

S. Bath; #1
Date Sworn: September 5, 2023

NO. S235306
VANCOUVER REGISTRY

IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN:

NATIONAL BANK OF CANADA

PETITIONER

AND:

1239583 B.C. LTD.

RESPONDENT

AFFIDAVIT 1 OF SIKANDER BATH

I, Sikander Bath, farmer c/o Deol Lawyers, 200, 8338 - 120th Street, in the City of Surrey, in the Province of British Columbia, **MAKE OATH AND SAY AS FOLLOWS:**

1. I am manager of the Respondent corporation named in this matter and as such have personal knowledge of the matters hereinafter deposed to save and except where stated to be on information and belief and where so stated, I verily believe those matters to be true.
2. I swear this Affidavit to respond to the Affidavit of Erin Welte sworn in this matter on July 24, 2023 (the "Welte First Affidavit") and to oppose the relief sought by the Petitioner, National Bank of Canada in its Petition herein.

BACKGROUND

3. At pages 186 and 187 of the exhibit materials to the First Affidavit of Donna Barnes sworn July 18, 2023 ("Ms. Barnes' First Affidavit"), there is contained a company search for the Respondent from which it will be noted that the two directors of that corporation are my mother, Jaswant Bath and my wife, Jasbir Bath.
4. I have been in the farming industry since 1980 and have farmed numerous vegetables and fruits throughout the Lower Mainland and Fraser Valley, British Columbia over that time. My wife has also got extensive farm experience and his been farming since 1990 to the present at number of farms located in the Lower Mainland.

5. During our extensive farming experience over the last 30 years, we have established strong relationships with suppliers, purchasers, employment agents and farm workers which we have utilized in order to undertake our business activities on the Farm (namely the farm located at 9250 Somers Road, Port Alberni, BC (the “Farm”)).
6. The Farm consists of 159 acres and was appraised in February 2023 for the sum of \$8,920,000. Attached hereto and marked as **Exhibit “A”** is a true copy of an appraisal prepared by Colliers International dated February 24, 2023. The Farm is described in detail in the attached appraisal.

FAILURE OF NATIONAL BANK TO COOPERATE WITH THE RESPONDENT AND OTHER FARMERS

7. We have had a great relationship with National Bank during the time that they initially agreed to assist the Respondent in the purchase of the shares of the previous corporation that was operating the Farm until approximately December 2022. From this time, I and other farmers have been subjected to a campaign whereby National Bank is refusing to cooperate with farmers and calling and demanding immediate repayment of the numerous loans that it had made prior to 2022. Accordingly, on December 23, 2022 my wife and mother emailed the accounting representative that we were dealing with at National Bank (see page 90 of the Ms. Barnes’ First Affidavit) in which we indicated that due to issues with the weather, we had fallen behind on the payments that were due to National Bank and indicated to our accounting representative the ways in which we were hoping to get out of the debt that had built up and pleaded with our accounting representative not to transfer our file to National Bank’s “special loans” department. Our request was ignored. Similarly in February 2023 we dealt with Erin, the person who has sworn an Affidavit in support of National Bank’s Petition herein, and my mother and wife indicated to Erin in their email of that date (see page 95 of the exhibit materials to Ms. Barnes’ First Affidavit) that we needed National Bank’s support in order to service the loans that were in debt. We also indicated to Erin that 2022 had been a disastrous year for the Farm due to a wet spring and a very hot long summer. Despite those pleas, National Bank and Erin in particular,

ignored the same and continued to exert significant financial pressure on our family to immediately repay the amounts National Bank had advanced.

8. In order to deal with National Bank's persistent demands for repayment for their loans, my wife and I began looking for another lender to assist us in repaying National Bank and in that regard, we obtained the appraisal that is attached as Exhibit "A" in February 2023 and then approached an number of lenders, 2 of which have indicated that they are prepared to lend monies to my family in order to redeem National Bank's mortgage. Attached hereto and marked as **Exhibit "B"** is a discussion paper obtained from Scotia Bank in May 2023 from which it will be noted that Scotia Bank was prepared to lend the sum of over \$8,800,000 to our family in order to assist in repaying National Bank.
9. Due to the length of time that it was taking to obtain formal approval from Scotia Bank, I approached another lender to assist us with the amounts required in order to redeem National Bank's indebtedness and that lender provided a letter of interest on June 7, 2023 in which it will be noted that they were prepared to lend the amount of over \$11,000,000 upon security of two farms that are owned by the Respondent and another co-borrower. Attached hereto and marked as **Exhibit "C"** is a true copy of a letter of interest from Fundever dated June 7, 2023.
10. I confirm that my wife and I are working with these two lenders in order to deal with their lending requirements so as to obtain loan facilities from one of them in order to fully redeem National Bank's mortgage.
11. In the meantime, my family has used its personal resources in order to fund the current operation of the Farm. To this end, we have purchased \$690,000 worth of farm equipment from Kubota Canada Ltd. for which we are paying approximately \$10,000 a month (see in this regard, the personal property registry search results attached at pages 172-180 of Ms. Barnes' First Affidavit). We have also utilized the relationships that we had established in our career in the agricultural industry to hire six individuals who together with my wife and I have planted vegetables upon significant portions of the Farm from which revenue is expected to realize within the next few months which will enable the Respondent to catch

up with ALL of its debt owed to National Bank by early 2024 (this is explained further below).

