UNITED STATES BANKRUPTCY COURT

FOR THE DISTRICT OF COLORADO

IN RE:	)	
	)	
PENNHILL FARMS, INC.,	)	Case No. 14-22139-HRT
EIN: 84-1450231	)	Chapter 11
	)	
Debtor.	)	

SECOND AMENDED DISCLOSURE STATEMENT TO ACCOMPANY PLAN OF REORGANIZATION DATED APRIL 15, 2016

INTRODUCTION

This Disclosure Statement ("Disclosure Statement"), as amended, has been prepared by PennHill Farms, Inc. ("PennHill" or "Debtor") to accompany its Plan of Reorganization (the "Plan"), which has been filed in the PennHill Chapter 11 case. This Disclosure Statement is being provided to all creditors and interest holders of the Debtor. This Disclosure Statement is subject to final approval pursuant to 11 U.S.C. Section 1125 by the United States Bankruptcy Court for the District of Colorado as containing adequate information to enable creditors and interest holders to determine whether to accept the Debtor's Plan. The Court's approval of this Disclosure Statement does not constitute a decision on the merits of the Plan. Issues related to the merits of the Plan and its confirmation will be the subject of a confirmation hearing which is scheduled for _____ **2016 at __:__ _.m. at the United States Bankruptcy Court, 721 19th Street, Denver, Colorado, Courtroom B.**

THIS DISCLOSURE STATEMENT HAS BEEN NEITHER APPROVED NOR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION. THE COMMISSION HAS SIMILARLY NOT REVIEWED THE ACCURACY OR ADEQUACY OF THIS DISCLOSURE STATEMENT.

This Disclosure Statement is provided to you along with a copy of the PennHill Plan and a Ballot to be used for voting on the Plan. Please complete the Ballot according to the instructions contained on the Ballot if you intend to vote for or against the PennHill Plan. Each creditor or

interest holder who is entitled to vote may vote on the Plan by completing the enclosed Ballot and returning it to counsel for PennHill:

Lee M. Kutner
Jenny M.F. Fujii
Kutner Brinen, P.C.
1660 Lincoln Street
Suite 1850
Denver, CO 80264

This Ballot must be received by Kutner Brinen, P.C. no later than **5:00 p.m. on _____ 2016** which date has been set by the Court as the last day to vote on the Plan. Terms contained in this Disclosure Statement, which are defined in the Plan, have the same meaning as set forth in the definitional section of the Plan, Article II.

Recommendation. As discussed more fully below, the Debtor firmly believes that the Plan represents the best alternative for providing the maximum value for creditors. The Plan is a liquidating Plan that provides for the distribution of the net proceeds from the sale of substantially all of the Debtor's assets through December 31, 2016, payment to creditors on a percentage of their claim over a period of not more than one year, and collection of any available Avoidance Actions. **The Debtor strongly believes that confirmation of the Plan is in the best interest of creditors and recommends that all creditors entitled to vote on the Plan vote to accept the Plan.**

Voting Requirements. Pursuant to the Bankruptcy Code, only Classes of Claims or Interests that are "impaired" under the Plan are entitled to vote to accept or reject the Plan. Classes of Claims and Interests that are not impaired are not entitled to vote and are deemed to have accepted the Plan. Voting on the Plan shall be pursuant to the provisions of the Bankruptcy Code and the Bankruptcy Rules, and a Class shall have accepted the Plan if the Plan is accepted by at least two-thirds in amount and more than one-half in number of the Allowed Claims of such Class actually voting. Once the Disclosure Statement is approved by the Court as containing adequate information, it will be sent to all creditors along with the Plan and a Ballot for voting on the Plan. Creditors will be given at least 25 days to vote on the Plan and return their Ballot to counsel for the Debtor.

Voting Classes. Classes 2 and 3 shall be entitled to vote to accept or reject the Plan.

Deemed Acceptance of Plan. Unimpaired classes are conclusively presumed to accept the Plan pursuant to Section 1126(f) of the Bankruptcy Code. Class 1 is unimpaired and not entitled to

vote on the Plan.

Deemed Rejection of Plan. Classes that receive or retain nothing under the Plan are deemed to reject the Plan pursuant to Section 1126(g) of the Bankruptcy Code. Class 4 Interests will be cancelled and Class 4 will neither receive nor retain anything under the Plan on account of the Class 4 Interests.

One Vote Per Holder. If a holder of a Claim holds more than one Claim in any one Class, all Claims of such holder in such Class shall be aggregated and deemed to be one Claim for purposes of determining the number of Claims voting for or against the Plan.

CHAPTER 11 AND PLAN CONFIRMATION

Chapter 11 of the United States Bankruptcy Code is designed to allow for the rehabilitation and reorganization of financially troubled entities or individuals. Chapter 11 allows the Debtor to retain its assets during administration of its Chapter 11 case as a Debtor-in-Possession and following confirmation of a plan as a reorganized Debtor or as provided in the Plan. Once confirmation of a Plan of Reorganization is approved by the Court, the Plan of Reorganization is the permanent restructuring of the Debtor's financial obligations. The Plan also provides a means through which the Debtor will restructure or repay its obligations, or a portion of its obligations.

The Plan of Reorganization divides creditors into classes of similarly situated creditors. All creditors of the same Class are treated in a similar fashion. All member Interests are also classified and treated alike. Each Class of creditors or interest holders is either impaired or unimpaired under the Plan. A Class is unimpaired if the Plan leaves unaltered the legal, equitable and contractual rights to which each creditor in the class is entitled. Alternatively, a claimant is unimpaired if the Plan provides for the cure of a default and reinstatement of the maturity date of the claim as it existed prior to the default.

The Bankruptcy Court set a bar date establishing the last date for filing Proofs of Claim as March 31, 2015. The Plan provides that Claims of all Classes shall be allowed only if evidenced by a timely filed Proof of Claim or which otherwise appear in the Schedules filed by PennHill and are not scheduled as disputed, contingent or unliquidated unless subsequently allowed by the Court. Creditors may check as to whether or not their claims have been scheduled as disputed, contingent or unliquidated by reviewing the Schedules and the amendments thereto filed by PennHill in the

Bankruptcy Court for the District of Colorado. Alternatively, creditors may contact counsel for PennHill or PennHill directly in order to determine how they have been scheduled.

Chapter 11 does not require that each holder of a Claim against or Interest in PennHill vote in favor of the Plan in order for the Court to confirm the Plan. The Plan, however, must be accepted by at least one impaired Class of Claims by a majority in number and two thirds in amount, without including insider acceptance of those Claims of such Class actually voting on the Plan. Assuming one impaired Class votes to accept the Plan, it may be confirmed over its rejection by other Classes if the Court finds that the Plan does not discriminate unfairly and is fair and equitable with respect to each Class of Claims or Interests that is impaired under and has not accepted the Plan.

The Bankruptcy Code requires that if Interest holders retain an interest or receive anything under the Plan, then the unsecured creditor Classes must either be paid the full value of their claims or vote to accept the Plan. The Plan provides that all Interests shall be cancelled as of the Effective Date of the Plan and Interest holders receive nothing on account of their Interests through the Plan. As a result, the Plan may be confirmed even if the unsecured creditor Classes are not paid in full or do not vote to accept the Plan.

If all Classes of Claims and Interests vote to accept the Plan, the Court may confirm the Plan. Section 1129 of the Bankruptcy Code sets forth the requirements for confirmation. Among other things, Section 1129 requires that the Plan be in the best interest of the holders of Claims and Interests and be feasible through a showing that confirmation will not be followed by the need for further financial reorganization of the Debtor.

Each class of creditors who is impaired will have an opportunity to vote on the Plan. In the event the requisite majority of each class votes to accept the Plan, the Plan will be deemed accepted by the subject class. If a class of creditors votes to reject the Plan, the Plan may be confirmed over the rejection of the class pursuant to 11 U.S.C. § 1129(b).

OVERVIEW OF THE PLAN/MEANS OF EXECUTION

The Plan divides creditors and interest holders into four Classes. Each Class is treated as either impaired or unimpaired under the Bankruptcy Code. Treatment of the Classes is discussed in greater detail below and in the Plan. Class 1 priority claims shall be paid in full. Class 2 consists of the Allowed Secured Claim held by Citywide Banks. Class 2 is impaired and will be paid on account of its secured interests. Class 3 consists of the Allowed Claims held by unsecured creditors. Class 3 is impaired. Class 4 consists of the Interests held by pre-confirmation members. Class 4 is impaired and all Interests shall be cancelled as of the Effective Date of the Plan. Class 4 shall receive nothing on account of its Interests under the Plan.

The Plan will be primarily funded from the proceeds received by the Debtor as result of the sale of substantially all of the Debtor's assets. The Debtor has researched the potential benefits of hiring professional auctioneers to liquidate the assets, however, due to the anticipated costs of maintaining the trees and grounds, labor, and related expenses, future sales at auctions are not financially feasible. The decision to refrain from auctioning the trees is further supported by the anticipated low purchase prices, lack of a large market for bulk tree sales in Pennsylvania, as well as the complications of selling trees that have grown larger than most buyers need. The large tree size increases the transportation and extraction costs, and increases the chances that the trees may not survive the relocation. Further, auctioneers have informed the Debtor that auctions of live items are not ideal, and have caused difficulties in the past. The Debtor has discussed these issues with the Official Unsecured Creditors Committee appointed in this case. The Debtor will attempt to sell its tree inventory to any interested purchaser and will not undergo any auctions due to the anticipated lack of financial profit.

BACKGROUND AND EVENTS LEADING TO CHAPTER 11 FILING

The Debtor's Business

The Debtor is a Colorado corporation which was formed in 1998 by Robert ("Bob") M. Pohlod, who is the Debtor's sole shareholder and Director. The Debtor is a wholesale tree nursery with a tree growing farm in Pennsylvania. The Debtor's business model included growing trees in Pennsylvania then shipping the trees to the PennHill nursery in Parker, Colorado for sale to

wholesale buyers. The Debtor grew and sold a wide variety of trees such as evergreen trees, ornamental trees, and shade trees. The majority of the tree sales were placed through the Colorado offices to wholesale businesses in Colorado. The Debtor operated successfully for fifteen years growing trees in Pennsylvania, then shipping and selling trees in Colorado. Due to Bob's unanticipated medical complications, the Debtor's business struggled as explained below.

