companies’ Creditors Arrangement Act*, RSC 1985, c C-36, as amended (the “**CCAA**”) to, among other things, obtain a stay of proceedings (the “**Stay of Proceedings**”) to allow the Applicants an opportunity to restructure their business and affairs. The Initial Order was granted by the Court on April 22, 2025.
3. The Initial Order granted, among other things, the following relief
 - a. converting the NOI proceedings and continuing the BIA Applicants’ restructuring, and the restructuring of the Sunterra Group as a whole, under the CCAA (the “**CCAA Proceeding**”);

- b. appointing FTI Consulting Canada Inc. (“**FTI**” or the “**Monitor**”) as the Monitor of the Sunterra Group under the CCAA Proceeding;
- c. providing for an initial Stay of Proceedings in respect of the Sunterra Group, up to and including April 28, 2025 (“**Initial Stay Period**”);
- d. granting a charge on the assets, property and undertakings of the Sunterra Group (the “**Property**”) not to exceed \$1,000,000 (the “**Administration Charge**”) as security for the fees and costs of the Proposal Trustee/Proposed Monitor, its independent legal counsel, and legal counsel to the Sunterra Group, such charge to be in priority to all other security interests, liens and other encumbrances;
- e. granting a charge on the Property not to exceed \$900,000 (the “**D&O Charge**”) in favour of the Applicants’ directors and officers as security for the indemnity provided in paragraph 20 of the Initial Order;
- f. permitting but not requiring the Applicants to make the following advances or payments of the following expenses, incurred prior to or after this Order:
 - i. all outstanding and future wages, salaries, employee and pension benefits, vacation pay and expenses payable on or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements;
 - ii. the reasonable fees and disbursements of any Assistants retained or employed by the Applicant in respect of these proceedings, at their standard rates and charges, including for periods prior to the date of this Order;
 - iii. the payments set out in the Cash Flows to National Bank of Canada (“**NBC**”) in satisfaction of their secured indebtedness, subject to the notes related to such payment in the Cash Flows and the consent of the Monitor;

- g. approving the activities and conduct of the Proposal Trustee as set out in its first report dated April 16, 2025; and
 - h. terminating the NOI Proceedings.
- 4. On April 25, 2025, the Applicants filed a notice of application returnable on April 28, 2025 (“**Comeback Application**”), for the following orders:
 - a. an amended and restated Initial Order (the “**ARIO**”) which will provide for:
 - i. an extension of the stay of proceedings until July 31, 2025; and
 - ii. request the ability to make payments for pre-filing inventory and other goods or services essential to the Applicants business or delivered by critical suppliers with the consent of the Monitor.

PURPOSE

- 5. The purpose of this report (this “**Report**” or the “**First Report**”) is to provide the Court and the Applicants’ stakeholders with information and the Monitor’s comments with respect to the following:
 - a. background on the Applicants and its creditors;
 - b. a summary of the Monitor’s initial activities subsequent to the date of the Initial Order;
 - c. the Monitor’s independent review of certain security held by NBC;

- d. the Monitor’s review and comments with respect to the cash flow forecast for the period beginning on April 12, 2025 and ending August 1, 2025 (the “**Cash Flow Statement**”);
 - e. the relief requested by the Applicants in the ARIO; and
 - f. the Monitor’s conclusions and recommendations.
6. This Report should be read in conjunction with the affidavit sworn by Art Price dated April 15, 2025, in support of the Initial Application (“**First Price Affidavit**”).

TERMS OF REFERENCE

7. In preparing this report, the Monitor has relied upon certain information (the “**Information**”) including the Sunterra Group’s unaudited financial information, books and records and discussions with Sunterra Group senior management (“**Management**”).
8. Except as described in this Report, the Monitor 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 of Canada Handbook*.
9. The Monitor has not examined or reviewed financial forecasts and projections referred to in this report in a manner that would comply with the procedures described in the *Chartered Professional Accountants of Canada Handbook*.
10. Future oriented financial information reported to be relied on in preparing this Report is based on Management’s assumptions regarding future events. Actual results may vary from forecast and such variations may be material.

11. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars.
12. Capitalized terms used but not defined herein are given the meaning ascribed to them in the affidavit of First Price Affidavit.