12. The difficulties that have arisen with National Bank are due to National Bank's failure to cooperate with my family in the conduct of operations at the Farm; in this regard, it will be noted that following receipt of a letter outlining alleged defaults in the obligations of the Respondent corporation, my wife and my mother wrote to Erin on February 21, 2023 indicating that the default with regard to reporting obligations had never been insisted on prior to receipt of the demand letter on February 16, 2023 and the alleged insurance default was rectified immediately on February 21, 2023. I admit that the Respondent has defaulted in making payments to National Bank but these defaults will be corrected (as noted below).
13. My wife and my mother have made promises with regard to clearing of arrears before and unfortunately those promises have not been kept due to the failure of a personal creditor to pay the amounts owing to my family. Further, the Respondent was unable to conduct its operations on the Farm for the early part of 2023 due to inclement weather and due to the failure of the Petitioner to assist the Respondent and my family with credit facilities to enable us to conduct our operations on the Farm.
14. In April 2023, National Bank gave formal notice of its intent to enforce its securities. As a result, we decided to utilize the farm mediation procedure and as a result, there was a stay of all proceedings between April 18, 2023 to June 6, 2023 pursuant to the *Farm Debt Mediation Act* (as acknowledged by Erin in his Affidavit at paragraph 58).
15. The Farm Debt Mediation was conducted by Mr. Doug Stevenson on June 5, 2023 at which mediation, National Bank was completely uncooperative in attempting to assist the Respondent in dealing with its debt obligations. As part of the mediation, the mediator prepared a report giving all creditors a detailed snapshot of the Respondent's current and future plans. All of the creditors other than National Bank were prepared to work with the Respondent in order to alleviate the financial stress that the Respondent is operating under.
16. Less than 8 weeks after the Mediation, National Bank has now filed the Petition herein. Accordingly, it was only after that the mediation was completed that the Respondent has

ramped up its efforts to forthwith obtain alternate financing in order to fully redeem National Bank's indebtedness.

CURRENT STATE OF OPERATIONS AT THE FARM

17. During the year 2023, we have planted 30 acres of broccoli, 30 acres of cauliflower and are planting another 15 to 20 acres currently of cauliflower and broccoli, 20 acres of leeks and 7 acres of pumpkins whose total gross sales should be approximately \$1,200,000. These sales are likely to be received by the Respondent in January 2024 since there is an approximate 60 to 90 day lag between sale of the crops to customers and receipt of payment from them. In this regard, we are prepared to work with National Bank in order to provide them with disclosure of what product has been sold so that National Bank is aware of the expected amounts to be received from customers.

18. In addition, the issue previously in banking with National Bank has been that National Bank refused to let the Respondent access or withdraw any money from credit facilities and so the Respondent was unable to conduct its operations in such a banking environment. As a result, it started using its Bank of Montreal account (which existed prior to the Respondent's dealings with National Bank) in order to conduct day to day banking activities. Having said that, there has been no income that has been received by the Respondent up to this date and as a result, an accounts receivable cannot be provided to National Bank as there is no money that has not yet been received by the Respondent.

19. The accounts payable of the Respondent currently are as follows:

Purchase of Seeds	\$10,000.00
Wages and Salary	\$80,000.00
Utilities	\$12,000.00
Garbage Removal	\$250.00

Diesel and Gas for farm equipment	\$10,000.00
Travel from Mainland -Ferry Charges and Travel	\$10,000.00
Freight hauling equipment from Mainland to farm.	\$12,000.00
Fertilizer and Chemicals	\$7,000.00
Repair and Maintenance	\$11,000.00
Truck Rental for bringing Plants from Mainland to Port Alberni.	\$3,000.00
Water pump Rental	\$300.00
Planter	\$12,000.00
Propagating Broccoli, Cauliflower and Leeks.	\$28,000.00
Custom Planting Work	\$6,000.00
Soil samples	\$500.00
Misc	\$2000.00
	<hr/>
Paid out of pocket or some to be paid still.	\$204,050.00
Equipment Payment to Kubota \$10,000 per month x 5 = \$50,000.00 paid by Bath	
Total	\$254,050.00

20. Of these costs, over \$200,000 has been paid by my family to date and we anticipate further costs of approximately \$150,000 to conduct the harvest (including packaging) that is likely

to be incurred which will then enable the Respondent to fully repay all of the arrears that currently exist on the loans from National Bank.

21. In summary, my family has invested considerable resources and utilized its considerable connections in order to maintain the operations at the Farm which will yield significant revenue later this year.

22. In addition, the Petitioner's security is not in jeopardy – there is significant equity in the Farm and on top of that, the Petitioner has an unlimited personal guarantee against my mother's personal assets. It will be also noted from the title search that is attached at page 150 of the exhibit materials to Affidavit #1 of Donna Barnes that National Bank is the only lender who has registered an encumbrance over the title to the Farm.

SPECIFIC RESPONSES TO SOME OF THE MATTERS SET OUT IN THE AFFIDAVIT OF ERIN WELTE

23. Although I disagree with many of the matters set out in Erin Welte's First Affidavit, I address some pertinent matters below. Contrary to paragraph 12 of Erin Welte's First Affidavit, the Respondent has been diligently working on not only conducting, without ANY help from the Petitioner, its farming operations but working on obtaining refinancing to fully redeem National Bank's indebtedness. The Respondent is not interested in selling the Farm – it has built up considerable equity in the Farm and my family is prepared to invest their considerable personal resources in attempting to save the Farm.

24. In response to paragraph 11 of Erin Welte's First Affidavit, I admit that no payments have been made to National Bank during 2023 – this was due to the Petitioner's failure to cooperate with the Respondent in meeting the Respondent's credit needs to conduct its day to day operations and the lack of income from the Farm. We have pleaded with National Bank to cooperate with us and to work with us and have been continually ignored.

25. In response to paragraphs 17, 18 and 23 of Erin Welte's First Affidavit, my family has provided information to National Bank about the Respondent's plans for the Farm. Such

information has been provided through telephone conversations and at the mediation and contrary to what is stated in Erin Welte's First Affidavit in these paragraphs, all National Bank had to do was to send a representative to look and inspect the Farm for them to realize that the Farm is being cultivated and is likely to yield a significant harvest which will clear all of the indebtedness due to National Bank. In this regard, attached hereto and marked as **Exhibit "D"** are true copies of photographs that I personally have taken of the current state of the Farm which clearly shows that the Farm is operating.

26. In response to paragraph 45 of Erin Welte's First Affidavit, I disagree with the summary of the telephone conversation that Erin had with my wife. To the contrary, National Bank told us to get another lender and Erin was not interested in our future plans for the Farm. It is true to say that the harvest of hay crop had been lost due to the inclement weather and this has caused the significant financial stress that the Respondent is currently subjected to.