Events Leading to Chapter 11 Filing

Bob is one of six brothers. During the year 2012, during a routine hip surgery, RP experienced cardiac arrest and expired for 7 minutes. While RP was resuscitated, RP suffered some mental degradation due to the loss of oxygen to his brain. While RP may appear at times to operate normally, he does have a loss of brain function. By early 2014, RP's family realized that RP could not fully manage his financial affairs at an appropriate level. RP was placed in a conservatorship in July 2014. Two of RP's brothers, Paul Pohlod and John Pohlod, are his conservators. They have also taken over operation and control of the Debtor in this capacity.

The Pohlod family, including RP, Paul and John Pohlod, has determined that it is in the best interests of creditors and the estate to liquidate the Debtor's assets in order to pay its debts. The Debtor was forced to file for protection under Chapter 11 of the Bankruptcy Code on September 3, 2014.

DESCRIPTION OF ASSETS

The Debtor has sold trees, equipment, and vehicles during the course of this case. The following is a brief description of the Debtor's remaining assets.

Real Property

The Debtor does not own real property.

Personal Property

The following is the list of personal property in the Debtor's possession as of August 22, 2016.

Asset (fair market value)	Est. Value
Cash	$129,770
Trees (approximate)[1]	$20,000
Equipment	$5,000
Vehicles	$25,000
Accounts Receivable[2]	$0
Total	$179,770

Avoidance Actions

The Debtor is reserving the right to bring Avoidance Actions pursuant to 11 U.S.C. §§ 545 through 550 and state law fraudulent conveyance actions. The Debtor has evaluated these claims to determine which, if any, such claims are viable. The Debtor paid certain creditors within 90 days of the Petition Date approximately $75,450.

While a portion of these transfers may be avoidable, many of the transfers have been determined to be subject to legitimate statutory defenses permitted under the Code and state law defenses. If the actions are brought, the Debtor will also incur costs and expenses in the form of legal fees. In addition, there is no way for the Debtor to determine the collectability of any awarded judgments.

With respect to the approximate $75,450 paid to non-insiders by the Debtor within the 90 days preceding the Petition Date, all of these payments appear to have been made in the ordinary

[1] An updated inventory of the Debtor's trees is attached to this Disclosure Statement as Exhibit G. The sizes of the trees range from approximately 2 inches to 4 inches. The Debtor, namely, Bob Pohlod's brothers, spent weeks walking all of the properties in Pennsylvania on which the remaining trees are located in the Fall of 2014, and has updated its inventory through June 30, 2016 by reducing the 2014 inventory with the subsequent sales. The Debtor estimates the value of the trees based upon the net revenue on a bulk sale/auction basis after costs of advertising, commission, trucking, equipment, and personnel, if a buyer were available. Based on consultations with tree experts and auctioneers, the Debtor used a net value of the approximately $10 per tree. *This value does not have any significance unless there are buyers for ALL of the trees in the ground.* The problem with auctions of live trees/commodities is that it is difficult for prospective buyers to preview the trees prior to the sale and request a specific tree or group of trees without significant time and effort. The Debtor does not believe there are buyers for all the trees in the ground, and estimates the fair market value of its inventory at $20,000. This value may increase if buyers are willing to pay more for the trees.

[2] The Debtor lists a negative amount of accounts receivable on its May 2016 monthly operating report as the result of writing off bad debt. The Debtor has collected certain receivables since the Petition Date, and has written off the remainder of receivables originally listed on Schedule B as bad debt. The largest receivable on a pre-Petition Date basis was Arapahoe Landscapes. The Debtor filed a complaint to collect on the outstanding balance from Arapahoe Landscapes, and obtained a judgment against Arapahoe Landscapes. Unfortunately, the Debtor has not been able to collect on that judgment, and continues to pursue this receivable. The main purchaser of trees in the past year has been Dunlap Enterprises, Ltd., and the Debtor continues to sell trees in the ordinary course of its business. As of June 27, 2016, Dunlap has paid for 100% of the trees purchased post-Petition Date. Further, Dunlap remains a

course of business and therefore are subject to defense pursuant to 11 U.S.C. § 547(c)(2). Specifically, a review of the Debtor's accounts payable aging shows the Debtor generally paid their creditors on the same terms and in the same manner during the pre-Avoidance Action period as during the Avoidance Action period. In addition, many creditors provided new value after the transfers, making the claims subject to defense under 11 U.S.C. § 547(c)(4). Some of the transfers between the Debtor and the creditors may be contemporaneous and therefore are subject to defense pursuant to 11 U.S.C. § 547(c)(1).

With respect to the payments to insiders during the Avoidance Action period in the amount of $4,400, as indicated on the Debtor's Statement of Financial Affairs, the payments were ordinary course salary, director fees, expense reimbursement, or sales commissions subject to full defense under 11 U.S.C. § 547(c)(2). Most payments made to insiders were in accordance with the Debtors' standard business practices. Salaries, sale commissions, and expense reimbursement were paid to insiders in accordance with the Debtors' standard payment procedures.

Attached as Exhibit D is an excerpt from the Debtor's Statement of Financial Affairs, which lists all payments made to insiders in the past year, and to creditors within the 90 days prior to the Petition Date.

After fully considering and analyzing all applicable defenses, the Debtor has determined that no other potential recoverable Avoidance Actions exist. The Debtor continues to review all avoidance claims and is reserving the right to bring such causes of action. As with any litigation, the issues with respect to the avoidance actions, as discussed herein, would be aggressively contested. Determinations of fact and law would need to be made by the Court. It is impossible to predict how the Court would ultimately rule. A Court's finding could be substantially the same as the Debtor's analysis, or a Court could find that some or all of the insiders or unsecured creditors have greater or diminished liability.

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creditor of the estate as listed on Schedule F and has not offset its claim with post-Petition Date purchases.

DESCRIPTION OF LIABILITIES

A. Priority Claims

1. Priority Claims

Priority Claims are defined in the Plan as any pre-petition Claim entitled to a priority payment under 11 U.S.C. § 507(a) of the Bankruptcy Code, excluding any Administrative Claim or Tax Claim. Employee claims are estimated at $19,116.21. A list of employee claims are attached hereto as Exhibit A.

2. Administrative Claims

Administrative Claims are those Claims for payment of an administrative expense of a kind specified in §503(b) or §1114(e)(2) of the Bankruptcy Code and entitled to priority pursuant to §507(a)(2) of the Bankruptcy Code, including, but not limited to: (a) the actual, necessary costs and expenses, incurred after the Petition Date, of preserving the estate and operating the business of the Debtor, including wages, salaries, or commissions for services rendered after the commencement of the Chapter 11 Case; (b) Professional Fee Claims; (c) all fees and charges assessed against the estate under 28 U.S.C. §1930; and (d) all Allowed Claims that are entitled to be treated as Administrative Claims pursuant to a Final Order of the Bankruptcy Court under §503(b) of the Bankruptcy Code. The Administrative Claims for the professional fees incurred during the case are as follows:

Bankruptcy Counsel

The Debtor retained Kutner Brinen, P.C. ("KB") as its bankruptcy counsel. The conservator for Robert Pohlod provided KB with a minimal pre-petition retainer in the amount of $278 for post-petition services. The retainer has been used to pay allowed fees and costs. KB also received $10,000 from Robert Pohlod's brothers post-Petition Date, in September 2014, which was disclosed pursuant to Rule 2016(b). The Debtor estimates that the total legal fees and costs for KB due from the Debtor as of the estimated date on which the Plan will become effective, approximately October 31, 2016, will be approximately $15,000. This balance does not include fees and costs paid prior to Plan confirmation. These fees could increase or decrease depending on the level of litigation over the Plan and Claims.

The Debtor has paid KB approximately $113,000 since the Petition Date through July 31, 2016.

Accountants

The Debtor retained AJE Advocates, Inc. ("Accountant") as its accountant to provide professional accounting services which will include professional accounting services including preparation of the Debtor's monthly operating reports. Accountant is providing services on an hourly basis and has estimated the fees and costs for these services is $5,000. Accountant has filed three interim fee applications through April 8, 2016.

The Debtor retained Bauerle & Company as its accountant to provide professional accounting services including preparation of the Debtor's 2014 tax returns. Bauerle & Company has been paid for these services and the Debtor does not anticipate any administrative fees and costs to be paid. The Debtor does anticipate an additional approximate $8,000 required to be paid for purposes of 2015 tax returns and final tax returns for the year 2016 and related wind up costs.

The Debtor has paid Accountant approximately $8,900 since the Petition Date through July 31, 2016.

Paul Pohlod: Post-Petition Date Services

Paul Pohlod has logged approximately 600 hours since the Petition Date managing the Debtor, facilitating sales of assets to pay down the secured creditor, reviewing and analyzing pleadings for the Debtor, and responding to inquiries by the Official Unsecured Creditors Committee. Paul Pohlod has been providing services to the Debtor post-Petition Date in order to

maximize proceeds from the sale of assets, and to maximize any return to the unsecured creditor class. Paul Pohlod has not received any payment for his services, and was willing to defer payment for his Post-Petition Date services until the end of the case if sufficient funds were available. In an effort to address the demands of managing the Debtor, Paul Pohlod was required to reduce his hours at his regular job, and as a result, his salary at his regular job has been reduced. Based on a compensation rate of $25/hour, the Debtor anticipates paying Paul Pohlod approximately $15,000 either as an administrative claim for the actual, necessary costs and expenses of preserving the estate and operating the business of the Debtor, or as an independent contractor for his services during the case. Paul Pohlod is employed as a professional engineer, and $25/hour is significantly below his engineering rate, but reasonable considering the services provided to the Debtor. Mr. Pohlod never agreed to volunteer his time for the benefit of the Debtor and its creditors, has managed the affairs of the Debtor since the Petition Date, but is not a "professional" with respect to his services for the Debtor as defined under the Bankruptcy Code. The rate of $25/hour is a reasonable fee for Mr. Pohlod's services. Payments to Paul Pohlod have not yet been approved by the Bankruptcy Court and an evidentiary hearing is set for August 11, 2016. The Court approved payment of these fees to Paul Pohlod, and the Debtor paid Mr. Pohlod shortly thereafter.

The Debtor paid Paul Pohlod $0 since the Petition Date through July 31, 2016. In August 2016, the Debtor paid $17,482.50 to Paul Pohlod for his services provided through May 9, 2016.

Post-Petition Lease Payments

The Debtor accrued rent payments for the real property lease on Timberlane in Edinburgh, Pennsylvania at the rate of $1,200 per month. Bob Pohlod owns the Timberlane property. The Debtor paid the rent on a monthly basis, with no written lease agreement at the rate of $1,200 per month, and stopped paying shortly after the Chapter 11 case was filed. The rent has not been paid since the month of October 2014. The real property in Pennsylvania is where the Debtor grows its trees, and less than half of the trees are located on Bob Pohlod's property, or 8,574 trees out of approximately 19,111 trees remaining (approximately 12,888 in the ground, and 6,223 in the mulch). Of the approximately 8,574 trees on Bob Pohlod's property, more than half, or approximately 4,592 trees are in the mulch. The only other property on which the Debtor stores trees in the mulch is on

the Spellick property. The trees in the mulch have not sold as rapidly as the trees in the ground.[3] This is likely due to the declining health of trees that are located above the ground for extended periods of time.