BACKGROUND OF THE APPLICANTS

13. The Sunterra Group has two main operating lines: (i) pig farming operations consisting of raising pigs (the “**Farming Operations**”). The Farming Operations are made up of the operations of Sunterra Farms, Sunwold and Lariagra (the “**Farming Entities**”); (ii) eight retail grocery market businesses including three Starbucks locations (the “**Market Operations**”), owned by Sunterra Markets; and (iii) a meat processing facility (“**Trochu Property**”) owned by Trochu, which is not operating as it was subject to a fire in June 2024. The Monitor understands the Applicants have settled a claim with their insurance provider in respect of the damaged caused to the Trochu Property. Upon filing the Applicants had \$3.2 million of insurance proceeds received and sitting in the Trochu bank account and are awaiting an additional \$1.8 million (collectively, “**Trochu Insurance Proceeds**”). The Trochu Insurance Proceeds are included in the Cash Flow Statement and are contemplated to be paid to NBC as first secured lender over the Trochu Property and named loss payee over the Trochu Insurance Proceeds.
14. The remaining entities within these CCAA Proceedings, Sunterra Food, Sunterra Beef, Sunterra Farm Enterprises and Sunterra Enterprises (collectively, the “**Non-Operating Applicants**”), have minimal if any operations and are largely either utilized as holding companies or the borrower entities under certain of the Applicants’ borrowing agreements.
15. The Farming Operations consist of eight barns which house the pigs owned by the Farming Entities. The Farming Operations include the breeding, birthing and raising of pigs which are then sold or transferred to larger barns for further growth or to be sold for slaughter. The majority of the pigs raised through the Farming Operations are sold to subsidiaries of

Sunterra Enterprises companies Sunwold Farms Inc. (“**Sunwold US**”), Lariagra Farms South Inc. (“**Lariagra US**”) and managed by Sunterra Farms Iowa, Inc. (“**Sunterra US**” and collectively, with Sunwold US and Lariagra US, the “**US Subsidiaries**”). In selling pigs from the Farming Entities to the US Subsidiaries, the pigs are transported from the Farming Entities barns located in and around Acme, AB to the barns rented by the US Subsidiaries in the Mid-Western United States.

16. On March 28, 2025, the US Subsidiaries were placed under receivership pursuant to an order granted by the United States District Court, in the District Court of South Dakota Southern Division. Pursuant to court order, Pipestone Management II, LLC was appointed as Receiver over the US Subsidiaries.
17. The Monitor has included a corporate organizational chart in Appendix A which presents the Sunterra Group’s operating entities and their relationship to these CCAA proceedings and the US receivership proceedings.
18. The First Price Affidavit includes a detailed summary of the Applicants’ assets and liabilities in paragraphs 47, 48 and 49. From reviewing the First Price Affidavit, the Monitor understands that the Applicants owe their secured creditors NBC and Farm Credit Canada (“**FCC**”) approximately \$17.5 million (as of March 14 ,2025) and \$17.8 million (as of December 31, 2024), respectively.
19. As described in the First Price Affidavit, the Applicants’ goals within these CCAA Proceedings are the “prompt repayment of the NBC debt while implementing a re-financing, orderly sale and/or restructuring strategy” (the “**Restructuring Plan**”).

INITIAL ACTIVITIES OF THE MONITOR

20. The Monitor’s activities since the Initial Order have included the following:

- a. ongoing discussions with Management and the Applicants' legal counsel, Bluerock Capital Law, regarding the Applicants' business and financial affairs;
- b. retaining Norton Rose Fulbright Canada LLP to act as independent legal counsel to the Monitor;
- c. establishing a website (the "**Monitor's Website**") at the following URL: <https://cfcanada.fticonsulting.com/Sunterra/> where the Monitor has and will continue to post all court materials related to these CCAA Proceedings. The Monitor's website includes contact information where secured creditors, unsecured creditors, employees and other stakeholders can reach the Monitor to ask any questions they may have;
- d. preparing and is the processing of issuing notices required under the CCAA and Initial Order, including the following:
 - i. mailing notices to creditors as referenced in paragraph 37 of the Initial Order; and
 - ii. publishing a notice to creditors in the Calgary Herald which ran or will run on April 25 and May 2, 2025;
- e. issuing Form 1 and Form 2 notices to the Office of the Superintendent of Bankruptcy in the prescribed form as required under section 23(1)(f) of the CCAA;
- f. consulting with Management of the Sunterra Group in respect of the Applicants' ongoing on-going operations;
- g. reviewing the Applicants' cash flow;

- h. attending to numerous telephone and email inquiries from the Applicants' creditors, suppliers and stakeholders; and
- i. preparing this Report.