RECEIVER

27. Contrary to what is stated in paragraph 65 and 66 of Erin Welte's First Affidavit, the appointment of a receiver at this part of the farming year will be disastrous for the Farm for the following reasons:

- a. all of the workers who are assisting the Respondent in its farming operations are working for no wages due to the farming relationships of those workers with my family and if a receiver is appointed, those workers will likely not stay any longer;
- b. further, my wife and I have expended significant sweat equity in working at the farm and if a receiver is appointed we will also stop working at the Farm;
- c. our family has used its personal relationships in order to obtain chemicals from other farmers who will not assist a receiver if he/she is appointed to take over conduct of the Farm; and
- d. significant costs will have to be incurred by the receiver/the Petitioner in order to get a full harvest and my family is prepared to do so provided the Respondent

is given some time in order to complete the full harvest and to collect the revenue from its customers so as to clear its indebtedness to National Bank.

28. The Respondent is now not in default of any of its reporting obligations. An accounts payable is set out above and the insurance policy that was requested has been provided. Financial statements have been prepared for the Respondent and are attached hereto and marked as **Exhibit "E"**.

29. On top of it all, the Respondent is still working diligently in order to obtain a refinancing and expects to have the refinancing in place within the next 3 to 4 months.

30. For all of these reasons, the Respondent requests that there be an abeyance in enforcement action from National Bank until January 15, 2024 to enable the Respondent to complete its harvest and to collect as much money as possible in order to clear its indebtedness to National Bank. In addition, this length of time will also give ample opportunity to the Respondent to arrange alternative financing to fully redeem National Bank's mortgage.


SWORN BEFORE ME at the City of)
Surrey, in the Province of British)
Columbia this 5th day of September 2023)
)
)
)
)
)
)
A Commissioner for taking)
Affidavits within British Columbia)



SIKANDER BATH

RAJDEEP S. DEOL
Barrister & Solicitor
Suite 200 - 8338 - 120 St.
Surrey, B.C., V3W 3N4
Tel (604) 503-0913
Fax (604) 503-3109

This is Exhibit " A " referred to in
the affidavit of S. BATH
sworn before me at SURREY
this 5 day of SEPTEMBER, 20 23


A Commissioner for taking Affidavits
within British Columbia



Narrative Appraisal

Agricultural Land

9250 Somers Road

Port Alberni, British Columbia

Effective Date: February 24, 2023

Report Date: February 24, 2023

Prepared For
Jaswant Bath
President
1239583 BC Ltd

Prepared By
Simon Poon, AACI, P. App
Valuation Services Director, Vancouver
Valuation & Advisory Services

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Our File: YVR230147

February 24, 2023

1239583 BC Ltd
#7-32330 South Fraser Way
Abbotsford, BC V2T 1X1

**Attention: Jaswant Bath
President**

Dear Mr. Bath;

**Re: Appraisal of Agricultural Land
9250 Somers Road, Port Alberni, British Columbia**

In accordance with your request, we have inspected the above property and have carried out an Appraisal in order to estimate its current market value as is as at February 24, 2023. Based on our analysis, the current market value as is of the Fee Simple estate of the Subject Property, as of February 24, 2023 is estimated to be:

VALUE TYPE	INTEREST APPRAISED	DATE OF VALUE	VALUE
Current Market Value As-Is*	Fee Simple	February 24, 2023	\$8,920,000*

*See Assumptions and Limiting Conditions

The above value estimate is based on an exposure period of 9 to 12 months, assuming the basis of a transaction involving cash to the vendor, and is subject to the Hypothetical Conditions, Extraordinary Assumptions and Extraordinary Limiting Conditions as detailed in the Terms of Reference of this report, in addition to the Ordinary Assumptions and Limiting Conditions contained in the Appendix. Any alterations to either the information provided or the assumptions in this report may have a material impact on the value contained.

This report describes the methods and approaches to value in support of the final conclusions and contains the pertinent data gathered in our investigation of the market. Should you have any questions, we would be pleased to discuss the valuation further.

Yours very truly,

COLLIERS INTERNATIONAL REALTY ADVISORS INC.

Simon Poon, AACI, P. App
Valuation Services Director, Vancouver



Table of Contents

Executive Summary	4
Photographs of Subject Property	7
Terms of Reference	11
Property Data	16
Location Overview – Port Alberni, BC	18
Site Description	20
Land Use / Zoning	22
Description of the Improvements	24
Market Overviews	26
Economic Overview – Canada	26
Economic Overview – British Columbia	28
Economic Overview - Port Alberni	29
2022 Year End Island Multifamily Report	30
Valuation	34
Highest and Best Use	34
Valuation Methodology	36
Direct Comparison Approach	38
Cost Approach	55
Reconciliation and Final Estimate of Value	57
Certification	58
Appendices	60
Appendix A Ordinary Assumptions and Limiting Conditions	
Appendix B Definitions	
Appendix C Land Use / Zoning	
Appendix D Title Documents	
Appendix E Supporting Documents	



Executive Summary



PROPERTY INFORMATION

Property Name	159 Acre Agricultural Land
Address	9250 Somers Road, Port Alberni BC
Purpose	Current Market Value As Is
Intended Use	Financial Reporting
Property Type	Agricultural Land
Rights Appraised	Fee Simple
Effective Date	October 25, 2021
Site Area	Approximately 158.94 acres
Access	The Subject has points of ingress/egress from the east side of the site via Somers Road, from the north side via Somers Pt Road, and via Comox Trail which bisects the property east to west near the southern end of the property.
Services	Municipal services excluding sewer service and water are available within the area surrounding the Subject property. For the purposes of this report it has been assumed that working power, septic and well systems exist on the property, subject to confirmation by a qualified professional.
Land Use Controls	
Official Plan	Agricultural
Zoning	A2 (Rural District)
Highest And Best Use	As further detailed herein, the Highest and Best Use of the Subject Property is as a holding parcel with the current agricultural uses

