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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

FIFTH 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.

**December 10, 2025**

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# **FIFTH 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 Enterprises, 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**”). The Initial Order was granted by the Court on April 22, 2025.
3. The Initial Order established a stay of proceedings (the “**Stay of Proceedings**”) in favour of the Applicants until April 28, 2025, appointed FTI Consulting Canada Inc. as Monitor (the “**Monitor**”) and granted, among other things, the following relief:
  - a. converting the NOI proceedings and continuing the BIA Applicants’ restructuring, and the restructuring of the Applicants as a whole, under the CCAA (the “**CCAA Proceedings**”); and

- b. granted certain court ordered priority charges in favour of certain parties identified as critical to the success of these CCAA Proceedings, which charges were:
    - i. an Administration Charge of \$1,000,000 (the “**Administration Charge**”); and
    - ii. a D&O Charge of \$900,000 (the “**Directors’ Charge**”).
- 4. On April 28, 2025, this Court granted an amended and restated Initial Order (the “**ARIO**”) which provided for, among other things:
  - a. an extension of the stay of proceedings until July 31, 2025; and
  - b. 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.
- 5. On July 24, 2025 (the “**July Application**”), the Court granted the following:
  - a. an order (the “**Claims Procedure Order**”) which provided for:
    - i. a process for: (i) the identification, quantification and resolution of pre-filing and restructuring period claims, wherever situated, against the Applicants and their respective current and former directors and officers; and (ii) inter-company claims between the Applicants and its subsidiaries located in the United States (collectively the “**Claims Process**”); and (iii) establishing the process for the adjudication of the claims of two of the Applicants’ major stakeholders Compeer Financial, PCA (“**Compeer**”) and the National Bank of Canada (“**NBC**”) related to an alleged cheque kiting scheme involving certain of the Applicants (the “**Litigation Process**”); and

- ii. an extension of the stay of proceedings up to and including December 15, 2025 (the “**Stay Period**”); and
  - b. orders which described the litigation timeline to determine the claims of NBC (the “**NBC Scheduling Order**”) and the claim of Compeer (the “**Compeer Scheduling Order**” and collectively with the NBC Scheduling Order, the “**Scheduling Orders**”) against the Applicants.
- 6. On December 8, 2025, the Applicants filed two notices of application returnable December 11, 2025 (the “**December 11 Application**”), seeking, among other things:
  - a. an order (the “**Stay Extension Order**”) extending the stay of proceedings up to and including February 28, 2026; and
  - b. an order (the “**Interim Financing Order**”) approving the proposed financing term sheet (the “**Interim Financing Term Sheet**”) between the Applicants and Bull Market Private Equity Group Inc (the “**Interim Lender**”), pursuant to which the Interim Lender would make an interim financing facility (the “**Interim Facility**”) available to the Applicants, subject to terms and conditions set out in the Interim Financing Term Sheet, in the maximum principal amount of \$8.0 million.

## **PURPOSE**

- 7. The purpose of this report (this “**Report**” or the “**Fifth Report**”) is to provide the Monitor’s views on the Interim Financing Sheet and Interim Financing Order.

## **TERMS OF REFERENCE**

- 8. In preparing this report, the Monitor has relied upon certain information (the “**Information**”), including the Applicants’ unaudited financial information, books and records, and discussions with the Applicants’ senior management (“**Management**”).

9. 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*.
10. 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.
11. 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.
12. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars.
- 13.

#### **PROPOSED INTERIM FINANCING TERM SHEET**

14. The Monitor understands that the terms of the Interim Financing Term Sheet include, among others, the following:
  - a. **Purpose:** to provide availability to the Applicants totaling \$8.0 million in multiple advances including: a first advance of \$5.0 million (the “**First Advance**”) to provide Sunterra Enterprises with sufficient funds to repay a loan to West Market Square Inc. (“**WMSI**”), so that WMSI can, in turn, repay a term loan owed to Alberta Treasury Branches (“**ATB**”) in the amount of approximately \$4.0 million (the “**ATB Loan**”) and subsequent advances of up to \$3.0 million (the “**Second Advance**”) to repay amounts owing by the Applicants' to NBC (the “**NBC Indebtedness**”);

- b. **Interim Lender's Charge:** availability, including the First Advance, is conditional on the Court granting a super-priority charge over all undertaking, property and assets of the Applicants, but excluding certain Farm Assets (as defined in the Interim Financing Term Sheet) secured by FCC (the “**Assets**”), raking in priority over all other charges on the Assets excepting only:
- i. the Administration Charge; and
  - ii. the Directors' Charge.
- c. **Term:** the Interim Facility will be available until the earlier of: (i) June 30, 2026 (the “**Maturity Date**”); (ii) closing of a restructuring, plan implementation or Court-approved sale process; (iii) dismissal of the CCAA proceedings; (iv) termination or non-extension of the stay of proceedings; or (v) the date on which the Interim Lender demands repayment following the occurrence of an Event of Default;
- d. **Interest:** Interest will accrue on the outstanding principal amount under the Interim Facility at a rate of 14% per annum, calculated and compounded monthly, payable on the Maturity Date. Default interest will accrue at a rate of 16% per annum following the occurrence and during the continuance of an Event of Default; and
- e. **Additional Fees:** the Applicants shall pay fees to the Interim Lender consisting of: (i) a non-refundable commitment fee in the amount of \$320,000; (ii) on any agreed renewal of the Interim Facility, a renewal fee equal to 2% of the outstanding balance thereon; (iii) all reasonable costs and expenses of the Interim Lender in connection with the Interim Facility; (iv) all out of pocket expenses of the Interim Lender in connection with any default or Event of Default of the enforcement of the Interim Facility; and (v) a deposit of \$75,000 towards the expenses of the Interim Lender;