SECURITY REVIEW

- 21. The Monitor understands the Applicants' goal in these CCAA Proceedings is the prompt repayment of the NBC debt while implementing a re-financing, orderly sale and/or restructuring strategy. The Monitor also understand the Applicants are actively considering the sale of certain assets as described in the Cash Flow Statement. In this regard and in anticipation of potential asset sales, distributions and refinancings the Monitor's counsel has reached out the secured lenders NBC and FCC to obtain documentation necessary to complete independent security reviews.
- 22. The Monitor's counsel is in the process of completing an independent security review of the validity and enforceability of the mortgage ("**Trochu Mortgage**") registered by NBC over the Trochu Property described in paragraph 24 (a) of the First Price Affidavit in an effort to determine if NBC has valid and enforceable security over the Trochu Property. Once the security review has been completed the Monitor will be in a position to opine on the Applicants ability to make the payments to NBC in respect of the Trochu Insurance Proceeds pursuant to the Cash Flow Statement as described in paragraph 5(c) of the Initial Order.

CASH FLOW STATEMENT

- 23. In support of the application for the Initial Order, HPI prepared a report (the "**Report of the Proposal Trustee**") which included a cash flow statement that was subsequently amended and filed on a consolidated basis by the Monitor on April 23, 2025 (the "**Preliminary Cash Flow Statement**").

24. The Preliminary Cash Flow Statement was based on cash flows for each of the entities of the Sunterra Group, which the Monitor consolidated and amended to include additional payments to NBC in satisfaction of its secured indebtedness.
25. The Cash Flow Statement is substantially the same as the Preliminary Cash Flow Statement but has been presented in slightly different format and includes detailed notes and assumptions as prepared by the Applicants, in consultation with the Monitor. The Cash Flow Statement sets out the Applicants' liquidity requirements for the 16-week period from April 12, 2025 to August 1, 2025 (the "**Forecast Period**"). A copy of the Cash Flow Statement has been attached as Appendix B.
26. The Cash Flow Statement is summarized in the following table:

	16-Week Forecast
(CAD's)	Total
Receipts	
Farms receipts	\$ 7,497,700
Markets receipts	21,841,200
Total Receipts	\$ 29,338,900
Disbursements	
<u>Farms</u>	
Feed purchases	(2,526,400)
Barn utilities	(278,400)
Medication/vaccines	(512,500)
Transportation	(475,600)
Other opex	(908,640)
Employee expenses	(1,885,600)
<u>Markets</u>	
Cost of goods sold	(16,234,900)
Employee expenses	(5,053,000)
<u>Other Entity Operating Expenses</u>	(232,440)
Total Disbursements	(28,107,480)
Operational Cash Flow	1,231,420
<u>Non-Operational Items</u>	
Interest expense	(640,361)
Professional fees	(980,000)
Inter-company bank transfers	-
Non-operational receipts	10,355,000
Repayment of secured indebtedness	(11,205,000)
Total Non-Operational Items	(2,470,361)
Total Net Cash flow	\$ (1,238,941)
Opening Cash	\$ 2,862,492
Net Cash flow	(1,238,941)
Ending Balance	\$ 1,623,551

27. As set out in the Cash Flow Statement, during the Forecast Period the Sunterra Group estimates:
- a. cash receipts of approximately \$29.3 million;
 - b. disbursements of approximately \$28.1 million;
 - c. interest payments in respect of the Sunterra Group's various secured lenders in the amount of approximately \$640,000;
 - d. professional fees of approximately \$980,000;
 - e. non-operational receipts of approximately \$10.4 million; and
 - f. the Sunterra Group forecasts to have a positive operational cash flow of approximately \$1.2 million, a net cash flow loss of approximately \$1.2 million and ending cash of \$1.6 million after repayments in respect of the Applicants' secured lenders indebtedness of approximately \$11.2 million.
28. Detailed notes to the Cash Flow Statement are included as an attachment to the Cash Flow Statement, however the Monitor notes the following key assumptions:
- a. it is assumed that all amounts owing prior to the Proposal Proceedings are stayed. Post-filing payments are to be made in normal course;
 - b. disbursements are based on historical run-rates and input from the Company's management;
 - c. farms receipts are generated through the Sunterra Group's farming operations and are based on market rates and the estimated number of pigs to be sold each week;

- d. markets receipts relate to the operations of Sunterra Quality Food Markets Inc. (the “**Markets**”) and are generated from the Markets eight food markets, three Starbucks locations and catering sales;
- e. farms disbursements relate to the operations of the Sunterra Group’s nine barns and includes the employee expenses for barn staff as well as the head office staff required to support the barns;
- f. markets disbursements include cost of goods sold relating to product purchases to be sold at each of the Markets’ retail locations and employee expenses for both retail staff and head office staff to support the Markets;
- g. interest and fees related to the borrowing costs paid to NBC, FCC and West Market Square Inc. (“**WMSI**”) on a monthly basis. Sunterra Enterprises holds a 50% of the shares in WMSI which owns a strip mall that one of the Sunterra Markets operates out of. The interest payments due to WMSI relate to a loan from WMSI to Sunterra Enterprises;
- h. professional fees for the Applicants’ legal counsel, the Applicants’ financial advisor Hawco Peters and Associates Inc. (the “**Applicants’ Financial Advisor**”), the Proposed Monitor, the Proposed Monitor's legal counsel, the Proposal Trustee and counsel to the Proposal Trustee;
- i. non-operational receipts relating to insurance proceeds and assets sales which are expected to be completed and received during the forecast period; and
- j. the Cash Flow Statement contemplates that the non-operational receipts from insurance proceeds and asset sales will be used to repay amounts owed by the Sunterra Group’s secured lenders. The repayments are indicative only and sourced from proceeds generated by third parties and, as such, are subject to variances in timing and other factors beyond the control of the Applicants. Any such variations