VALUATION CONCLUSIONS

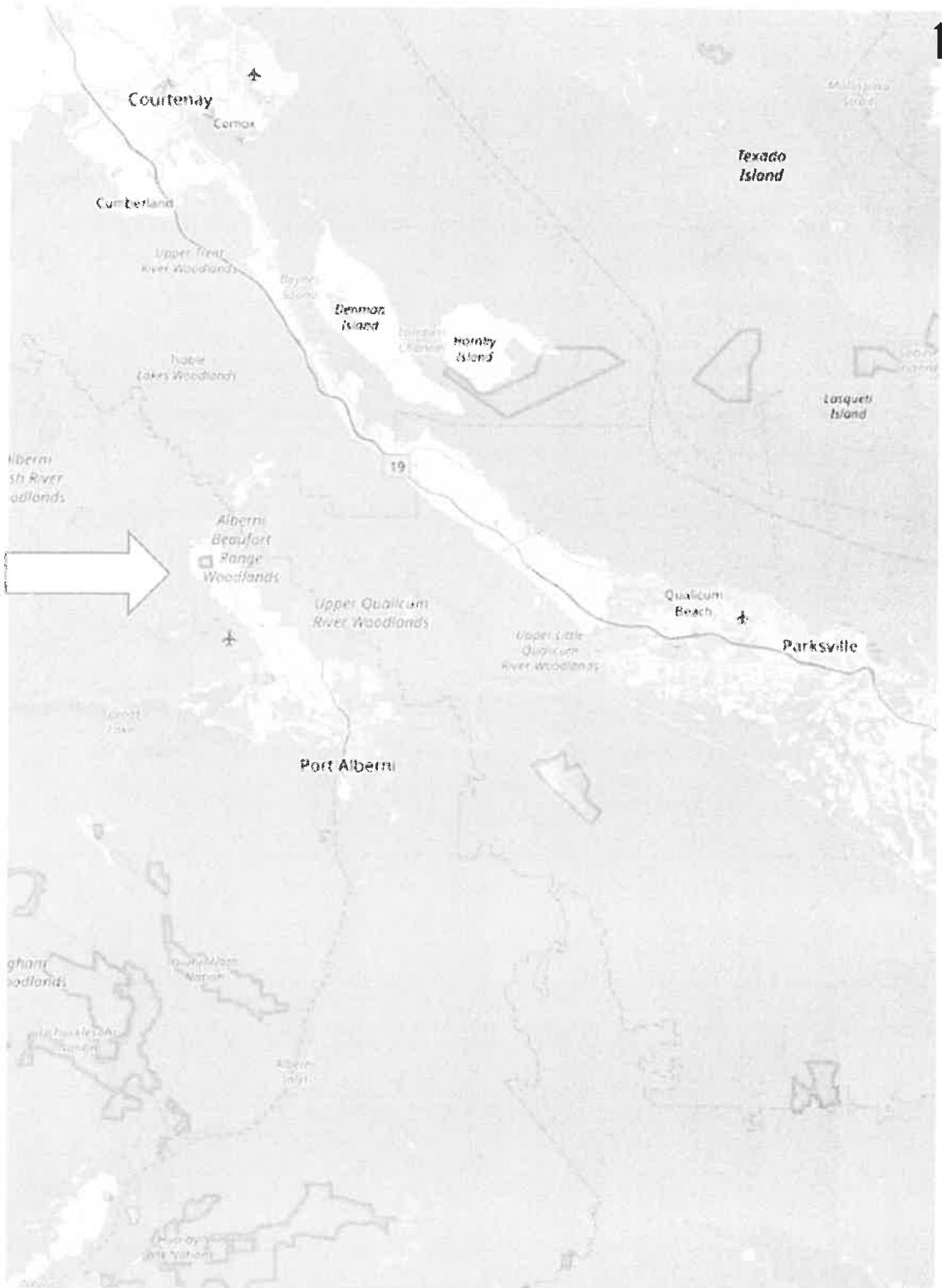
Direct Comparison Approach	
Land Value	\$6,360,000
	\$40,000 per acre
Cost Approach	
Value As Improved	\$8,920,000
Final Value Estimate	\$8,920,000

*See Assumptions and Limiting Conditions

The above value estimate is in conjunction with the Assumptions and Limiting Conditions stated within this appraisal. Of particular note are the Hypothetical Conditions, Extraordinary Assumptions and Extraordinary Limiting Conditions outlined within the Terms of Reference section.



Regional Map

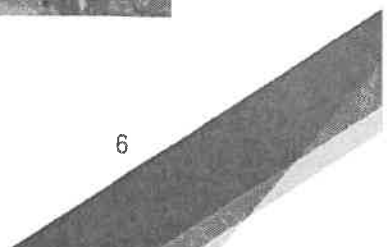




Location Map



Aerial Map



Photographs of Subject Property



GIS Aerial View of Subject (Outlined in Blue)



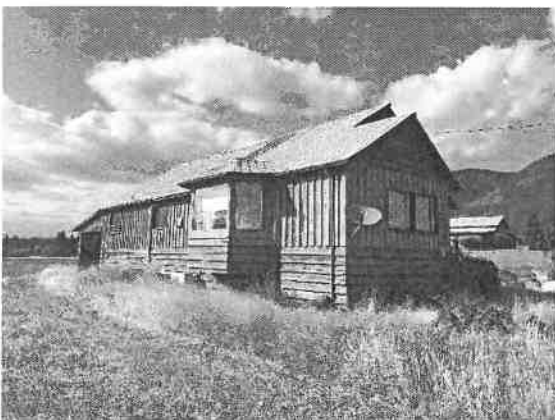
Main Dwelling near Eastern Property Boundary Looking North