Hypothetically, if the Debtor could sell half of the trees in the ground on Bob Pohlod's property, or approximately 2,000 trees, with net income of $10 per tree on a liquidation basis, the fair market value of the inventory on Bob's property could be worth approximately $20,000. The Debtor does not believe there is a market for 2,000 trees, and therefore believes the value of the trees to be closer to $5,000, if at all. The estimated location of all the trees as of July 2016 is attached hereto as Exhibit E. Bob Pohlod is waiving this administrative claim only for purposes of Plan confirmation, calculated at approximately $32,400 as of December 2016. The Plan calls for any unsold trees to be abandoned as of December 31, 2016, and some of those trees are located in the Timberlane property. If this Plan is not confirmed, Bob Pohlod will not waive his administrative priority claim and will assert all rights under the Timberlane lease and the Debtor's benefit from the use of his property during the entire Chapter 11 case.

Unsecured Creditors Committee

An Official Unsecured Creditors Committee has been formed in this case, and the Committee hired Lewis Roca Rotgerber Christie, LLP to represent it in this Bankruptcy case. The amount due to the Committee's attorneys as of the anticipated Plan confirmation date is unknown to the Debtor and is highly dependent upon the level of activity of the Committee, and whether the Committee chooses to litigate any issues in the case. The attorney for the Committee has indicated that a previous estimate of $5,000 owed to the Committee on the Effective Date of the Plan was too low, and as such, the Debtor anticipates that the amount to be owed to the Committee will be much higher.

The Debtor has paid the attorney for the Committee approximately $48,000 in attorneys fees since the Petition Date through July 31, 2016, and anticipates that this amount will grow substantially through the anticipated confirmation date if the Committee continues to object to the Debtor's proposed Plan.

[3] In 2015 and through June 2016, the Debtor sold 4,442 trees that were in the ground versus 400 trees that were in the mulch. The majority of these trees were sold to Dunlap Enterprises, who is no longer anticipating any future large tree purchases.

All allowed attorneys fees and administrative claimants are required to be paid prior to any distribution to the general unsecured creditors pursuant to the relevant sections of the Bankruptcy Code. As a result, any increase in attorneys fees for both the Debtor and the Committee will directly impact and reduce the amount of funds available to pay the general unsecured creditors. The liquidation analysis attached as Exhibit C to this Disclosure Statement demonstrates this effect.

3. Tax Claims

Tax Claims are any Claim of a governmental unit for unsecured taxes entitled to priority pursuant to 11 U.S.C. §507(a)(8). The Internal Revenue Service filed an amended proof of claim No. 3-2 in the priority amount of $9,152.70, with $8,959.44 of this amount based on an unassessed FICA return for the first quarter of 2014. The Colorado Department of Revenue filed an amended proof of claim (No. 2-4) indicating a priority claim of $3,410.

B. Secured Claims[4]

1. Citywide Banks

At the Petition Date, the Debtor was obligated on two loans from Citywide as follows:

a. Loan No. 200079606 (Loan #1)

b. Loan No. 297518319 (Loan #2)

Loan #1 is dated May 8, 2013, is in the original principal amount of $211,277.54, and is secured by inventory, chattel paper, accounts, equipment, instruments, general intangibles and fixtures. This lien was perfected with several UCC financing statements filed with the Colorado Secretary of State on a pre-petition basis. Robert Pohlod is a co-obligor on this note. According to Citywide, the principal amount due on this note as of the Petition Date is $164,693.54, plus interest of $7,884.60 and late charges of $582.60, totaling $173,160.74, with a per diem interest of $96.07.

Loan #2 is dated August 15, 2013, in the original principal amount of $350,000, and is secured by the Delbert Property (defined below) pursuant to Deed of Trust recorded in April 10, 2001. Robert Pohlod is a co-obligor in this note. This loan is also secured by the Debtor's assets

[4] The Debtor listed CAN Capital Asset Servicing, Inc. f/k/a New Logic Business Loans, successor in interest to WebBank ("CAN, Inc.") as a secured claim on Bankruptcy Schedule D. This claim, however has no collateral to secure its claim. The Class 2 Claim, which is first in priority to all of the Debtor's assets, is undersecured. As a result, the CAN, Inc. claim is unsecured.

pursuant to a Commercial Security Agreement dated March 15, 2014 including vehicles, equipment, inventory, accounts, and intangibles. This lien was perfected with several UCC financing statements filed with the Colorado Secretary of State on a pre-petition basis. According to Citywide, the principal amount due on this note as of the Petition Date is $350,000, plus interest of $19,046.10 and late charges of $17,635.63, totaling $386,681.73, with a per diem interest of $204.17.

A third loan, although not a debt for which the Debtor is liable, is relevant to understand the complete relationship between the Debtor and Citywide. Robert Pohlod, the Debtor's owner, owned a parcel of property located at 10003 N. Delbert Rd., Parker, CO that was subject to two Citywide Banks ("Citywide") notes ("Delbert Property"). Robert Pohlod entered into a Home Equity Line of Credit dated March 5, 2010 and is in the original principal amount of $250,000 secured by the Delbert Road Property pursuant to Deed of Trust recorded on March 26, 2010. According to Citywide, the principal amount due on this note as of the Petition Date is $251,086.94, plus interest of $32.54 and late fees of $1,041.29, totaling $252,160.697, with a per diem interest of $32.50. The Plan does not account for treatment of this third loan as it was paid off by Robert Pohlod during the case.

Citywide has received a significant amount from the Debtor during this Chapter 11 case on a post-petition basis from the liquidation of the Debtor's assets and the sale of Robert Pohlod's personal assets on account of Citywide's secured claims. Funds were paid to Citywide from the sale of Bob Pohlod's home in Colorado. As of May 31, 2016, the Debtor owed Citywide approximately $79,170.40. Due in part, to issues related to the perfection of the Citywide claim against live products, Citywide has agreed to receive a secured claim in the amount of $39,585.20 and an unsecured claim in the same amount. These payment terms were negotiated between Citywide, the Debtor, and the Committee and are the subject of a stipulation that was approved by the Bankruptcy Court. The Debtor paid Citywide on account of this agreed secured claim.

C. Leases and Executory Contracts

On the Effective Date of the Plan, the Debtor assumes those executory contracts and unexpired leases listed in Exhibit A and attached to the Plan which have not been assumed by prior Order of the Court prior to the Confirmation Date. On the date of the entry of an Order confirming the Plan, the Debtor shall be the holder of all right, title and interest to the assumed leases and

contracts and such assumed leases and contracts shall be in full effect and binding upon the Debtor and the other parties thereto. Confirmation of the Plan shall constitute a determination that the payments to be made to said creditors pursuant to the Plan satisfy all conditions precedent to assumption and assignment set forth in 11 U.S.C. §365(b) and (f).

The Debtor rejected an unexpired Commercial Real Estate Lease with Custom Lumber, Inc. effective March 31, 2015. Custom Lumber filed a proof of claim in this case in the unsecured amount of $39,089.32. In connection with the rejection, the Debtor abandoned all unsold trees located on the Custom Lumber premises, approximately 1,200 trees, to Custom Lumber. It is not clear whether Custom Lumber has sold any of the trees to reduce its claim, or has re-let the premises. If it has, Custom Lumber should reduce its claim. In addition, it has come to the Debtor's attention that Custom Lumber, and its owner, Chuck Quisenberry, has recently been placed under a receivership. The Debtor has been in communication with the receiver's counsel and will determine whether or not the receivership will affect Custom Lumber's participation as a member the Official Unsecured Creditors Committee.

Effective December 31, 2016, the Debtor will reject all executory contracts and unexpired leases to which they are a party which are listed in Exhibit B and attached to the Plan. Executory contracts and unexpired leases will be rejected pursuant to the provisions of 11 U.S.C. §365. Any executory contract or unexpired lease not assumed shall be rejected, as provided on Exhibit B of the Plan. The Debtor has not and does not intend to file any motions to assume unexpired leases. The land on which the Debtor is currently operating in Pennsylvania is subject to five different leases, all of which are on a year to year basis. The leases have no value as the properties are typically unimproved land leased for the purpose of growing the Debtor's trees over the years. As indicated on the Debtor's Schedule G, the following Pennsylvania leases were in place on the Petition Date, with the annual lease payment in parentheses:

1. Robert Pohlod ($14,400)(90 acres)(This property provided the water source for the trees, storage for equipment)[5]
2. Richie Guadagno ($550)(11 acres)

[5] This can be compared to the Debtor's lease with Custom Lumber for 20 acres, plus a small office, at approximately $72,600 per year plus utilities. The Custom Lumber lease was rejected early in the case, in March 2015.

3. Sarah Phillips ($1,000)(15 acres)

4. Marian Spellick ($1,850)(25 acres)

5. M.D. Ambrosia ($2,250)(45 acres)

An Order confirming this Plan constitutes approval by the Court of the assumption or rejection of the executory contracts and unexpired leases described herein in accordance with the provisions of 11 U.S.C. §365 and the Rules.

All proofs of claim with respect to claims arising from the rejection of any executory contract or unexpired lease shall be filed with the Bankruptcy Court within twenty (20) days after the earlier of (i) the date of the Bankruptcy Court order approving the Debtor's rejection of such executory contract or unexpired lease or (ii) the Confirmation Date. Any claims not filed within such time shall be forever barred against the Debtor, the estate, the Trust, and property and any such Claims shall be disallowed in full. Claims arising from such rejection, to the extent Allowed, shall be treated as unsecured Claims.

D. Non-Priority Unsecured Claims

The Debtor has a number of general unsecured pre-petition creditors. Several of the general unsecured creditors have filed Proofs of Claim. The bar date for filing claims against the Debtor was March 31, 2015. The Debtor has compiled a list of the Claims which it scheduled in the bankruptcy case and the Claims filed by creditors in Class 3.

To the extent that a creditor who was scheduled by the Debtor filed a Claim, the amount of the Claim as filed by the creditor is considered in the analysis, unless otherwise noted. The Claims list containing all known unsecured claims in Class 3 is attached to this Disclosure Statement as Exhibit B. Pursuant to the Debtor's Bankruptcy Schedules and the proofs of claim filed by creditors to date, the total Class 3 claims are approximately $665,000.

