

CANADA
DISTRICT OF NEWFOUNDLAND AND LABRADOR

Division No. : 01 – Newfoundland and Labrador
Court No. : 21223
Estate No.: 51-2233574

IN THE MATTER OF THE BANKRUPTCY OF:

ACREAGE INVESTMENTS CORP.

TRUSTEE'S REPORT TO THE CREDITORS ON PRELIMINARY ADMINISTRATION

SECTION A History

- Acreage Investments Corp. (the "Company"), founded in April 2007, was a member of Skymark Group Company, and operating in land planning, development and design service.
 - The Company's financial difficulties can be attributed to the following:
 - Poor costing and planning of certain major projects;
 - Overall poor economic conditions in Newfoundland;
 - Margins were not sufficient to cover Company's overhead structure;
 - Increased market competition by larger players led to a price war which reduced the Company's profitability on public projects.
 - On March 28, 2017, the debtor filed a Notice of Intention to Make a Proposal ("NOI") in accordance with section 50.4(1) of the *Bankruptcy and Insolvency Act*.
 - On April 3, 2017, Janes & Noseworthy Ltd. was appointed Receiver in respect of certain property of the Company.
 - On April 10, 2017, the Company was deemed bankrupt pursuant to the non-filing of a cash-flow statement.
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SECTION B Assets

Description	Estimated realization value (as of the date of bankruptcy) (\$)	Notes
Accounts receivable	6,500	1
Building and land	1,080,000	2

Note 1 : The accounts receivable is largely made up of refundable deposits on land. The Trustee will pursue his investigation to determine the collectability of the amounts.

Note 2 : (A). 12 Ocean Pond Cottage lots having a market value of \$480,000, of which 9 lots are subject to a mortgage held by the Business Development Bank of Canada and 3 lots are unencumbered.

The Trustee will run a public sale process for the 3 unencumbered lots.

(B). Farm Road property having a market value of \$600,000 and is subject to various mortgages.

SECTION C

▪ **Books and records**

The Trustee is in the process of recovering books and records of the company.

▪ **Conservatory and Protection Measures**

The Trustee opened a bank account with the BMO Bank of Montreal for the bankruptcy estate.

▪ **Operating business of the bankrupt** **N/A**

SECTION D Legal proceedings

No legal proceedings were brought to the trustee's attention.

SECTION E Provable claims

- The provable claims are summarized as follows:

	As per the Statement of Affairs	Received to date
	(\$)	(\$)
Preferred creditors	-	-
Secured creditors	885,000	-
Unsecured creditors	1,054,643	-
Employee-creditors (termination notice)	-	-
Government Priority Claim	-	-

SECTION F Secured claims

Name of secured lender	Estimated claim	Nature of lien
	(\$)	
• Business Development Bank	385,000	1 st ranking hypothec on 9 lots of Ocean Pond
• Cyril Churchill	200,000	1 st ranking hypothec on property located at Farm Road
• Susan Williams	200,000	2 nd ranking hypothec on property located at Farm Road
• 73191 Newfoundland Ltd.	90,000	3 rd ranking hypothec on property located at Farm Road

SECTION G Anticipated realization and projected dividend

- The Trustee is anticipating that approximately \$150,000 of funds will be available for the unsecured creditors having filed a valid proof of claim.

SECTION H Reviewable transactions and preferential payments

The Trustee has not completed the analysis of revisable transactions and preferential payments. Once completed, he will report to the inspectors to be appointed in the estate.

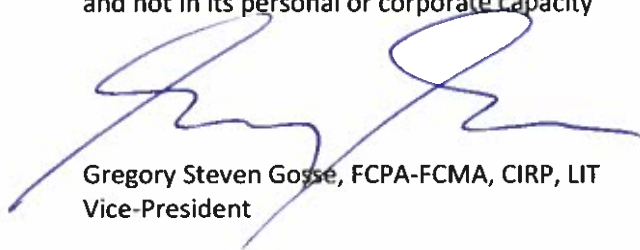
SECTION I Other subjects

- The Trustee published the notice of bankruptcy in Telegram, on April 26, 2017.

SIGNED AT MOUNT PEARL, this 28th day of April 2017.

MNP Ltd.

In its capacity as Trustee to the bankruptcy of
Acreage Investments Corp.
and not in its personal or corporate capacity

A handwritten signature in blue ink, appearing to read 'Gregory Gosse', is written over the text of the signature block.

Gregory Steven Gosse, FCPA-FCMA, CIRP, LIT
Vice-President