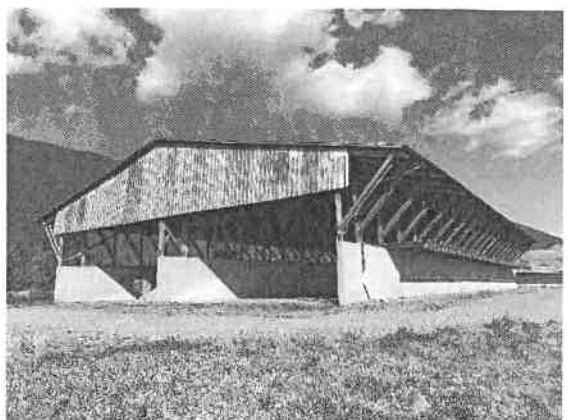
Main Dwelling near Eastern Property Boundary Looking West



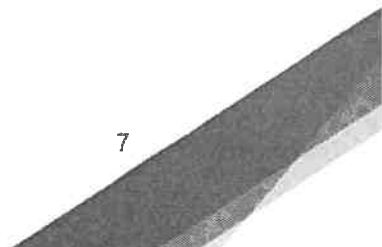
View of Secondary Dwelling Looking South



View of Secondary Dwelling Looking North



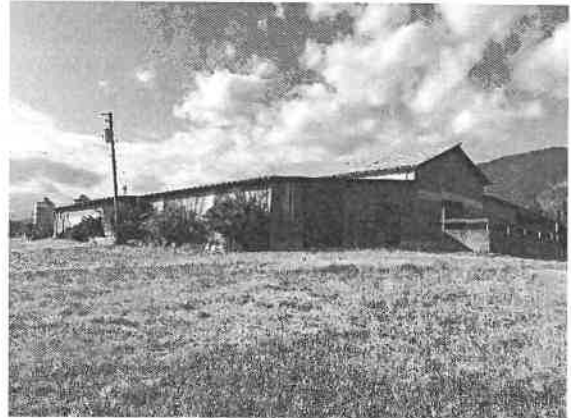
Main Storage Building Looking East



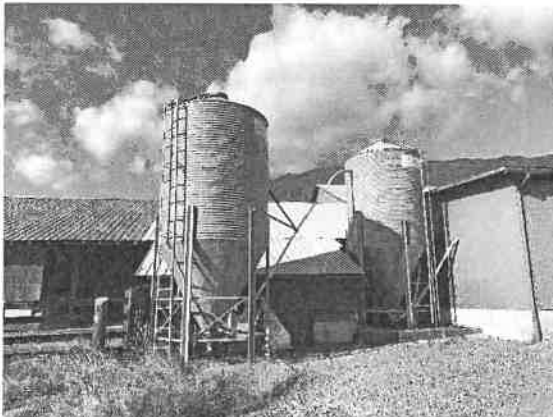
Photographs of Subject Property (continued)



Typical Storage Shed
Looking East



Main Facility
Looking North



Storage Silos
Looking North



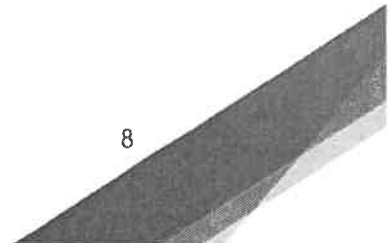
View of Bridge Crossing Creek at Centre of Lot
Looking North



View of Creek near Centre of Lot
Looking East



View Across Lot from North East Corner
Looking South





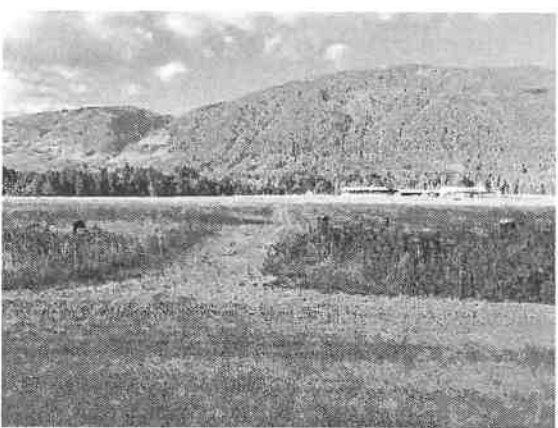
Photographs of Subject Property (continued)



View Across Lot from South East Corner Looking North



View of Access to Southern Portion of Lot at Comox Trail / Beaver Creek Road



View of Access to Northern Portion of Lot at Comox Trail / Beaver Creek Road



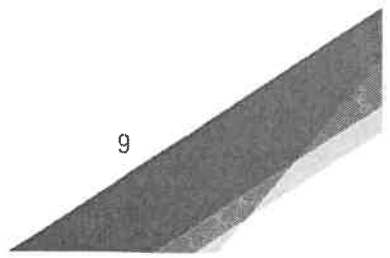
Western Lot Boundary at Beaver Creek Road Looking East



Beaver Creek Road / Comox Trail at Somers Road Looking West



View of Frontage Along Somers Road Looking North (Subject Left of Frame)



Photographs of Subject Property (continued)



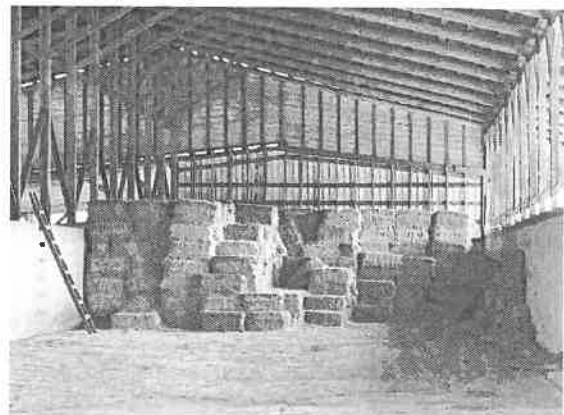
Client Provided Photos



Client Provided Photos



Client Provided Photos



Client Provided Photos



Client Provided Photos



Client Provided Photos



Terms of Reference

Client and Intended User

The Client of this appraisal is 1239583 BC Ltd, and the Intended User is 1239583 BC Ltd.

Purpose and Intended Use of Report

The purpose of this valuation is to estimate the current market value as is of the Subject Property described.