shall not be considered a material adverse event and will be made available as and when received by the Applicants. The repayments as set out in the Cash Flow Statement are to be made to secured lenders provided the Monitor consents to such payments being made as contemplated in paragraph 5(c) of the Initial Order.

29. Included in the proposed ARIO is updated language which clarifies the Applicants' treatment of the payment of suppliers and vendors required for the ongoing operations of the Applicants businesses. Paragraph 9 (a) of the Initial Order states that the "Except as specifically permitted in this Order Applicants are directed until further order of this Court to make no payments of principal, interest thereon or otherwise on account of amounts owing by the Applicants, or any of them, to any of its creditors as of the date of this Order", however paragraph 4 (b) of the Initial Order states that the Applicants shall: "continue to carry on business in a manner consistent with the preservation of their businesses, including the right to utilize the cash balances in their accounts in accordance with the cash flows filed in these proceedings." Further in the assumptions contained in the notes to the cash flows filed in the Report of the Proposal Trustee, state that "it is assumed that all amounts owing prior to the NOI proceedings (which commenced on March 24, 2025) are stayed. Post-filing payments are to be made in normal course."
30. Paragraph 2 of the proposed ARIO provides clarity on the above intentions of the Applicants with respect payments contemplated in the Cash Flow Statement as it states that any references to the "Initial Order" shall mean the date of the NOI Filing Date and therefore the language in paragraph 9 (a) permits the Applicants to make payments to its creditors for services provided on or after the NOI Filing Date.

MONITOR'S COMMENTS ON THE CASH FLOW STATEMENT

31. Section 23(1)(b) of the CCAA states that the Monitor shall, "review the company's cash-flow statement as to its reasonableness and file a report with the court on the Monitor's findings".

32. Pursuant to section 23(1)(b) of the CCAA, and in accordance with the Canadian Association of Insolvency and Restructuring Professionals Standard of Practice 09-1, the Monitor hereby reports as follows:

- a. the Cash Flow Statement has been prepared by Management of the Sunterra Group for the purpose described in the notes to the Cash Flow Statement, using the probable assumptions and the hypothetical assumptions set out therein;
- b. the Monitor's review consisted of inquiries, analytical procedures and discussion related to information supplied by certain of Management and employees of the Sunterra Group. Since hypothetical assumptions need not be supported, the Monitor's procedures with respect to those assumptions were limited to evaluating whether they were consistent with the purpose of the Cash Flow Statement. The Monitor has also reviewed the information in provided by Management in support of the probable assumptions and the preparation and presentation of the Cash Flow Statement;
- c. based on its review, and as at the date of this Report, nothing has come to the attention of the Monitor that causes it to believe that, in all material respects:
 - i. the hypothetical assumptions are not consistent with the purpose of the Cash Flow Statement;
 - ii. the probable assumptions developed by management are not suitably supported and consistent with the plans of the Sunterra Group or do not provide a reasonable basis for the Cash Flow Statement, given the hypothetical assumptions; or
 - iii. the Cash Flow Statement does not reflect the probable and hypothetical assumptions;

- d. since the Cash Flow Statement is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material. Accordingly, the Monitor expresses no assurance as to whether the Cash Flow Statement will be achieved. The Monitor expresses no opinion or other form of assurance with respect to the accuracy of any financial information present in this Report, or relied upon by the Monitor in preparing this Report; and
- e. the Cash Flow Statement has been prepared solely for the purpose of estimating liquidity requirements of the Sunterra Group during the Forecast Period. The Cash Flow Statement should not be relied upon for any other purpose.