The anticipated Class 3 figure also does not account for any reduction in claim amounts as a result of claim objections that may be filed by the Debtor. Further, this amount does not include any additional deficiency claims pursuant to 11 U.S.C. §506.

DESCRIPTION OF THE PLAN

A. GENERAL DESCRIPTION

The Debtor filed its Plan of Reorganization with the United States Bankruptcy Court for the District of Colorado on April 15, 2016. The Plan may be amended prior to confirmation. The Plan provides for the liquidation of remaining assets and the distribution of proceeds to creditors. Funding of the Plan will be derived primarily from the proceeds from the sale of remaining assets.

The Plan provides for the specification and treatment of all creditors and Interest holders of PennHill. The Plan identifies whether each Class is impaired or unimpaired. A Class is unimpaired only if the Plan leaves unaltered the legal, equitable or contractual obligations between PennHill and the unimpaired claimants or interest holders. The following is a brief summary of the Plan. The actual text of the Plan should be reviewed for more specific detail.

Unclassified Priority Claims

As provided in Section 1123(a)(1) of the Code, the Claims against the Debtor covered in Article IV of the Plan are not classified. The holders of such Allowed Claims are not entitled to vote on the Plan.

1. Administrative Claims

The holders of Allowed Claims of the type specified in Section 507(a)(2) of the Code, Administrative Claims, shall receive cash equal to the allowed amount of such Claim or a lesser amount or different treatment as may be acceptable and agreed to by particular holders of such Claims. Such Claims shall be paid in full on the Effective Date of the Plan, or treated as otherwise agreed to by the particular holders of such Claims. Section 507(a)(2) Administrative Claims that are allowed by the Court after the Effective Date of the Plan shall be paid upon allowance or as otherwise agreed. PennHill expects that the following creditors will hold claims which constitute unpaid cost and expense of administration claims as of the Confirmation Date of the Plan estimated as of October 31, 2016.

Claimant	Nature of Claim	Claim Amount (estimated)
Kutner Brinen, P.C.	Legal Fees-Bankruptcy Counsel	$15,000
Amy Thomas	Accountant	$5,000
Bauerle and Associates	Accountant	$0[6]
Unsecured Creditors' Committee	Legal Fees-	$5,000[7]
Total		$25,000

All administrative expense Claims of professionals are subject to Court approval on notice to creditors with an opportunity for a hearing. Certain professional fees may be paid pursuant to interim fee applications and upon Court allowance. The fees set forth above are the total unpaid fees expected in the case as of the estimated Confirmation Date of the Plan. The amounts set forth above are expected to be due on the Confirmation Date of the Plan and do not include fees and costs paid directly by the Debtor pursuant to Court Order.

In addition, the Debtor paid Paul Pohlod $17,482.50 for his post-Petition Date services through the week of May 9, 2016 at the rate of $25/hour as the actual, necessary costs and expenses of preserving the estate and operating the business of the Debtor. The Bankruptcy Court approved this payment to Paul Pohlod after an evidentiary hearing held on August 11, 2016 as the result of an objection raised by the Committee. In addition to the $17,482.50, the Debtor anticipates paying Paul Pohlod for his services after May 9, 2016, as well as through and after confirmation of the Plan at the rate of $25 per hour in the ordinary course of business.

2. Tax Claims

The Allowed Claims of a type specified in Section 507(a)(8) of the Code, Tax Claims of governmental taxing authorities, shall be paid on the Effective Date of the Plan. The total §507(a)(8) claims are estimated at no more than $9,152.70. The following entities filed priority tax claims:

IRS:	$9,152.70
Colorado Dept. of Revenue	$3,410

3. United States Trustee Fees

[6] The Debtor anticipates owing approximately $8,000 for tax returns, final tax returns, and related wind up costs.
[7] This amount may increase or decrease, depending on the level of activity of the Committee.

The Debtor will make all payments required to be paid to the U.S. Trustee pursuant to 28 U.S.C. § 1930(a)(6) until the case is closed, converted, or dismissed. All payments due to the U.S. Trustee pursuant to 28 U.S.C. § 1930(a)(6) shall be paid on the Effective Date, and the U.S. Trustee shall thereafter be paid fees due on a quarterly basis until the case is closed, converted, or dismissed. The Debtor's obligation to file post confirmation quarterly reports pursuant to 11 U.S.C. § 1930(a)(7) continues until the Chapter 11 case is dismissed, converted or closed. Since it is expected the case will be closed and a Final Decree entered shortly after the Effective Date, it is not expected that the fees will be a material post-petition obligation. Post-confirmation payments due to the United States Trustee are estimated to be no greater than $10,000.

Class 1, Priority Claims

Allowed Class 1 Priority Claims shall be paid in full on the Effective Date. The Class 1 claims for certain pre-petition wages and employee Claims are more particularly described in Sections 507(a)(4) and 507(a)(5) of the Code. The following is a list of Class 1 claims:

Aramee L. Sarkisian-Winger	$ 230.11
Douglas C. Todd	$ 525.71
Gaylord Klein	$ 122.82
Jose J. Jauregui	$ 134.08
Jose M. Hernandez	$ 480.23
Juan M. Ruiz	$ 884.61
Matthew Pohlod	$ 720.21
Michael C. Lucchino (This claim is limited by the statutory maximum)	$ 12,475.00
Miguel V. Almanza	$ 614.13
Orville Rodriguez	$ 135.21
Pamela J. Bottolfson	$ 1,247.12
Rfujio Estranes Laras	$ 637.21
Regino V. Mendez	$ 486.92
Sandra M. Velasco	$ 422.85
Total	$ 19,116.21

Class 2, the Allowed Secured Claim of Citywide Banks

The Class 2 Secured Claim consists of the Allowed Secured Claim of Citywide Banks. The Class 2 collateral consists of titled vehicles, receivables, equipment, and as further specified in the relevant loan documents.

The principal amount of the Class 2 Claim will be allowed as a secured claim in the amount of $39,585.20 or such lesser amount as otherwise agreed by the Debtor and the Class 2 claimant. The Class 2 claimant's lien that secured its claim as of the Effective Date of the Plan shall continue to secure its claim until the Allowed Secured Claim is paid in accordance with this Plan. The Class 2 claim shall be paid in full within 30 days of the Effective Date of this Plan, or sooner as may be provided by agreement between the parties. Pursuant to 11 U.S.C. § 506, the Class 2 Claim is secured up to the value of the collateral for the Class 2 Claim, and unsecured for the balance. The Class 2 claimant will hold an unsecured Class 3 claim of $39,585.20, or as otherwise agreed.

Class 3, the Allowed Claims of General Unsecured Creditors

Class 3 consists of those unsecured creditors of PennHill who hold Allowed Claims. Class 3 shall receive on account of their claims, the funds that remain after Unclassified Priority Claims and the Class 2 claim is paid in full on account of its Allowed Secured Claim. Class 3 claimants shall receive a pro-rata distribution of the net proceeds of cash on hand, including net proceeds from the liquidation of Inventory and Equipment after payment of secured claims, liquidation costs, costs for preparation of tax returns and other wind-down costs, management costs, and costs directly related to the liquidation of the assets, and Avoidance Action proceeds. All payments to Class 3 will be completed within one year of the Effective date of the Plan. The Debtor shall sell, in its sole discretion, the remaining Inventory and Equipment in order to pay creditors. In addition to the distribution set forth above, Class 3 shall be entitled to receive the proceeds whether obtained by litigation or settlement, net of attorney fees, expert fees, and costs, obtained from any action undertaken by the Debtor to collect Avoidance Actions. It shall be up to the Debtor's discretion, without need for any Court approval, to: a) pursue any Avoidance Actions; and b) settle any Avoidance Actions.

Class 4, the Interests held by pre-confirmation Members

Class 4 includes the Interests in the Debtor. Class 4 is impaired by this Plan. All Interests shall be cancelled as of the Effective Date of the Plan and Class 4 shall receive or retain nothing on account of its Interests.

As stated above, Class 4, which consists of the interests in the Debtor held by Robert Pohlod, will receive nothing on account of his interests in the Debtor. Those ownership interests will be cancelled with no compensation to Robert Pohlod.

Although Bob Pohlod owns the property on which some of the Debtor's trees will be abandoned, any "benefit" to him is not on account of his interests in the Debtor. Further, a number of the trees are damaged, and have little or no value. The trees only have value if someone is willing to purchase the trees. Bob Pohlod does not own any equipment to harvest any of the trees. The Debtor previously abandoned the trees that it was not able to sell in Colorado to its landlord, Custom Lumber. There were no objections as to the abandonment in Colorado, likely because there was little or no value to the trees, which were all harvested and out of the ground.

Even if a valid argument could be made that Bob Pohlod was receiving "value" from the unsold trees that are abandoned by the Debtor on his property, his agreement to waive his administrative claim for rent owed on a post-petition basis constitutes new value already given to the Debtor by allowing the Debtor to occupy his land without payment during the entire course of the Chapter 11 Bankruptcy case.

B. MEANS FOR EXECUTION OF THE PLAN

The Debtor will liquidate all remaining assets of the estate and the resulting net proceeds will be paid to creditors. Any Creditors Committee appointed in the bankruptcy case shall terminate on the Effective Date of the Plan.

The Debtor shall not receive a discharge on the Effective Date of the Plan pursuant to Section 1141(d) of the Bankruptcy Code since this is a liquidating Plan. Confirmation of the Plan and the occurrence of the Effective Date of the Plan shall constitute a modification of any note or obligation for which specification and treatment is provided under the Plan as set forth in the Plan. Any

obligation or note, previously in default, so modified, shall be cured as modified as of the Effective Date. This provision shall be operable regardless of whether the Plan provides for any obligation to be evidenced by a rewritten loan or security document following confirmation of the Plan.

C. ADMINISTRATIVE CLAIM BAR DATE

If the Plan is confirmed, all applications for allowance and payment of Administrative Claims, including Professional Fees, must be filed within 60 days following the Confirmation Date.

PLAN FEASIBILITY

The Plan is feasible as it allows the Debtor to restructure its debt, liquidate assets, and repay its creditors a portion of their claim. The Debtor anticipates that it will continue to sell trees through December 31, 2016 to anyone interested, but will not be able to sell the bulk of the remaining trees. The Debtor has approached some of the tree buyers in Pennsylvania to determine if they are interested in a bulk sale option, however, the market for a large number of trees in Pennsylvania or surrounding areas does not exist. The Debtor's market historically focused on Colorado, where it intended to sell the majority of its trees. As a result, the Debtor's market in Pennsylvania, where the trees are located, is very limited. Pennsylvania's wholesale tree/landscaping market is not based on new construction, as Colorado's market was, but is based on smaller landscaping projects in the area. In fact, the largest purchaser of the trees is a tree grower out of Illinois, named Dunlap Enterprises ("Dunlap"). The Debtor offered to sell the remaining bulk inventory of trees to Dunlap, however, they were not interested. Attached as Exhibit F is a copy of invoices for trees sold from the Pennsylvania properties in the past six months.