This appraisal is provided on a confidential basis and for the sole and exclusive use by 1239583 BC Ltd and any other Intended User specifically identified for first mortgage financing only and any third party use of or reliance on this Appraisal Report or any materials prepared by Colliers International Realty Advisors Inc. (Colliers), is strictly prohibited, except to the extent that Colliers has provided prior permission in writing, such permission to be provided or withheld in Colliers's sole and exclusive discretion. In the event that Colliers has not provided said permission 1239583 BC Ltd shall ensure and be responsible for notifying the third party in writing that it should not rely on the Appraisal Report and any use by such third party of the Appraisal Report or any materials prepared by Colliers shall be at its own risk and that Colliers makes no representations or warranties of any kind. Notwithstanding anything to the contrary, Colliers shall not owe any duty to any third party with respect to the Appraisal Report.

Land value is subjective and includes many influencing factors including service availability, land entitlements, restricted development areas and other planning, heritage and built form restrictions. The value conclusion contained is predicated upon information sourced from municipal agents, brokers and developers in the market and is subject to Hypothetical Conditions, Extraordinary Assumptions and Extraordinary Limiting Conditions as detailed within the Terms of Reference section of this report. Any alterations to either the information provided or the assumptions in this report may have a material impact on the value contained.

The appraisal report must be used in its entirety and any reliance on any portion of the appraisal report independent of others may lead to erroneous conclusions.

Indemnification and Limitation of Liability

1239583 BC Ltd shall indemnify, defend and hold Colliers fully harmless from and against any and all claims, liabilities, damages, costs and expenses (including court costs and reasonable legal fees) resulting from or arising out of the Client's breach of the professional service agreement relating to the Appraisal Report, wrongful acts or omissions (including any failure to perform any duty imposed by law), misrepresentation, distortion or failure to provide complete and accurate information, or any unauthorized use or reliance by third parties on the Appraisal Report or any materials prepared by Colliers. Except for 1239583 BC Ltd 's indemnification obligations, neither party shall be liable to the other party for any special, consequential, punitive or incidental damages of any kind whatsoever. Moreover, to the maximum extent permitted by law, Colliers' total liability for any losses, claims or damages arising out of or connecting or relating to this agreement (under any applicable theory of law) shall be limited in the aggregate to the total sum of fees and costs received by Colliers from 1239583 BC Ltd for the applicable subject report(s).

Property Rights

The property rights appraised are those of the Fee Simple Interest. The Fee Simple Interest refers to absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, expropriation, police power and escheat.



Effective Date

The effective date of this valuation is February 24, 2023.

This Appraisal Report is prepared in the context of the market conditions and other factors (including assumptions and/or materials provided by parties and sources outside of the control of Colliers) prevailing as of the effective date. Real estate markets and assets are subject to significant volatility and change; and can be affected by numerous economic and political conditions as well as other conditions. The value contained (if any) in this Appraisal Report is made as of the effective date only and should not be relied on as of any other date without receiving prior written authorization from Colliers.

Property Inspection

The following table illustrates the Colliers professionals involved with this appraisal report, and their status with respect to the property inspection.

SUBJECT PROPERTY INSPECTION			
APPRAISER	INSPECTED	EXTENT	DATE OF INSPECTION
Simon Poon, AACI, P. App	No	-	-
Andrew Buhr, B. Comm, AIC Candidate	Yes	Exterior Only	August 23, 2021

Market Value Definition

For the purposes of this valuation, market value is defined as:

"The most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and the seller each acting prudently, knowledgeably, and for self-interest, assuming that neither is under duress."

(The Appraisal Institute of Canada "Canadian Uniform Standards of Professional Appraisal Practice". 2020 ed., p. 10)

Exposure Time

An estimate of market value is related to the concept of reasonable exposure time. Exposure time is defined as:

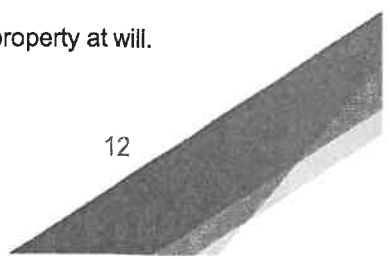
"The estimated length of time the property interest being appraised would have been offered on the market before the hypothetical consummation of a sale at the estimated value on the Effective Date of the appraisal."

(The Appraisal Institute of Canada "Canadian Uniform Standards of Professional Appraisal Practice". 2020 ed., p. 6)

Exposure Time is a retrospective function of asking price, property type, and past market conditions and encompasses not only adequate, sufficient and reasonable time, but also adequate, sufficient and reasonable marketing effort. Exposure time is a necessary element of a market value definition but is not a prediction of a specific date of sale.

In practice, the exposure time assumes the following:

- The property was extensively marketed. Potential purchasers could inspect the property at will.





- The owner provided interested agents with any and all relevant property information.
- Negotiations of any offers to purchase were performed in a timely manner.
- The property was maintained at a physical status equivalent to its present condition.
- Market level financing was readily available.
- The seller was not under duress.

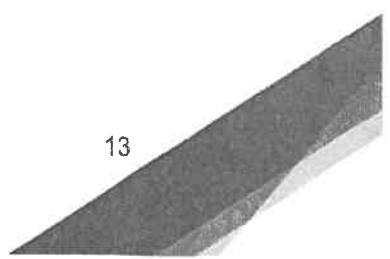
Ongoing discussions with agents familiar with the market have indicated that properties like the Subject Property typically require a marketing period of 9 to 12 months depending on a variety of factors including its location, vacancy levels, tenant quality, size, market conditions, and motivation of the vendor/purchaser. In consideration of these factors, it is concluded that for the Subject Property to sell at the market value estimated as of the effective date of this report, an exposure period of approximately 9 to 12 months would be required.