EXTENSION OF THE STAY OF PROCEEDINGS

- 33. The Monitor has considered the Applicants' application for the extension of the Stay of Proceedings to July 31, 2025, and has the following comments:
 - a. the Applicants are projected to have sufficient available liquidity to fund their ongoing obligations and the costs of the CCAA Proceedings during the term of the proposed extension of the Stay of Proceedings;
 - b. there will be no material prejudice to the Sunterra Group's creditors and other stakeholders as a result of the extension of the Stay of Proceedings;
 - c. based on the information currently available to the Monitor during its limited term of engagement, and since the commencement of these CCAA Proceedings, the Monitor is of the understanding that the Applicants have acted in good faith and with due diligence with respect to these CCAA Proceedings;

- d. the overall prospects of the Applicants effecting a viable restructuring and working towards the Applicants' stated purpose of repaying the NBC indebtedness will both be enhanced by the extension of the Stay of Proceedings; and
- e. the length of the proposed Stay of Proceedings of approximately 3 months is reasonable given the timeline expected for the Applicants to take steps to advance the Restructuring Plan.

CCAA CHARGES

ADMINISTRATION CHARGE

- 34. The Initial Order granted an Administration Charge in the amount of \$1,000,000. The ARIO does not propose to change the quantum of the Administration Charge. The Administration Charge grants a charge over the assets of the Sunterra Group in favour of, the Applicants' legal counsel, the Applicants' Financial Advisor, the Proposed Monitor, the Proposed Monitor's legal counsel, the Proposal Trustee and the Proposal Trustee's legal counsel.
- 35. The Monitor has reviewed the underlying assumptions upon which the Applicants have based the quantum of the proposed increase to the Administration Charge, the anticipated complexity of the CCAA Proceedings, the size of the Applicants operations and the services to be provided by the beneficiaries of the Administration Charge and is of the view that the proposed quantum of the Administration Charge is reasonable and appropriate in the circumstances.
- 36. The Monitor believes it is appropriate for the beneficiaries to be afforded the Administration Charge as they will be undertaking a necessary and integral role in these CCAA Proceedings.

DIRECTOR'S CHARGE

37. The Initial Order provided for the charge not to exceed \$900,000 over the Sunterra Group's property in favour of the directors and officers of the Applicants as security for the indemnity contained in the Initial Order in respect of specified obligations and liabilities that the directors and officers may incur after the commencement of the CCAA Proceeding (the “**D&O Charge**”). The ARIO does not propose to change the quantum of the D&O Charge.
38. The quantum of the D&O Charge was based on one two-week payroll cycle and the expected sales taxes over a one-month period. that will be collected on these sales by the Applicants. The Monitor is of the view that the amount of the D&O Charge is reasonable in relation to the quantum of the estimated potential liability of the Sunterra Group's directors and officers in the period of the proposed Stay of Proceedings.

SUMMARY OF THE PROPOSED RANKINGS OF THE COURT-ORDERED CHARGES

39. If the proposed ARIO is granted, the Court-ordered charges would have the following ranking:
- a. First – the Administration Charge in the amount of \$1,000,000; and
 - b. Second – the D&O Charge in the amount of \$900,000.
- (collectively, the “**Charges**”).
40. The Monitor believes that the CCAA Charges, including their proposed quantum and ranking are required and reasonable in the circumstances of these CCAA Proceedings to preserve the operations of the Sunterra Group as a result, supports the granting of the Charges as proposed by the Applicants in the ARIO.

CONCLUSIONS

41. The Monitor is of the view that the relief requested by the Sunterra Group pursuant to the proposed ARIO is necessary, reasonable and justified in the circumstances. The ARIO and extension to the Stay of Proceedings will provide the Applicants with stability and the best opportunity to complete or further advance the Restructuring Plan.
42. Accordingly, the Monitor respectfully recommends that the Sunterra Group's request for the proposed ARIO be granted.

All of which is respectfully submitted this 25th day of April 2025.

FTI Consulting Canada Inc., in its capacity as
the Monitor of the Applicants
and not in its personal or corporate capacity

