

CANADA
Province of Ontario
Court No.: 31-2759568
Estate No.: 31-2759568

TRUSTEE'S PRELIMINARY REPORT

IN THE MATTER OF THE BANKRUPTCY OF ORGANIC HILL CORP. OF THE CITY OF TORONTO IN THE PROVINCE OF ONTARIO

Licensed Insolvency Trustee (“Trustee”): MNP Ltd.

The information contained in this Preliminary Report has been prepared from the available books and records of the Company (as such term is later defined) and discussions with the Management. These books and records have not been reviewed or otherwise audited by the Trustee and, consequently, the Trustee expresses no opinion whatsoever with respect to the validity, the exactness or the reliability of the information taken from those records contained herein.

SECTION A – BACKGROUND

Organic Hill Corp. (“Organic Hill” or the “Company”) is an Ontario-based company that held an interest in Piña Hills, S.A. (“Pina Hills”) a Costa Rican entity involved in that country’s fruit and nut industry. Organic Hill was incorporated in April 2018.

On August 17, 2021 (“Date of Bankruptcy”), Organic Hill filed an assignment in bankruptcy in which MNP Ltd. (“MNP” or the “Trustee”) was named as Trustee, subject to affirmation at the First Meeting of Creditors (“FMOC”).

On August 18, 2021, the Notice to Creditors advising of the bankruptcy and the FMOC, a list of creditors and a proof of claim form, along with a proxy, were sent to all known creditors of the Company. Pursuant to subsection 102(4) of the *Bankruptcy and Insolvency Act* (“BIA”), the Notice of Bankruptcy was published in the *Toronto Sun* newspaper on August 24, 2021.

SECTION B – PRELIMINARY EVALUATION OF ASSETS AND SECURITY INTERESTS

Sale of Assets

On May 6, 2021, Organic Hill sold its interest in Pina Hills to Chestnut Capital Creek Corp. (“Chestnut Creek” or the “Purchaser”) for a purchase price that consisted of a cash payment of US \$50,000 (the “Cash Payment”) and the cancellation of US\$12,015,541.40 of indebtedness owed by Organic Hill to IA Clarington Canadian Conservative Equity Fund, IA Clarington Growth & Income Fund (now named IA Clarington Strategic Income Fund) and IA Clarington North American Opportunities Class (now named IA Clarington Canadian Small Cap Fund)

(collectively, “IA”) to be acquired by the Purchaser pursuant to the Debt Purchase. This transaction was conditional on, among other things, the purchase by the Purchaser of a face value aggregate US\$10,000,000 of senior secured non-convertible debentures and all obligations, liabilities and indebtedness owed by Organic Hill to IA having been completed (the “Debt Purchase”).

After completing the foregoing transaction, Organic Hill recognized it was unable to meet its financial commitments, and accordingly, filed the assignment in bankruptcy.

Cash at bank

Organic Hill maintained its bank accounts at Bank of Montreal (“BMO”) and based on the SOA, is sole asset represent the cash remaining on deposit of \$193.00 at the Date of Bankruptcy. On August 19, 2021, the Trustee advised BMO, via email, of Organic Hill’s bankruptcy and requested that it freeze the Company’s bank account. On August 31, 2021, BMO wired \$168.63 to the Trustee.

Security Interests

A search of the *Personal Property Security Act* conducted on May 25, 2021 (the “PPSA”) revealed that there were two security interests registered against the Company, both in favour of Computershare Trust Company of Canada.

SECTION C – BOOKS AND RECORDS

MNP has taken possession and control of certain of the Company’s books and records which are necessary for the administration of the estate. As part of this process, the Trustee has sought and obtained duplicate copies of certain bank statements from BMO.

SECTION D – CONSERVATORY AND PROTECTIVE MEASURES

As noted above, the Trustee has requested BMO to freeze Organic Hill’s bank account.

SECTION E – PROVABLE CLAIMS

The claims of creditors as per the statement of affairs and the claims filed as at 5:00 pm on August 31, 2021 are summarized below:

	<u>Statement of Affairs</u>	<u>Claims as Filed</u>
Secured/Deemed Trust	\$ 193	Nil
Preferred	Nil	Nil
Unsecured	1,885,467	Nil
Contingent	Nil	Nil
	<hr/> \$1,885,660	<hr/> Nil

The Trustee has not determined the admissibility of the above-noted claim for dividend purposes.

SECTION F- LEGAL PROCEEDINGS, TRANSFERS AT UNDER-VALUE AND PREFERENCE PAYMENTS

Legal Proceedings

N/A

Transfers at Under-Value and Preference Payments

The Trustee's preliminary review Organic Hill's books and records for any potential transfers at undervalue or preference payments consisted of a review of the BMO bank statements for the 12 months preceding the Date of Bankruptcy and inquiries with management.

To date, the Trustee has not identified any transactions of worthy of further consideration.

SECTION G - ANTICIPATED REALIZATIONS AND PROJECTED DISTRIBUTION

Given the foregoing and the SOA, the Trustee anticipates limited realizations in the estate, and accordingly, no distributions to the Company's unsecured creditors.

SECTION H – OTHER MATTERS

Third Party Deposit

Prior to the Date of Bankruptcy, MNP received a retainer from Chestnut Creek in the amount of \$14,690.00. This payment was derived from the Cash Payment. The transaction involving the Pina Hills share provided that the Purchaser use the Cash Payment "solely to pay service providers whose continued assistance is required to effect the transaction, including: (a) Computershare Trust Company of Canada, (b) McMillan LLP, (c) Norton McMullen, (d) local counsel in Costa Rica and (e) any insolvency trustee of the Vendor. Upon receipt by the Purchaser of evidence satisfactory to the Purchaser that the Cash Payment has been used solely to pay the service providers listed above, the Purchaser hereby disclaims any security interest in and to the Cash Payment."

This deposit is to guarantee the costs of the administration of the bankruptcy, as the primary responsibility for the payment of the Trustee's fees and disbursements lies with the estate. These funds deposited with the Trustee by Chestnut Creek are not considered funds belonging to Organic Hill's bankruptcy estate. Upon completion of the administration of the bankruptcy, any remaining balance of the deposit will be returned to Chestnut Creek.

WEPP

The Trustee understands that Organic Hill does not have any employees and as such does not anticipate any claims under Wage Earner Protection Program ("WEPP").

Dated at Toronto, Ontario this 31st day of August, 2021.

MNP LTD.

Trustee of the Bankrupt Estate of

ORGANIC HILL CORP.

and not in its personal or corporate capacity

Per:

A handwritten signature in blue ink, appearing to read "Sheldon Title", is written over a faint circular stamp.

Sheldon Title, CPA, CA, CIRP, LIT
Senior Vice President