Dunlap is in a similar business as the Debtor. Dunlap grows trees, then harvests and sells them. Dunlap tagged approximately 2,000 trees in the fall of 2015, with the intent to harvest them in the Spring of 2016. The trees Dunlap eventually harvested were the trees that it had previously tagged, or if any of those trees were damaged by frost or wild animals, Dunlap chose different trees.

Dunlap is familiar with the condition of the remaining tree inventory in Pennsylvania as it has recently walked the leased properties in Pennsylvania on which the Debtor's trees are located. According to Lisa Dunlap, a number of trees in the ground are not in good condition due to deer problems and frost cracking. The deer rub up against the trees and damage the trees. The frost damage occurs when there are drastic swings in temperatures, and the cracking in the trees make

them unmarketable. As a result of damage to the trees, Dunlap has indicated that the quality of many of the trees is of low grade quality. This is the natural result of having live inventory, and because the trees were not meant to stay in the ground for this extended period, but were intended to grown, harvested at a young age, and sold in the Colorado market.

Dunlap has indicated that it may be interested in purchasing additional trees. The trees purchased in the Spring of 2016 were to supplement its low inventory on its own farm. Dunlap does not have the same problem this year, and will not need to purchase trees in the Spring of 2017 due to the sufficient amount of trees in its own nursery stock in Illinois. It may, however, tag some trees at the end of the summer of 2016, for harvest and sale in the Fall of 2016. The process of tagging and buying is not an exact science, as Dunlap tags trees in anticipation of being able to sell those trees. As a result, Dunlap will tag trees in any of the Debtor's locations, then will try to sell the trees to third parties. If it is able to sell the trees, Dunlap will temporarily move its harvesting equipment to Pennsylvania, dig up and process the trees, then ship the trees directly to its customers from the harvesting location in Pennsylvania. If Dunlap is unable to sell any tagged trees, it simply will not harvest them. The quantity of trees sold and harvested needs to be large enough in order to make the process profitable for Dunlap to transport its heavy equipment from Illinois.

The Debtor's efforts to sell trees to other parties since the Petition Date involves contacting known and previous purchasers, as well as likely purchasers of the trees in the Debtor's inventory. The Debtor sent a copy of the 2014 updated inventory to a number of potential buyers, including, but not limited to:

1) Keith Irbacher at McHutchison, Wayne, NJ;
2) Roger Purcell at Frank J. Schmidt in Oregon;
3) Butch Edwards at Homeland Nursery in Indiana;
4) Kevin Danbaugh at Lake Forest Gardens in Zelienople, PA;
5) Carolun Beggs at Beggs Nursery in Port Clinton, NY; and
6) Port Colborne in Ontario, CA.

Few of these contacts were interested in purchasing trees.

The Debtor's market has recently been forced to change from its original business operations. Recent changes in regulations relating to pesticides prevent the Debtor from marketing its trees in Colorado and many other states. In Fall of 2012, the Debtor passed its annual Japanese Beetle test. However, in Fall of 2013, after again completing the annual Japanese Beetle test, it came to the

nursery inspector's and the Debtor's attention that the chemical "Imidacloprid" which the Debtor historically used on its trees in Pennsylvania was no longer an acceptable pesticide for the State of Colorado, and as a result, the Debtor was prohibited thereafter from shipping its trees to Colorado. The Debtor contemplated other options, including an alternative option called "dipping", however the Debtor was unable to and did not pursue other options, in part, due to Bob Pohlod's brain injury. As a result, and due to Bob Pohlod's medical condition, the Debtor has been limited as to where it can market and sell its trees. The Debtor was not subject to this limitation until the Fall of 2013, and it has significantly impaired the Debtor's liquidation efforts.

The Debtor has been able to sell some of its trees to companies near Pennsylvania who are willing to harvest and transport their purchases. The Debtor brokered one recent large sale to Dunlap, as indicated above, who completed its harvest by May 31, 2016. Due to the nature of the landscaping business, trees are only purchased if there is a known or anticipated market to resell. The Debtor does not anticipate any other large scale sales as the markets for the Debtor's trees are not ideal, and it lost its ability to ship trees to Colorado for sale.

The Debtor has contacted an auctioneer in Pennsylvania who was not interested in conducting an auction with living inventory. The difficulty in marketing and selling trees and the lack of a large scale market were problems for the auctioneer. The Debtor also consulted with one of its tree experts, Jim Pitts, and prepared its own cost/benefit analysis of a potential auction of the remaining trees, and the result is an estimated $10/tree of net income after costs of advertising, hiring workers to harvest and load the trees, renting equipment to harvest, paying commission to the auctioneer, and other related costs. The Debtor also analyzed the difficulty in locating appropriate laborers in the area.

During the past two years the Debtor sold close to five thousand trees to Dunlap Enterprises, Ltd. ("Dunlap") for approximately $50 per tree. In May 2016, the Debtor sold 2,510 trees to Dunlap for a total of $126,121.55. Similarly, in 2015, the Debtor sold 2,473 trees to Dunlap for $128,350. The average price of the trees sold to Dunlap and other tree buyers during 2015 and 2016 from both the Colorado and Pennsylvania locations is approximately $51 per tree, not taking into account the size, species or condition of the trees.

The Debtor sold approximately 65 trees in 2016 to non-Dunlap buyers from the Pennsylvania

inventory, with an average sale price of $39. The Debtor no longer has any inventory in Colorado.

In sum, the Debtor's business plan was never to sell trees from its farms in Pennsylvania because there is no viable market. This is why the trees were shipped to Colorado for sale. Colorado's growing new construction market required the purchase of a large amount of trees for the new neighborhoods and commercial spaces. The Debtor planted the variety and amount of trees in Pennsylvania on speculation, and with the anticipation that it would be able to market and sell these trees in Colorado. Starting in 2013, the Debtor could no longer ship trees to Colorado due to the change in pesticide laws. As a result, the Debtor needed to search for new markets to sell its aging trees. Since September 2014, the Debtor has sold trees and equipment through the efforts of John Pohlod and Paul Pohlod and other family members and friends. Paul Pohlod was not involved in the Debtor's business until Bob's accident. Bob Pohlod is no longer mentally capable of marketing the trees. The Debtor has contacted individual sales representatives to sell the remaining trees, however, there was no interest in selling the trees with a virtually non-existent potential market on a commission only basis. The majority of the trees in Pennsylvania are "in the ground" and require purchasers to use their own equipment to dig up the trees.

The Debtor anticipates a small payout to Class 3 general unsecured creditors. The Debtor estimates the following based on certain assumptions[8]:

Cash on hand as of the Effective Date of the Plan:	$120,000[9]
Payment to Kutner Brinen, P.C.	($15,000)
Payment to accountant AJE Advocates	($5,000)
Payment to Committee counsel	($5,000)
Payment to Paul Pohlod (for post-Petition Date services)[10]	($15,000)
US Trustee Fees	($10,000)
IRS	($10,000)
Colorado Dept. of Revenue	($3,410)
Payment to Class 1	($20,000)
Costs for tax returns/wind up of the Debtor	($8,000)

[8] The costs and expenses for the estate may increase significantly, and decrease payment to unsecured creditors depending on the amount of litigation involved through confirmation of the proposed Plan. The Bankruptcy Code requires the Debtor to pay the allowed attorneys fees and costs accrued for both the Debtor's Bankruptcy counsel as well as the Committee counsel.

[9] This is the Debtor's cash balance as of August 22, 2016.

[10] The Bankruptcy Court has approved payment to Paul Pohlod for his post-Petition Date services to the estate through May 9, 2016. The amount listed here is the anticipated amount to be paid to Paul Pohlod as the result of having to prepare for and attend a contested hearing on confirmation of the Plan, as well as services provided to the estate after May 9, 2016. If there are no objections to the Plan, this amount may decrease.

Management costs post-confirmation	($8,000)
Total cash remaining	**$30,590**[11]

Assuming the total Class 3 claims equals approximately $665,000, the payout to Class 3 claimants will be approximately 4.6% of their allowed claim. This figure may go up or down depending on the amount of litigation required to confirm the Plan, additional fees or costs incurred by the estate, and any amendments to claims filed by creditors. The Debtor will continue to pursue sales opportunities for all of its assets through December 31, 2016, and additional sales will likely increase the payout to creditors.

RISK TO CREDITORS

This Disclosure Statement contains statements which look into the future. There is no way to determine the accuracy of these statements. The Debtor has used its best efforts based upon all the information available to the Debtor to provide full disclosure. The Debtor believes that the Plan as proposed offers the best option for creditors. As explained below in greater detail, the principal alternative to the Debtor's reorganization under Chapter 11 is a conversion of the case to Chapter 7 of the Bankruptcy Code. As indicated in the Debtor's liquidation analysis provided below, liquidation of the Debtor through a Chapter 7 process will assure a distribution to unsecured creditors less than that proposed by the Plan.

EVENT OF DEFAULT

The Plan, upon confirmation, constitutes a new contractual relationship by and between the Debtor and its creditors. In the event of a default by the Debtor under the Plan, creditors shall be entitled to enforce all rights and remedies against the Debtor as the case may be for breach of contract, the Plan. Any secured creditor claiming a breach of the Plan by the Debtor will be able to enforce all of their rights and remedies including foreclosure of their security agreement or lien pursuant to the terms of such document. Any creditor claiming a breach must provide written notice to the Debtor of the claimed default, the notice must provide the Debtor a ten (10) day period within which to cure the claimed default, unless a longer period is specified elsewhere in the Plan. Upon

the Debtor's failure to cure the default within such ten day period, the creditor may proceed to exercise their rights and remedies.

TAX CONSEQUENCE

The Debtor is not providing tax advice to creditors or interest holders. **U.S. Treasury Regulations require you to be informed that, to the extent this section includes any tax advice, it is not intended or written by the Debtor or its counsel to be used, and cannot be used, for the purpose of avoiding federal tax penalties.** Each party affected by the Plan should consult its own tax advisor for information as to the tax consequences of Plan confirmation. Generally, unsecured creditors should have no tax liabilities as a result of Plan confirmation. The recovery of each creditor is payment on account of a debt and generally not taxable, unless the creditor wrote off the debt against income in a prior year in which case income may have to be recognized. Interest holders may have very complicated tax effects as a result of Plan confirmation.