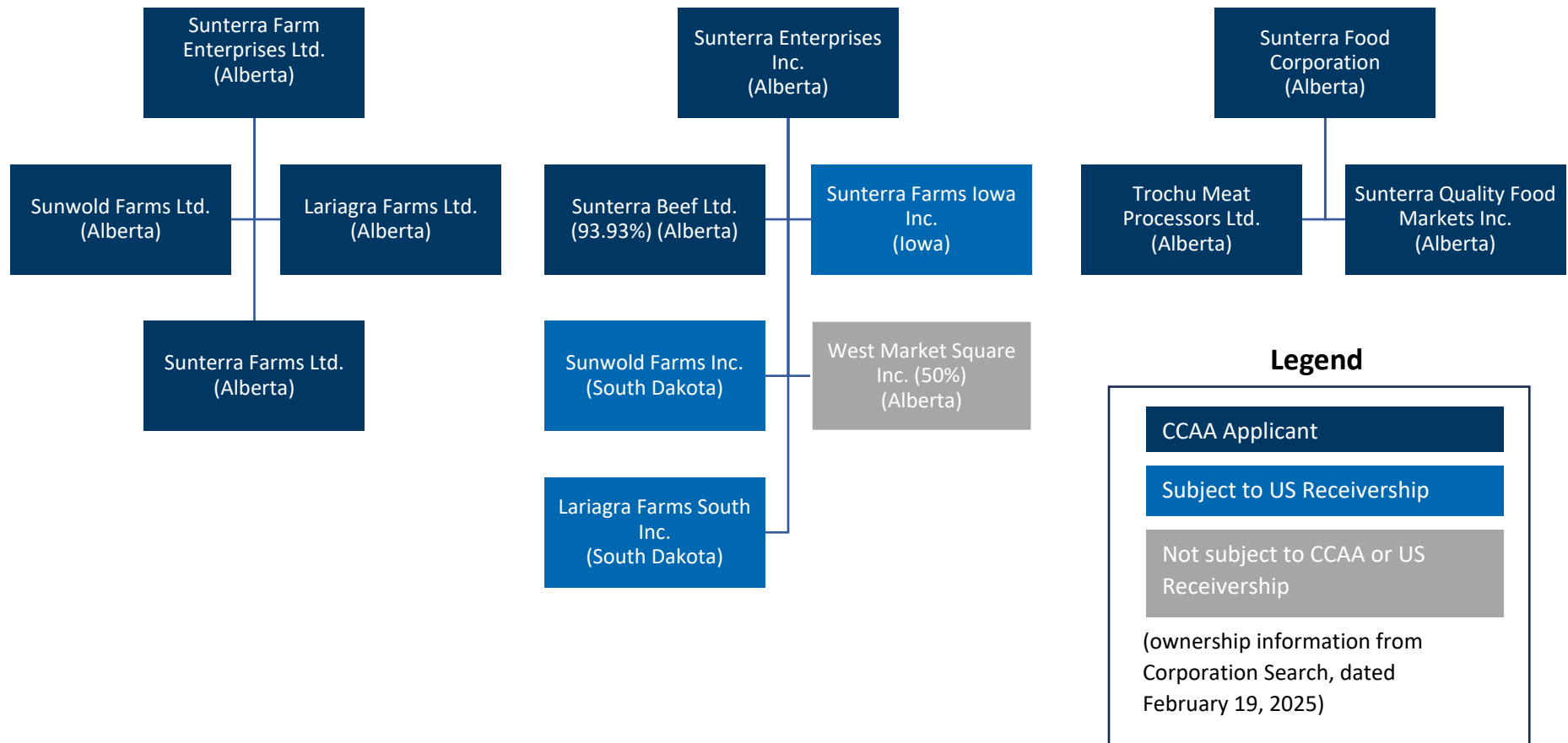


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Appendix A

Sunterra Group Organizational Chart

Sunterra Group – Organizational Chart



Appendix B

Cash Flow Statement

Sunterra Group Consolidated Cash Flow Statement

		Initial Stay Period																
Week Ending (Friday)		18-Apr-25	25-Apr-25	2-May-25	9-May-25	16-May-25	23-May-25	30-May-25	6-Jun-25	13-Jun-25	20-Jun-25	27-Jun-25	4-Jul-25	11-Jul-25	18-Jul-25	25-Jul-25	1-Aug-25	16-Week
	Notes	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
(CAD's)		Wk 1	Wk 2	Wk 3	Wk 4	Wk 5	Wk 6	Wk 7	Wk 8	Wk 9	Wk 10	Wk 11	Wk 12	Wk 13	Wk 14	Wk 15	Wk 16	Total
Receipts																		
Farms receipts	1	\$ 491,000	\$ 534,000	\$ 528,900	\$ 428,700	\$ 449,300	\$ 513,900	\$ 552,500	\$ 384,600	\$ 530,000	\$ 505,200	\$ 417,400	\$ 342,300	\$ 510,200	\$ 479,700	\$ 487,700	\$ 342,300	\$ 7,497,700
Markets receipts	2	1,580,100	1,212,300	1,310,500	1,449,300	1,377,900	1,231,300	1,356,400	1,381,400	1,418,000	1,396,900	1,356,500	1,235,500	1,605,800	1,306,900	1,315,500	1,306,900	21,841,200
Total Receipts		\$ 2,071,100	\$ 1,746,300	\$ 1,839,400	\$ 1,878,000	\$ 1,827,200	\$ 1,745,200	\$ 1,908,900	\$ 1,766,000	\$ 1,948,000	\$ 1,902,100	\$ 1,773,900	\$ 1,577,800	\$ 2,116,000	\$ 1,786,600	\$ 1,803,200	\$ 1,649,200	\$ 29,338,900
Disbursements																		
<u>Farms</u>																		
Feed purchases	3	(157,900)	(157,900)	(157,900)	(157,900)	(157,900)	(157,900)	(157,900)	(157,900)	(157,900)	(157,900)	(157,900)	(157,900)	(157,900)	(157,900)	(157,900)	(157,900)	(2,526,400)
Barn utilities	4	-	-	(67,000)	(10,800)	-	-	-	(22,000)	(49,300)	-	-	(22,000)	(47,300)	-	(38,000)	(22,000)	(278,400)
Medication/vaccines	5	-	-	(155,000)	-	-	-	-	(155,000)	-	-	-	(155,000)	-	-	-	(47,500)	(512,500)
Transportation	6	(32,800)	(32,800)	(32,800)	(24,600)	(24,600)	(32,800)	(32,800)	(24,600)	(32,800)	(32,800)	(24,600)	(24,600)	(32,800)	(32,800)	(32,800)	(24,600)	(475,600)
Other opex	7	(20,000)	(68,900)	(65,435)	(70,800)	(20,000)	(68,900)	(10,000)	(126,235)	(20,000)	(68,900)	(10,000)	(126,235)	(10,000)	(78,900)	(10,000)	(134,335)	(908,640)
Employee expenses	8	(168,400)	(67,000)	(168,400)	(67,000)	(168,400)	(67,000)	(170,800)	(67,000)	(168,400)	(67,000)	(168,400)	(67,000)	(168,400)	(67,000)	(168,400)	(67,000)	(1,885,600)
<u>Markets</u>																		
Cost of goods sold	9	(1,066,150)	(826,150)	(1,088,700)	(1,087,350)	(939,750)	(838,050)	(916,350)	(1,245,900)	(964,750)	(941,650)	(916,350)	(1,154,700)	(1,082,150)	(885,350)	(1,072,150)	(1,209,400)	(16,234,900)