Scope of the Valuation

This report has been written in a Narrative format, and complies with the reporting requirements set forth under the Canadian Uniform Standards of Professional Appraisal Practice. As such, all relevant material is provided in this report including the discussion of appropriate data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Additional supporting documentation concerning the data, reasoning, and analyses are retained in the appraiser's file. The depth of discussion contained in this report is specific to the needs of the client and for the intended use stated.

During the course of preparing this valuation, the following was completed:

- We have previously appraised this property in September, 2021. We have reviewed the previous appraisal.
- No inspection of the Subject Property was conducted for this update.
- A search of title was conducted for the limited purpose of confirming past and present ownership. Mortgages registered on title, if any, have not been examined. Investigation with respect to Subject title, encumbrances, and rights-of-way, which may or may not be registered on title have not been investigated, unless expressly noted herein. It is assumed that the Subject Property is not subject to unusual encumbrances or rights-of-way that would materially or adversely impact the market value of the property.
- Existing mortgage financing was not reviewed. The valuation herein assumed the Subject Property is free and clear of mortgage financing.
- A review of available data regarding local market conditions, local development trends, and prevailing land use development patterns.
- Verification of current land use and zoning regulations has been undertaken with reference to publicly available land use documents.
- Municipal and neighbourhood information, including tax information, were sourced as noted below and verified where appropriate and possible.
- Site area and dimensions are from information obtained from the Copy of Legal Plan. Should further confirmation of site size and dimensions be required, a legal survey should be commissioned.
- A review of sales and listing data on comparable properties has been undertaken. Comparable market information was obtained from our information database and local real estate professionals knowledgeable in the Port Alberni real estate market. It was confirmed, when appropriate, with public information at the LTSA or the parties involved when there was reason to doubt its accuracy.
- Discussions have been held with market participants where applicable.





SOURCES OF INFORMATION	
ITEM	SOURCE
Assessment / Tax Information	BC Assessment / VIREB
Zoning Information	Alberni-Clayoquot Regional District
Official Plan Information	Alberni-Clayoquot Regional District
Site Size Information	Copy of Legal Plan
Building Size Information	Client
New Construction	No
Flood Map	No
Photos	Site Visit, 2021 - Andrew Buhr
Photos	Supplemental interior & exterior photos have been provided by the client
Building Details	Client
Comparable Information	Internal Sources, MLS , Landcor, LTSA, BC Assessment
Legal Description	Copy of Title Search

Assemblage

When relevant to the assignment, CUSPAP requires that assemblage must be considered and analyzed as to the effect on value. In the instance of the Subject Property, assemblage is not considered to be a relevant factor, and therefore no analysis is deemed necessary.

Anticipated Public or Private Improvements

When relevant to the assignment, CUSPAP requires that anticipated public or private improvements must be considered and analyzed as to the effect on value. In the instance of the Subject Property, public or private improvements are not considered to be a relevant factor, and therefore no analysis is deemed necessary.

Personal Property

When relevant to the assignment, CUSPAP requires that personal property must be considered and analyzed as to the effect on value. In the instance of the Subject Property, personal property is not considered to be a relevant factor, and therefore no analysis is deemed necessary.

Ordinary Assumptions and Limiting Conditions

This report is subject to the Ordinary Assumptions and Limiting Conditions set forth within the Appendix to this appraisal in addition to any specific assumptions that may be stated in the body of the report. These conditions are critical to the value stated and should be thoroughly read and understood before any reliance on this report should be considered.

Extraordinary Limiting Conditions

An Extraordinary Limiting Condition refers to a necessary modification to, or exclusion of, a Standard Rule which may diminish the reliability of the report. The following Extraordinary Limiting Conditions were invoked within this report:

- At the date of the appraisal, August 2021, only the exterior of the buildings were viewed. Photos are included in the addendum. No interior inspection or measurements of the building were conducted.
- We have received some information regarding the structures, including the construction dates of the structures, approximate size, and some notes on the finishes. This is included in the addendum. Photos of some of the interior spaces were also provided by the client.

Hypothetical Conditions

Hypothetical Conditions are a specific type of an Extraordinary Assumption that presumes, as fact, simulated but untrue information about physical, legal or economic characteristics of the Subject Property or external conditions, and are imposed for purposes of reasonable analysis. No Hypothetical Conditions were invoked within this report.

Extraordinary Assumptions

An Extraordinary Assumption is an assumption, directly related to a specific assignment, which, if found to be false, could materially alter the opinions or conclusions. Extraordinary Assumptions presume as fact otherwise uncertain information about or anticipated changes in the physical, legal or economic characteristics of the Subject Property, or about conditions external to the Subject Property such as market conditions or trends, or the integrity of data used in the analysis. The following Extraordinary Assumptions were invoked within this report:

Because of the inability to access and view the interior of this property, information and details concerning the interior finishing, quality and condition are taken from sources deemed reliable. If any of these details are subsequently determined to be inaccurate, the appraiser reserves the right to amend the appraisal and the value herein.

Based on the exterior viewing and information received we have made a rough estimate of the value of the improvements. Note that due to the limited information, the additional estimated value is subject to Extraordinary Assumptions and Limiting Conditions:

- As we have not viewed the interior of the buildings, we assume that the structures are in good condition, as outlined in the information provided.
- Assumptions were made as to the interior finishes, services and structure of the buildings
- As the buildings were not measured, we have relied on the finished areas provided.
- Site improvements, trade fixtures, chattels, generators, septic fields, furniture or business related equipment are not included.
- It is assumed, for the purposes of this report that the Subject Property is not subject to any encumbrances or rights of way that would materially affect the impact of the market value of the Subject Property.



Property Data

Municipal Address

The Subject Property is municipally described as 9250 Somers Road, Port Alberni, British Columbia.

Legal Description

The Subject Property's legal description is as follows:

DISTRICT LOT 72, ALBERNI DISTRICT (PID: 008-620-741)

Current Ownership

A title search completed for the Subject property indicated the following ownership information:

TITLE NO.	SEARCH DATE	REGISTERED OWNER	SOURCE OF TITLE INFORMATION
CA9999531	February 24, 2023	1239583 BC Ltd	LTSA

Ownership History

Ownership of the property last transferred on September 30, 2020. According to the information available, the property transferred the reported consideration of \$1,997,000. This transaction is understood to have occurred at arm's length.