Pursuant to Section 1146(c) of the Code, the issuance, transfer, or exchange of notes or equity securities under the Plan by the Debtor, the creation of any mortgage, deed of trust, or other security interest, the making or assignment of any lease or the making or delivery of any deed or instrument of transfer under, in furtherance of, or in connection with the Plan or the Agreements shall not be subject to any stamp, real estate transfer, mortgage recording, or other similar tax.

POST-CONFIRMATION MANAGEMENT

Paul Pohlod is one of the conservators for Robert Pohlod, and Paul will continue to generally manage and oversee the post confirmation affairs of the Debtor. Mr. Pohlod will receive compensation for his services at the rate of $25 per hour.

John Pohlod will continue to manage the day to day affairs of the Debtor's liquidation and sale of remaining trees located in Pennsylvania. John Pohlod will receive compensation for his services at the rate of $25 per hour.

LIQUIDATION ANALYSIS UNDER CHAPTER 7

The principal alternative to the Debtor's reorganization under Chapter 11 is a conversion of

[11] This figure will increase if the Debtor is able to sell more trees through December 31, 2016.

the case to Chapter 7 of the Bankruptcy Code. Chapter 7 requires the liquidation of the Debtor's assets by a Trustee who is appointed by the United States Trustee's office. The assets would be liquidated and the proceeds distributed to creditors in the order of their priorities.

The Debtor's main assets are its cash and remaining assets. Upon conversion to Chapter 7, as demonstrated in the Liquidation Analysis, the funds generated from the liquidation of the Debtor's assets are less than what the unsecured creditors would receive under the Plan. The Liquidation Analysis is attached hereto as Exhibit C. The funds available to unsecured creditors in a Chapter 7 case are subject to the Chapter 7 Trustee's fees and any additional costs and expenses of the Chapter 7 estate would have to be paid as priority expenses before any unsecured creditor claims may be paid. These would likely include any attorneys retained by the trustee as well as any accountant required to prepare final tax returns. The payout to unsecured creditors is much less in a Chapter 7 case due to the following factors: (1) Bob Pohlod is waiving his administrative claim for post-petition rent of the Pennsylvania property if the Plan is confirmed; and (2) the Citiwide Banks secured claim may be increased if the Plan is not confirmed.

Abandonment of the remaining unsold trees is the only option available to the Debtor. The Debtor has not been able to sell many trees in the past year, and there simply is no significant market for the trees. The only large sales have been to Dunlap Enterprises, who has informed the Debtor that it no longer needs to supplement its own nursery inventory, which is what it had been doing when purchasing large amounts of trees in 2015 and 2016. Other than these sales to Dunlap, the Debtor has sold less than 150 of the trees located in Pennsylvania to other buyers since January 1, 2015. Any delay in abandonment will increase costs to the Debtor with little or no return. It will require the Debtor to spend approximately $1,500 per month in labor, fuel, and equipment costs to maintain the properties, with uncertain sales revenue. Abandonment of the trees is in the best interest of all parties.

The Chapter 11 estate is now poised to distribute funds in an orderly manner under the Plan. Given the alternative under a Chapter 7 scenario, the Debtor's proposed Chapter 11 Plan provides a better alternative for unsecured creditors, and contemplates a distribution to unsecured creditors from the Debtor in a greater amount than would be provided in Chapter 7. It is therefore urged by the Debtor that all creditors vote in favor of the Plan.

DATED: August 25, 2016

PENNHILL FARMS, INC.

By: /s/ Matthew Pohlod
Matthew Pohlod, Vice President

Kutner Brinen, P.C. ("KB") has acted as legal counsel to PennHill Farms, Inc. on bankruptcy matters during the Chapter 11 case. KB has prepared this Disclosure Statement with information provided primarily by PennHill Farms, Inc. The information contained herein has been approved by PennHill Farms, Inc. KB has not made any separate independent investigation as to the veracity or accuracy of the statements contained herein.

Counsel to PennHill Farms, Inc.
Debtor- In-Possession:

KUTNER BRINEN, P.C.

By: /s/ Jenny M.F. Fujii
Lee M. Kutner (#10966)
Jenny M.F. Fujii (#30091)
1660 Lincoln Street, Suite 1850
Denver, CO 80264
Telephone: (303) 832-2400
Telecopier: (303) 832-1510

List of Exhibits Attached to this Disclosure Statement:

A. Employee Claims
B. Unsecured Creditors List
C. Liquidation Analysis
D. Excerpt from the Statement of Financial Affairs showing pre-Petition Date payments made by the Debtor
E. Location of trees in Pennsylvania
F. Invoices for trees sold in 2016
G. Estimated inventory updated in August 2016

PennHill Farms, Inc.

Exhibit A

List of Employee Claims

Creditor	Claim	Proof of claim No.	Notes
Aramee L. Sarkisian-Winger	$ 230.11		
Douglas C. Todd	$ 525.71		
Gaylord Klein	$ 122.82		
Jose J. Jauregui	$ 134.08		
Jose M. Hernandez	$ 480.23		
Juan M. Ruiz	$ 884.61		
Matthew Pohlod	$ 720.21		
Michael C. Lucchino[1]	$ 12,475.00	13	$ 13,132.31
Miguel V. Almanza	$ 614.13		
Orville Rodriguez	$ 135.21		
Pamela J. Bottolfson	$ 1,247.12		
Rfujio Estranes Laras	$ 637.21		
Regino V. Mendez	$ 486.92		
Sandra M. Velasco	$ 422.85		
Total	$ 19,116.21		

Footnote:

1. This is limited to the statutory maximum for wage claims as administrative priority claims.

PennHill Farms, Inc.

Exhibit B

List of General Unsecured Creditors

The Claim amounts listed below were obtained from the Debtor's Bankruptcy Schedules or from proofs of claim filed by creditors, and the Debtor does not waive any rights to object to any of these claim amounts.

Creditor	Claim	Proof of claim No.	Notes
A.M. Leonard Company	$11,901.61	1	
ADP, Inc.	$96.62		
Anthem Blue Cross Blue Shield	$0.00		Claim paid post-petition
Arrowhead Ornamentals	$27,697.08	20	
AT&T Mobility	$1,787.48	11	
Automated Fueling, Inc.	$19,000.00	17	The $26,028.83 claim was paid down by John Pohlod
CAN Capital f/k/a New Logic/WebBank	$102,109.17	12	2
Bauerle & Co.	$0.00	14	$3,821.04 claim waived
Big O Tire	$19.00		
Campos Enterprises	$3,000.00		
Capital One, F.S.B.	$973.00		
Caribou Construction, Inc./Chappelle Homes, Inc.	unknown		
Central Ohio Bag & Burlap	$6,898.43	4	
Century Link	$459.98		
Certified Labs Divison of NCH Corp.	$1,240.67	6	
Cherry Creek Water User	$1,000.00		
Cintas FAS	$351.97		
Citi Bank Driver Edge	$1,877.25		
Citibank Driver Edge	$574.08		
Citiwide Banks/Loans	$8,538.40		
Citiwide Banks	$39,585.20		Per agreement
Colorado Conifers	$1,700.00		
Country Lodge	$179.10		
Custom Lumber, Inc.	$39,089.32	19	
Dayton Bag & Burlap Co.	$8,400.52		
DBC Irrigation Supply	$12.00		
Deep Rock	$621.42	18	
Direct Link	$239.80		
Douglas Clerk and Recorder	$86.27		
Drexler Transportation, Inc.	$1,250.00		
Duncan Trucking, Inc.	$5,250.00		
Dunlap Enterprises	$6,815.00		
Dutchman Industries	$881.33		
Forest Lawn Nursery, LLC	$11,045.00		
Frontier Mastercard	$1,499.83		
Haulaway Storage Containers, Inc.	$92.01		
Hillcomp, LLC	$1,526.00	9	
Hill Petroleum	$1,354.90	23	
Home Depot	$20.00		
Jewell Insurance Associates	$9,650.81		
John Holmlund Nursery, LLC	$23,146.81	15	
Kenneth Tanner	$2,000.00		
Kubota Credit Corp	$12,582.13	10	

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PennHill Farms, Inc.

Exhibit B

List of General Unsecured Creditors

The Claim amounts listed below were obtained from the Debtor's Bankruptcy Schedules or from proofs of claim filed by creditors, and the Debtor does not waive any rights to object to any of these claim amounts.

Creditor	Claim	Proof of claim No.	Notes
Kubota Credit Corp	$5,046.51	8	
Larry Cooper	$6,592.00		
Lightning Kwik Print, Inc.	$9.71		
M.D. Ambrosia	$0.00		
Marian Spellick	$1,850.00		
McHutchison, LLC	$144.00		
Michael C. Lucchino	$657.31	13	general unsecured portion of claim
Mountain High Tree Service & Lawn Care	$2,678.50	5	
NAPA/The Rock Parts Co.	$352.74		
Nomina Nurseries	$4,532.00		
Office Depot	$534.99		
Parker Port-A-Potty	$546.00		
Pinnacol Assurance	$3,920.00		
Prairie Acres Tree Farm	$4,932.00		
R&H Nursery, Inc.	$5,405.00		
Robinson Nursery	$15,630.50		
Sanders Nursery, Inc.	$28,487.90		
Sarah Philips	$1,000.00		
Suburban Propane-1202	$902.04		
Tanglewood Nurseries, LLC	$23,491.97	7	
The Huntington National Bank	$441.55		
The Tree Farm	$5,100.00		
The Tree House	$144,338.50	16	
Thunder Transportation, LLC	$3,000.00		
Total Quality Logistics, LLC	$2,500.00		
Universal Tractor	$1,033.39		
Valero Marketing & Supply Co.	$1,650.19		
Valley Crest	$705.00		
Verizon	$307.96		
Wandell's Nursery	$10,634.00		
Windsor Tree Farm	$5,565.00		
World Business Lenders	$0.00		1
XPO Logistics	$27,900.00		
Total	**$664,640.95**		

Notes:
1. This claim was settled in its entirety by Bob Pohlod.
2. This claim was filed as secured, with no collateral.

updated 4/15/2016
2:29 PM

PennHill Farms, Inc. **Exhibit C**
Chapter 11 Bankruptcy Case No. 14-22139-HRT

LIQUIDATION ANALYSIS

ASSETS

Personal Property	Est. value	Costs of sale/recovery/liens	Net Value
Bank Accounts (est. as of 9/30/16)	$120,000	$0	$120,000
Accounts receivable	$0		$0
Trees[1]	$20,000		$20,000
Equipment	$5,000	($750)	$4,250
Vehicles	$25,000		
Costs of sale		($2,500)	$22,500

Total Personal Property **$166,750**

[1] The Debtor's estimate of the value of the approximtely 12,888 trees in the ground at $10 per tree is $128,880. However, there is no market for these trees, and the Debtor believes, in a liquidation scenario, the most any Chapter 7 trustee would recover on a net basis would be $20,000, which requires a trustee to sell approximately 2,000 trees. The Debtor's largest purchaser has been Dunlap Enterprises, however, Dunlap no longer needs to purchase trees to supplement its own nursery deficiency, and the likelihood selling an addiitonal 2,000 trees is highly unlikely. The trees harvested and contained in mulch are not selling at high rate, and are not included in this analysis.