Employee expenses	8	(298,000)	(365,000)	(290,000)	(350,000)	(275,000)	(350,000)	(275,000)	(350,000)	(275,000)	(350,000)	(275,000)	(350,000)	(275,000)	(350,000)	(275,000)	(350,000)	(5,053,000)
Other Entity Operating Expenses	10	(13,040)	(7,000)	(70)	(49,000)	(13,040)	(7,000)	-	(49,070)	-	(20,040)	-	(49,070)	(10,540)	(9,500)	-	(5,070)	(232,440)
Total Disbursements		(1,756,290)	(1,524,750)	(2,025,305)	(1,817,450)	(1,598,690)	(1,521,650)	(1,562,850)	(2,197,705)	(1,668,150)	(1,638,290)	(1,552,250)	(2,106,505)	(1,784,090)	(1,581,450)	(1,754,250)	(2,017,805)	(28,107,480)
Operational Cash Flow		314,810	221,550	(185,905)	60,550	228,510	223,550	346,050	(431,705)	279,850	263,810	221,650	(528,705)	331,910	205,150	48,950	(368,605)	1,231,420</

Consolidated Cash Flow of the Sunterra Group
Notes to the Statement of Cash Flow for the 16-Week period
ending August 1, 2025

Purpose and General Assumptions of the Cash Flow Statement

Sunterra Farms Ltd. (“**Sunterra Farms**”), Sunterra Food Corporation (“**Sunterra Food**”), Sunterra Quality Food Markets Inc. (“**Sunterra Markets**”), Sunwold Farms Limited (“**Sunwold**”), Trochu Meat Processors Ltd. (“**Trochu**”), Sunterra Beef Ltd. (“**Sunterra Beef**”), Lariagra Farms Ltd. (“**Lariagra**”), Sunterra Farm Enterprises Ltd. (“**Sunterra Farm Enterprises**”) and Sunterra Enterprises Inc. (“**Sunterra Enterprises**” and collectively, the “**Sunterra Group**” or the “**Applicants**”) have prepared this Cash Flow Statement and the accompanying notes to the Cash Flow Statement (collectively, the “**Cash Flow Statement**”). The Applicants have prepared the Cash Flow Statement on a consolidated basis based on probable and hypothetical assumptions that reflect the Applicants’ planned course of action for the period from April 12, 2025, to August 1, 2025 (the “**Forecast Period**”). Management is of the opinion that, as at the date of filing the Cash Flow Statement, the assumptions used to develop the projection represent the most probable set of economic conditions facing the Applicants and that the assumptions used proved a reasonable basis for and are consistent with the purpose of the Cash Flow Statement. This Cash Flow Statement should not be used for any other purpose, and creditors are cautioned that the information provided in the Cash Flow Statement could vary based on changing future circumstances.