15. A copy of the Interim Facility is attached to the affidavit of Authur Price dated December 8, 2025 (the “**December 8 Price Affidavit**”) as Exhibit C.
16. As described in further detail in the December 8 Price Affidavit, the Applicants’ need for the Interim Facility relates to the need to:
  - a. retire a share pledge (the “**Share Pledge**”) granted by Sunterra Enterprises to Signature Point Development Inc (“**SPDI**”), its 50% shareholding partner in WMSI, by repaying the ATB Loan in full. The Share Pledge granted a pledge of Sunterra Enterprises 50% shareholding in WMSI (the “**WMSI Shares**”) to SPDI. The Share Pledge provides that Sunterra Enterprises agrees to repay the ATB Loan on or before December 15, 2025 (the “**Share Pledge Repayment Deadline**”), and provides for certain remedies to SPDI in the event of a default under those obligations; and
  - b. to form part of the replacement financing to repay the NBC Indebtedness.

#### **MONITOR’S COMMENTS ON THE INTERIM FINANCING TERM SHEET**

17. The CCAA authorizes this Court, on an application on notice to the secured creditors who are likely to be affected by such order, to grant a charge in favour of a person who agrees to provide interim financing to a debtor company. Pursuant to section 11.2 of the CCAA, when considering whether to grant such an order, the Court is to consider, among other factors,
  - a. the period during which the company is expected to be subject to proceedings under this Act;
  - b. how the company’s business and financial affairs are to be managed during the proceedings;



- c. whether the company's management has the confidence of its major creditors;
  - d. whether the loan would enhance the prospects of a viable compromise or arrangement being made in respect of the company;
  - e. the nature and value of the company's property; and
  - f. whether any creditor would be materially prejudiced as a result of the security or change.
18. The Monitor has the following concerns with the proposed Interim Financing Term Sheet and the Interim Lender's Charge.

#### **NOTICE TO SECURED CREDITORS**

19. The Interim Facility is proposing to prime the entirety of NBC security and a portion of FCC's security. Notice of the application for the Interim Financing Order occurred on December 8<sup>th</sup>, 2025, for an application returnable on December 11<sup>th</sup>, 2025. In the Monitor's view, there is a significant risk that this abridged time period does not permit the affected stakeholders to adequately assess the impact of the Proposed Interim Financing Charge on Sunterra's stakeholders, or its prospects of a successful restructuring.
20. Although the Application points to the Share Pledge Repayment Deadline to justify this abridged time for service, the Monitor is not persuaded that the matter is urgent. In reaching that conclusion, the Monitor has considered the following:
- a. the Share Pledge was signed on October 25, 2023, and included the Share Pledge Repayment Deadline of December 15, 2025 *ab initio*;
  - b. the Monitor is of the view that the rights of SPDI with respect to any enforcement under the Share Pledge is stayed pursuant to the ARIO;

- c. the relief currently sought by the Applicants includes authority for the Second Advance, which proposed to be used to partially repay the NBC Indebtedness. The Monitor understands NBC is currently owed approximately \$10,966,944 (Principal of \$9,005,997 plus costs of \$1,960,946), far more than the amount of the Second Advance. There is no urgency to repaying or partially repaying the NBC Indebtedness as NBC's role as a stakeholder in these CCAA Proceedings will not be satisfied solely through the Interim Facility. In the event the Applicants are in a position to repay the NBC Indebtedness through a combination of the Second Advance and other funds available to the Applicants, an Interim Financing Charge may be sought then and need not be approved now; and
- d. The Third Cash Flow Statement attached as Appendix "C" to the Monitor's fourth report dated December 8, 2025 demonstrates that the Applicants have adequate cash on hand and liquidity to continue to operate these CCAA Proceedings in the normal course without the need for interim financing through February 28, 2026.

#### **CONFIDENCE OF THE MAJOR CREDITORS**

- 21. The Monitor understands that FCC, NBC and Compeer all oppose the relief being sought; accordingly, the Applicants do not appear to have the confidence of the major creditors.