* Marketability of all remaining assets are questionable
** The Debtor has determined that receivables are uncollectible

Net Assets **$166,750**

Chapter 7 Administrative Expenses	
Chapter 7 Trustee	$14,000
Chapter 7 Accountant	$5,000
Chapter 11 Bankruptcy attorneys fees	$30,000
Chapter 11 accountant	$5,000
Administrative claim for Paul Pohlod (estimated)	$15,000
Lease claim for Bob Pohlod (waived if Plan is confirmed)	$32,400
Chapter 11 Creditors Committee Counsel	$30,000
Employee claims (Class 1)	$20,000
IRS	$10,000
CDOR	$3,410
US Trustee fees	$10,000
Chapter 7 counsel	$10,000
Total Chapter 7 expenses	$184,810

The attorneys fees for the Committee and Debtor's counsel are assuming that a contested confirmation hearing will be required or evidentiary motion to dismiss/convert hearing will be required.

Cash after Payment of Secured Claims and Chapter 7 expenses:	**-$18,060**
Estimated Class 3 Creditor claims	$665,000
Payment to unsecured creditors in Chapter 7	**-2.7%**
Payment to unsecured creditors under the Plan	**4.6%**

2. Income other than from employment or operation of business

None ■ State the amount of income received by the debtor other than from employment, trade, profession, or operation of the debtor's business during the two years immediately preceding the commencement of this case. Give particulars. If a joint petition is filed, state income for each spouse separately. (Married debtors filing under chapter 12 or chapter 13 must state income for each spouse whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

AMOUNT	SOURCE

3. Payments to creditors

None ■ *Complete a. or b., as appropriate, and c.*

a. *Individual or joint debtor(s) with primarily consumer debts:* List all payments on loans, installment purchases of goods or services, and other debts to any creditor made within 90 days immediately preceding the commencement of this case unless the aggregate value of all property that constitutes or is affected by such transfer is less than $600. Indicate with an asterisk (*) any payments that were made to a creditor on account of a domestic support obligation or as part of an alternative repayment schedule under a plan by an approved nonprofit budgeting and credit counseling agency. (Married debtors filing under chapter 12 or chapter 13 must include payments by either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

NAME AND ADDRESS OF CREDITOR	DATES OF PAYMENTS	AMOUNT PAID	AMOUNT STILL OWING

None ☐ b. *Debtor whose debts are not primarily consumer debts:* List each payment or other transfer to any creditor made within 90 days immediately preceding the commencement of the case unless the aggregate value of all property that constitutes or is affected by such transfer is less than $6,225*. If the debtor is an individual, indicate with an asterisk (*) any payments that were made to a creditor on account of a domestic support obligation or as part of an alternative repayment schedule under a plan by an approved nonprofit budgeting and credit counseling agency. (Married debtors filing under chapter 12 or chapter 13 must include payments and other transfers by either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

NAME AND ADDRESS OF CREDITOR	DATES OF PAYMENTS/ TRANSFERS	AMOUNT PAID OR VALUE OF TRANSFERS	AMOUNT STILL OWING
World Business Lenders 120 West 45th Street 29th Floor ATTN: Donald Jackson New York, NY 10036	**Various Dates**	**$38,942.00**	**$105,949.00**
Balboa/Web Bank	**Various Dates**	**$36,508.00**	**$92,210.00**

None ☐ c. *All debtors:* List all payments made within one year immediately preceding the commencement of this case to or for the benefit of creditors who are or were insiders. (Married debtors filing under chapter 12 or chapter 13 must include payments by either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

NAME AND ADDRESS OF CREDITOR AND RELATIONSHIP TO DEBTOR	DATE OF PAYMENT	AMOUNT PAID	AMOUNT STILL OWING
Robert Pohlod 2979 North Highway 83 Franktown, CO 80116 Payoff of Robert's personal car	**December 2013**	**$4,400.00**	**$0.00**

* *Amount subject to adjustment on 4/01/16, and every three years thereafter with respect to cases commenced on or after the date of adjustment.*

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EXHIBIT D

Exhibit E

PennHill Farms, Inc.
Location of Trees
Estimated as of August 2016

Landlord	In the ground	In the mulch	Total	% of all trees
Bob Pohlod	3,982	2,893	6,875	39%
Phillips	1,445	0	1,445	8%
Guadango	463	0	463	3%
Spellick	3,311	1,631	4,942	28%
Ambrosi	3,687	0	3,687	21%
Total remaining trees	12,888	4,524		100%
Combined in the ground and mulch		17,412		

Pennhill Farms, Inc.

176 Baird Road
Edinburg, PA
Phone#: (303)828-6780
Fax#: (303)663-2298

Invoice

Date	Invoice #
5/8/2016	411644

Bill To	Ship To
Ratvasky Landscape 1194 Garner Road Edinburg, PA 16116 Sales Rep: Dave	Pickup at Timberlane Nursery

P.O. Number	Terms	Rep	Ship	Via	F.O.B.	Project
	Net 30 Days		4/20/2016	Pick Up	Origin	

Quantity	Item Code	Description	Price Each	Amount
1		Sevice Berry	$65.00	$65.00
			Total	$65.00

EXHIBIT F

Pennhill Farms, Inc.

176 Baird Road
Edinburg, PA
Phone#: (303)828-6780
Fax#: (303)663-2298

Invoice

Date	Invoice #
5/9/2016	411645

Bill To

Dunlap Enterprises, Ltd
P.O. Box 118
Blue Mound, IL 62513

Representative: Lisa Dunlap

Ship To

Pickup at Timberlane Nursery

P.O. Number	Terms	Rep	Ship	Via	F.O.B.	Project
	Net 30		4/30/2016	Multiple Dates	Origin	

Quantity	Item Code	Description	Price Each	Amount
		In The Ground Material		
37		Hackberry - 2"	$40.00	$1,480.00
32		Hackberry - 2.5"	$50.00	$1,600.00
37		Hackberry - 3"	$60.00	$2,220.00
19		Hackberry - 3.5"	$70.00	$1,330.00
124		Locust - 2"	$40.00	$4,960.00
132		Locust - 2.5"	$50.00	$6,600.00
5		Locust - 3"	$60.00	$300.00
6		American Sentry Linden - 2.5"	$50.00	$300.00
4		American Sentry Linden - 3"	$60.00	$240.00
31		Glenleven Linden - 2"	$40.00	$1,240.00
27		Glenleven Linden - 2.5"	$50.00	$1,350.00
2		Glenleven Linden - 3"	$60.00	$120.00
3		Greenspire Linden - 2"	$40.00	$120.00
6		Greenspire Linden - 2.5"	$50.00	$300.00
3		Greenspire Linden - 3"	$60.00	$180.00
314		Autumn Fantasy - 2"	$50.00	$15,700.00
2		Autumn Fantasy - 2.5"	$67.50	$135.00
6		Autumn Fantasy - 3"	$75.00	$450.00
41		Autumn Blaze - 2"	$60.00	$2,460.00
6		Autumn Blaze - 2.5"	$75.00	$450.00
15		Sunvalley - 2"	$50.00	$750.00
26		Siena Glen Maple - 2"	$50.00	$1,300.00
37		Siena Glen Maple - 2.5"	$67.50	$2,497.50
4		Siena Glen Maple - 3"	$75.00	$300.00
31		Deborah Maple - 2"	$40.00	$1,240.00
24		Deborah Maple - 2.5"	$50.00	$1,200.00
4		Majesty Sugar Maple - 2.5"	$67.50	$270.00
8		Majesty Sugar Maple - 3"	$75.00	$600.00
8		Fall Fiesta Sugar Maple - 2.5"	$67.50	$540.00
5		Fall Fiesta Sugar Maple - 3"	$75.00	$375.00
0		Burr Oak - 2"	$50.00	$0.00
5		Burr Oak - 3"	$75.00	$375.00
29		Red Oak - 2"	$50.00	$1,450.00

Pennhill Farms, Inc.

176 Baird Road
Edinburg, PA
Phone#: (303)828-6780
Fax#: (303)663-2298

Invoice

Date	Invoice #
5/9/2016	411645

Bill To

Dunlap Enterprises, Ltd
P.O. Box 118
Blue Mound, IL 62513

Representative: Lisa Dunlap

Ship To

Pickup at Timberlane Nursery

P.O. Number	Terms	Rep	Ship	Via	F.O.B.	Project
	Net 30		4/30/2016	Multiple Dates	Origin	

Quantity	Item Code	Description	Price Each	Amount
		In The Ground Material (Continued)		
70		Red Oak - 2.5"	$67.50	$4,725.00
27		Red Oak - 3"	$75.00	$2,025.00
7		Red Oak - 3.5"	$87.50	$612.50
11		Red Oak - 4"	$100.00	$1,100.00
9		Swamp White Oak - 2"	$50.00	$450.00
69		Swamp White Oak - 2.5"	$67.50	$4,657.50
39		Swamp White Oak - 3"	$75.00	$2,925.00
36		Swamp White Oak - 3.5"	$87.50	$3,150.00
26		Swamp White Oak - 4"	$100.00	$2,600.00
20		Regal Prince Oak - 2"	$50.00	$1,000.00
50		Regal Prince Oak - 2.5"	$67.50	$3,375.00
43		Regal Prince Oak - 3"	$75.00	$3,225.00
6		Bald Cypress - 2.5"	$50.00	$300.00
4		Bald Cypress - 3"	$60.00	$240.00
49		Heritage Oak - 2.5"	$67.50	$3,307.50
12		English Oak - 2.5"	$67.50	$810.00
8		English Oak - 3"	$75.00	$600.00
4		Pear Cleveland Select - 2"	$40.00	$160.00
120		Pear Cleveland Select - 2.5"	$50.00	$6,000.00
18		Pear Cleveland Select - 3"	$60.00	$1,080.00
23		Pear Redspire - 2.5"	$50.00	$1,150.00
28		Amelanchier - 6'	$20.00	$560.00
3		Amelanchier - 7'	$25.00	$75.00
27		Amelanchier - 8'	$30.00	$810.00
22		Amelanchier - 10'	$35.00	$770.00
20		Amelanchier - 1.5"	$22.50	$450.00
40		Amelanchier - 1.75"	$26.25	$1,050.00
118		Amelanchier - 2"	$30.00	$3,540.00
23		Amelanchier - 2.5"	$37.50	$862.50
4		Red Bud - 2"	$30.00	$120.00
2		Red Bud - 2.5"	$37.50	$75.00
91		Kentucky Coffee Tree - 2"	$40.00	$3,640.00
12		Burgundy Belle Maple - 2"	$50.00	$600.00
6		Burgundy Belle Maple - 2.5"	$67.50	$405.00
6		Burgundy Belle Maple - 3"	$75.00	$450.00
61		Thornless Crusgalli - 1.75"	$26.25	$1,601.25

Pennhill Farms, Inc.