It is assumed that all amounts owing prior to the NOI proceedings are stayed. Post-filing payments are to be made in normal course.

Disbursements are based on historical run-rates and input from the Company’s management.

The projected Cash Flow Statement is prepared in Canadian dollars.

Hypothetical and Probably Assumptions of the Consolidated Cash Flow Statement

1. Farm receipts are generated by the Sunterra Group’s farming operations from Sunterra Farms, Sunwold and Lariagra and relate to (i) the revenues generated from the sale of isowean and feeder pigs which are transported to the USA to be marketed and sold each week. The weekly pricing and corresponding receipts are estimated based on prices published by the United States Department of Agriculture (USDA); and (ii) the revenues from the sale of herd culls and other fully grown pigs sold within Canada. The pricing for the sale of these pigs is based off current market prices in Canada.

2. Markets receipts are generated by Sunterra Markets and relate to: (i) estimated weekly sales from 8 retail markets locations and 3 licensed Starbucks locations and are based on historical results and input from the Company's management for sale trends consistent with the current business operations; and (ii) sales for catering services based on historical results and input from the Company's management.
3. Feed purchases are weekly purchases required to feed the pigs.
4. Utilities include estimated monthly internet, water, natural gas, heat and electricity.
5. Livestock medications related to monthly costs for vaccinations and medical supplies for the welfare of the pigs.
6. Transportation costs relate to weekly costs to transport livestock from the Sunterra Groups barns located in and around Acme, AB to the Mid-West United States and based on management's estimate costs for the number of livestock being transported.
7. Other operating costs include all other expenses incurred for the operations of the farm.
8. Salaries, wages, remittances and all employee benefits for salaries and hourly employees paid on a bi-weekly basis. In the Cash Flow Statement, employee expenses are separated between farming operations and the operations of the Sunterra Markets. The employee expenses for farming operations also support the other operating entities, which currently have limited operations.
9. Cost of Goods Sold are estimated based on current inventory levels at each of the Sunterra Markets' locations and information provided through the inventory management system. Weekly disbursements are estimated by the Company's Management based on their knowledge of the supplies turnover and payment terms of individual vendors.
10. Operating expenses for other operating entities include the miscellaneous expenses for the operations of Trochu to Sunterra Food, Sunterra Farm Enterprises, Sunterra Enterprises and Sunterra Beef.
11. Interest and fees related to borrowing costs paid on a monthly basis. The interest payments include amounts due to NBC from Sunterra Food and Trochu, Farm Credit Canada from Sunterra Farms and Lariagra, and West Market Square Inc. ("WMSI") from Sunterra Enterprises. WMSI is a subsidiary of Sunterra Enterprises, but is not a CCAA Applicant.
12. Includes the estimated payments to the Applicants' legal counsel, the Proposed Monitor, the Proposed Monitor's legal counsel, the Proposal Trustee and the Proposal Trustee's legal counsel. These are forecast costs that may vary depending on the complexity and uncertainty of the CCAA proceedings.
13. Inter-company bank transfers net to nil in the consolidated Cash Flow Statement, include payments via inter-company loan from Trochu to Sunterra Food in the total amount of \$276,000 over the 16-week period to cover the interest charges and operating expenses of Sunterra Food.
14. Non-operational receipts relate to: (i) the remaining estimated insurance receipts due to Trochu following a fire at its processing facility in June 2024 and subsequent to a

settlement agreement reached between Trochu and its insurance companies; (ii) insurance proceeds due to Sunwold Farms Ltd. payable through AgriStability, a federal/provincial program, from a claim relating to previous years operating results are anticipated to be received in June 2025; and (iii) assets sales by Sunterra Farms Ltd. which intends to sell a ½ section of land for estimated proceeds of \$600,000; 4 condos for estimated proceeds totaling \$500,000 and shares in a trucking company with estimated proceeds of \$1,300,000.

15. The Cash Flow Statement contemplates that the non-operational receipts from insurance proceeds and asset sales will be used to repay amounts owed by the Sunterra Group's secured lenders. The repayments are indicative only and sourced from proceeds generated by third parties and, as such, are subject to variances in timing and other factors beyond the control of the Applicants. Any such variations shall not be considered a material adverse event and will be made available as and when received by the Applicants. The repayments as set out in the Cash Flow Statement are to be made to secured lenders provided the Monitor consents to such payments being made as contemplated in paragraph 5(c) of the Initial Order.
16. Opening cash is expected to be \$2,862,492 for the Sunterra Group as a whole as at April 12, 2025.

**UNAUDITED CASH FLOW FORECAST PREPARED BY MANAGEMENT, MUST BE
READ IN CONJUNCTION WITH THE NOTES AND ASSUMPTIONS**

Sunterra Group



Art Price

Director