#### **ENHANCEMENT OF THE PROSPECT OF A VIABLE COMPROMISE OR ARRANGEMENT**

- 22. The purpose of the First Advance of the Interim Financing Facility is to repay the ATB Loan prior to December 15, 2025. Repayment of the ATB Loan would avoid a default event which would give SPDI the ability to elect to exercise its right to acquire Sunterra Enterprise's 50% interest in WMSI for approximately \$500,000. The Applicants are of the view that Sunterra Enterprises 50% interest in WMSI is worth more than \$500,000 and therefore repaying the ATB Loan before December 15, 2025 would salvage potential future value to the Applicants, enhancing the prospects of a viable restructuring. However, the Monitor notes that the ability to realize on the Sunterra Enterprises' shareholding in WMSI is complicated, and uncertain. Moreover, the Monitor is not aware of any clear path to

monetizing this shareholding within these CCAA proceedings. Monetizing Sunterra Enterprises' 50% interest in WSMI would likely require Sunterra Enterprises to rely on the buy-sell provisions of the WSMI unanimous shareholders agreement, and thereby to induce SPDI to purchase Sunterra Enterprises' 50% interest in WSMI. The Monitor has no knowledge or evidence of the ability, likeliness or timing of the buy-sell provision being exercised, either by Sunterra Enterprises or SPDI nor the likeliness of SPDI to elect to purchase Sunterra Enterprises' 50% interest if the buy-sell provision is invoked.

23. Accordingly, it is unclear to the Monitor whether or not the proposed Interim Financing Facility would enhance the prospects of a viable restructuring.

#### **VALUE OF THE COMPANY'S PROPERTY**

24. The Applicants, in their materials to support the application for the Interim Financing Order, have not provided any third-party valuation information in respect of WSMI or other property held by the Applicants including their farming business and/or their markets business. However, the Applicants state in paragraph 10 of the December 8 Price Affidavit that WSMI "would seem to the Applicants to have a value of approximately \$21.6 million". If this value is realistic then there should be no need for the proposed Interim Financing Charge to extend over all assets of the Applicants. The Interim Lender would be fully secured if the charge were limited to Sunterra Enterprises' shareholdings in WSMI.

#### **PREJUDICE TO CREDITORS AS A RESULT OF THE SECURITY OR CHARGE**

25. The Interim Lender's Charge proposes the granting of a super-priority charge over all undertaking, property and assets of the Applicants, excluding the Farm Assets (as defined in the Interim Financing Term Sheet) that are secured by FCC.
26. The Applicants have multiple businesses; the major Canadian businesses include:
  - a. Farming Operation - hog farming operations;

- b. Market Operations – 8 retail grocery markets;
  - c. Trochu Property - meat processing facility; and
  - d. Sunterra Enterprises – which owns the 50% interest in WSMI
27. The proposed Interim Financing Charge seeks a charge over all of the above businesses, and would result in priming of the following stakeholder interests in this restructuring:
- a. security held by FCC in the Farming Operation (other than the Farm Asset carve out for real property, which the Monitor understands is unsatisfactory to FCC), the Markets Operation, the Trochu Property and Sunterra Enterprises;
  - b. security held by NBC in the Farming Operation, the Markets Operation and the Trochu Property;
  - c. Compeer to the extent they have a guarantee issued by Sunterra Enterprises; and
  - d. all of the unsecured creditors in all of the Applicants businesses.
28. Notably, NBC does not have a secured charge over property of Sunterra Enterprises. However, it is Sunterra Enterprises that requires cash of \$4 million to repay the ATB Loan and protect its equity interest in WSMI. Therefore, if the proposed Interim Financing Charge were granted, the result will be anomalous: the funds would be used to repay a loan to Sunterra Enterprises (where NBC does not hold security) but the Interim Lender's Charge would prime all of NBC's security in the various separate businesses. There would be no direct benefit to NBC as a creditor, but a substantial risk that its security in the Applicants' other businesses would be impaired.
29. Similarly, under the Applicants' proposal, FCC would see its security interest, in all cases other than the Farm Asset carve out, rank subordinate to the proposed Interim Financing

Charge, used to repay the ATB Loan that is not owed by a CCAA party and does not currently impair FCC's security over the Applicants' other assets.

30. In both cases, the creditors are materially prejudiced, and their security is at further risk in the event the value of WSMI does not match the Applicants' current projections or does not materially exceed the incremental cost to the Applicants of obtaining the Interim Financing Facility, paying additional associated fees and interest, and exercising the buy-sell rights under the USA.
31. Further, the proposed use of the Interim Facility for repayment of the NBC Indebtedness, especially if insufficient to retire the full NBC Indebtedness, will effectively substitute a more expensive debt instrument for the Applicants' existing debt, to the material detriment of all stakeholders.
32. The Monitor again notes that no valuation evidence has been provided to support the priming of the above creditors. Accordingly, the Monitor is of the view that the creditors of all of the Applicants (other than Sunterra Enterprises) would be materially prejudiced by the granting of the proposed Interim Financing Charge.

## CONCLUSIONS

33. For the reasons stated above the Monitor does not support the proposed Interim Financing Term Sheet or the Interim Financing Order as currently proposed. The Monitor has expressed these views to the Applicants' counsel and counsel to the proposed Interim Lender. The Monitor understands that the Applicants and the proposed Interim Lender continue to negotiate and consider alternative interim financing terms.

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All of which is respectfully submitted this 10<sup>th</sup> day of December 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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Dustin Oliver, CA, CPA, CIRP, LIT  
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