176 Baird Road
Edinburg, PA
Phone#: (303)828-6780
Fax#: (303)663-2298

Invoice

Date	Invoice #
5/9/2016	411645

Bill To	Ship To
Dunlap Enterprises, Ltd P.O. Box 118 Blue Mound, IL 62513 Representative: Lisa Dunlap	Pickup at Timberlane Nursery

P.O. Number	Terms	Rep	Ship	Via	F.O.B.	Project
	Net 30		4/30/2016	Multiple Dates	Origin	

Quantity	Item Code	Description	Price Each	Amount
		Items Grown at Mt. Carmel Quarries		
49		Thornless Crusgalli - 2"	$30.00	$1,470.00
11		Amur Maple "Flame" - 2"	$30.00	$330.00
10		Amur Maple "Flame" - 2.5"	$37.50	$375.00
10		Canadian Cherry - 2"	$30.00	$300.00
10		Canadian Cherry - 2.5"	$37.50	$375.00
		Items Grown at Quick Quarries		
2		Hackberry - 2.5"	$37.50	$75.00
17		Hackberry - 3"	$45.00	$765.00
8		Hackberry - 3.5"	$52.50	$420.00
8		American Sentry Linden - 2"	$30.00	$240.00
14		American Sentry Linden - 2.5"	$37.50	$525.00
1		American Sentry Linden - 3"	$45.00	$45.00
0		American Sentry Linden - 3.5"	$52.50	$0.00
5		Redmond Linden - 2.5"	$37.50	$187.50
0		Redmond Linden - 3"	$45.00	$0.00
8		Greenspire Linden - 2.5"	$37.50	$300.00
1		Greenspire Linden - 3"	$45.00	$45.00
1		Greenspire Linden - 3.5"	$52.50	$52.50
5		Red Sunset Maple - 2.5"	$37.50	$187.50
42		Autumn Fantasy Maple - 2.5"	$37.50	$1,575.00
14		Autumn Fantasy Maple - 3"	$45.00	$630.00
30		Autumn Fantasy Maple - 3.5"	$52.50	$1,575.00
38		Autumn Fantasy Maple - 4"	$60.00	$2,280.00
11		Siena Glen Maple - 2.5"	$37.50	$412.50
8		Siena Glen Maple - 3"	$45.00	$360.00
1		Fall Fiesta Sugar Maple - 3"	$45.00	$45.00
10		Burr Oak - 2.5"	$37.50	$375.00
6		Burr Oak - 3"	$45.00	$270.00
6		Burr Oak - 3.5"	$52.50	$315.00
4		Burr Oak - 4"	$60.00	$240.00
3		Swamp White Oak - 2.5"	$37.50	$112.50
6		Swamp White Oak - 3"	$45.00	$270.00
3		Swamp White Oak - 3.5"	$52.50	$157.50
2		Cleveland Pear - 2.5"	$37.50	$75.00
3		Cleveland Pear - 3"	$45.00	$135.00

Pennhill Farms, Inc.

176 Baird Road
Edinburg, PA
Phone#: (303)828-6780
Fax#: (303)663-2298

Invoice

Date	Invoice #
5/9/2016	411645

Bill To	Ship To
Dunlap Enterprises, Ltd P.O. Box 118 Blue Mound, IL 62513 Representative: Lisa Dunlap	Pickup at Timberlane Nursery

P.O. Number	Terms	Rep	Ship	Via	F.O.B.	Project
	Net 30		4/30/2016	Mulitple Dates	Origin	

Quantity	Item Code	Description	Price Each	Amount
		In the Mulch Material (Continued)		
7		Superform Maple - 2.5"	$37.50	$262.50
9		Superform Maple - 3"	$45.00	$405.00
2510			Total	$126,121.25
			Deposit Paid 11/15/15	$10,000.00
			Deposit Paid 1/8/16	$3,305.50
			Payment 5/2/16	$25,000.00
			Payment 5/5/16	$25,000.00
			Balance Due	$62,815.75

Pennhill Farms, Inc.

176 Baird Road
Edinburg, PA
Phone#: (303)828-6780
Fax#: (303)663-2298

Invoice

Date	Invoice #
5/24/2016	411646

Bill To

West Mayfield Borough
3700 West 9th Ave.
Beaver Falls, PA 15010

Ship To

Pickup at Timberlane Nursery

P.O. Number	Terms	Rep	Ship	Via	F.O.B.	Project
	Net 30 Days		5/20/2016	Pick Up	Origin	

Quantity	Item Code	Description	Price Each	Amount
6		Canada Red Cherry - 2"	$30.00	$180.00
11		Chanticleer Pear - 2"	$40.00	$440.00
6		Thornless Cockspur Hawthorne - 2"	$30.00	$180.00
8		Newport Plum - 2.25"	$33.75	$270.00
5		Royal Red Maple - 2.25"	$56.25	$281.25
1		Burgundy Belle Maple - 2"	$60.00	$60.00
1		Ohio Buckeye - 2"	$30.00	$30.00
			Total	$1,441.25

Pennhill Farms, Inc.

176 Baird Road
Edinburg, PA
Phone#: (303)828-6780
Fax#: (303)663-2298

Invoice

Date	Invoice #
5/24/2016	411646

Bill To

Brian McNeely
3809 High Street Ext.
Beaver Falls, PA 15010

Ship To

Pickup at Timberlane Nursery

P.O. Number	Terms	Rep	Ship	Via	F.O.B.	Project
	Net 30 Days		5/20/2016	Pick Up	Origin	

Quantity	Item Code	Description	Price Each	Amount
5		Ginnala Maple - 2.5"	$37.50	$187.50
5		Shademaster Honeylocust - 2.25"	$37.50	$187.50
		Balance from Invoice 411646		$1.25
			Total	$376.25

PennHill Farms

PA Remaining Tree Inventory on Leased Properties

August 2016

Property Owner	Area	Lease	Tree	fld 1		fld 2		fld 3		fld 5		fld 6		fld 7		fld 8		fld 9		fld 10		fld 11		fld 12n		fld 12s		fld :
		$/year	Variety	ITG	ITM	ITG	ITM	ITG	ITM	ITG	ITM	ITG	ITM	ITG	ITM	ITG	ITM	ITG	ITM	ITG	ITM	ITG	ITM	ITG	ITM	ITG	ITM	ITG
Phillips	15 acres	$1,000.00	Original Shade	1,335	0	332	0																					
			New Var. Shade	69	0	0	0																					
			Evergreen	10	0	29	0																					
			Subtotals	1,414	0	361	0																					
Gaudagno	11 acres	$550.00	Original Shade					520	0																			
			New Var. Shade					0	0																			
			Evergreen					0	0																			
			Subtotals					520	0																			
Pohlod	90 Acres	$14,400.00	Original Shade							0	319	0	1845	389	175	962	38	1157	186	2800	637	406	0					
			New Var. Shade							0	0	0	0	0	0	0	0	0	0	195	1	0	0					
			Evergreen							0	0	0	14	0	10	0	0	0	0	0	0	0	0					
			Subtotals							0	319	0	1859	389	185	962	38	1157	186	2995	638	406	0					
Spellick	25 acres	$1,850.00	Original Shade																					1,845	1,699	1,786	0	
			New Var. Shade																					167	0	125	0	
			Evergreen																					355	0	252	0	
			Subtotals																					2,367	1,699	2,163	0	
Ambrosia	45 acres	$2,250.00	Original Shade																									2,192
			New Var. Shade																									40
			Evergreen																									0
			Subtotals																									2,232

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Case:14-22139-HRT Doc#:430 Filed:08/25/16 Entered:08/25/16 15:36:30 Page45 of 45

PennHill Farms
PA Remaining T
August 2016

Property Owner	13n		fld 13s	2014 Totals		2015 Dunlap Sale		2015 Others Sales		2016 Dunlap Sale		2016 Others Sales		2016 Remaining Inventory	
	ITM	ITG	ITM	ITG	ITM	ITG	ITM	ITG	ITM	ITG	ITM	ITG	ITM	ITG	ITM
Phillips				1,667	0	110	0	40	0	180	0	0	0	1,337	0
				69	0	0	0	0	0	0	0	0	0	69	0
				39	0	0	0	0	0	0	0	0	0	39	0
				1,775	0	110	0	40	0	180	0	0	0	1,445	0
Gaudagno				520	0	57	0	0	0	0	0	0	0	463	0
				0	0	0	0	0	0	0	0	0	0	0	0
				0	0	0	0	0	0	0	0	0	0	0	0
				520	0	57	0	0	0	0	0	0	0	463	0
Pohlod				5,714	3,200	948	0	0	50	979	234	0	48	3,787	2,868
				195	1	0	0	0	0	0	0	0	0	195	1
				0	24	0	0	0	0	0	0	0	0	0	24
				5,909	3,225	948	0	0	50	979	234	0	48	3,982	2,893
Spellick				3,631	1,699	401	0	236	29	582	39	0	0	2,412	1,631
				292	0	0	0	0	0	0	0	0	0	292	0
				607	0	0	0	0	0	0	0	0	0	607	0
				4,530	1,699	401	0	236	29	582	39	0	0	3,311	1,631
Ambrosia	0	2,177	0	4,369	0	291	0	122	0	496	0	0	0	3,460	0
	0	187	0	227	0	0	0	0	0	0	0	0	0	227	0
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	0	2,364	0	4,596	0	291	0	122	0	496	0	0	0	3,687	0
Totals				17,330	4,924	1,807	0	398	79	2,237	273	0	48	12,888	4,524

Total ITG and ITM as of August 2016: 17,412