The property is reported to have been transacted, with the completion via share transfer March 2022 between 1134759 B.C. Ltd. (seller) and 1239583 B.C. Ltd. (buyer), dated July 28, 2021, in the amount of \$6,800,000.

There have been no other transfers of the Subject Property within the past three years.

Current Contracts

There are no current listings or known offers to purchase for the Subject property.

Recent Activity

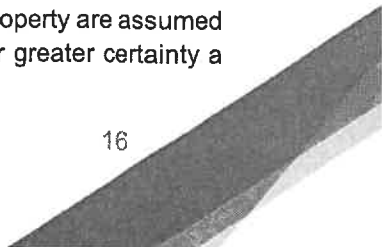
The property was listed for sale under MLS#874304 on April 13, 2021 for \$6,900,000 by Jasbir Banwait of Lighthouse Realty. This listing was cancelled after 37 days on the market. Other than stated above, the property has not been subject to any other agreement for sale, option or listing during the past twelve months.

Title Encumbrances

The property encumbrances are summarized below:

NO.	REGISTRATION TYPE	REGISTERED BY
M76300	Exceptions and Reservations	Esquimalt and Nanaimo Railway Company
	Mortgage	National Bank of Canada
	Assignment of Rents	National Bank of Canada

For the purposes of this analysis, the instruments registered against the title(s) to the property are assumed not to have a significant effect on the property's marketability or its market value. For greater certainty a



Agricultural Land, 9250 Somers Road, Port Alberni



legal opinion should be solicited for a full explanation of the effects of these encumbrances. The Subject Property has been valued as if free and clear of any financing. A copy of the property title has been included in the Appendix for further reference.

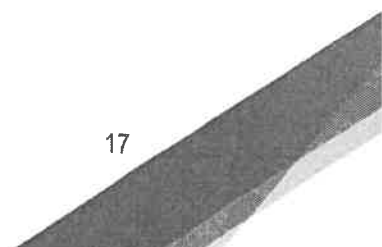
Realty Taxes / Assessment

The Subject Property assessment details are summarized as follows according to data provided by BC Assessment / VIREB.

ASSESSMENT & TAXES				
ROLL NO	TOTAL 2023 ASSESSMENT	TOTAL ASSESSMENT PER ACRE	TOTAL 2022 TAX LEVY	TOTAL TAX LEVY PER ACRE
986000	\$1,174,066	\$7,387	-	-

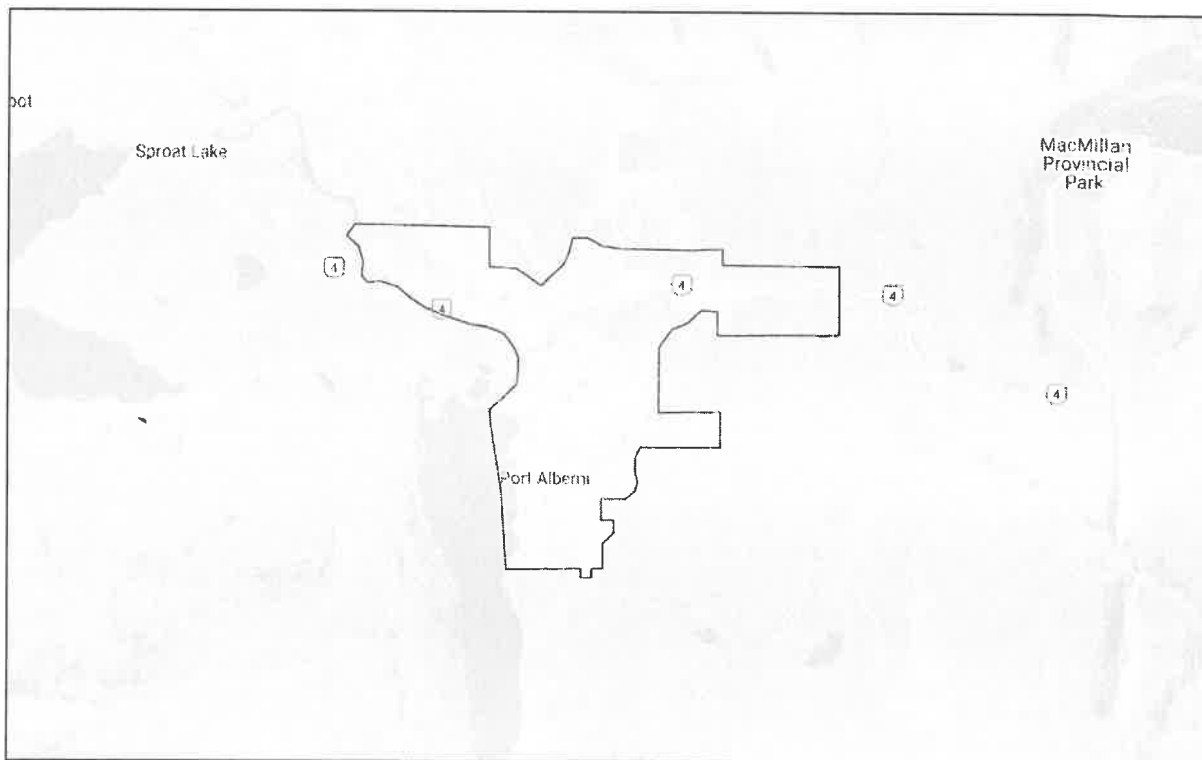
Relative to the value estimate in this report, the above assessment appears to be low. BC Assessment classifies the Subject property as Farm land, with the value set by BC Regulation 411/95.

Notwithstanding this, we recommend a full review to be conducted on the assessment to ensure both equity and accuracy. Each year BC Assessment provides an estimate of value for every property in the Province for tax purposes. These figures are the estimates of the assessor whom can base their assessments on mass appraisal techniques, such as multiple regression analysis. Consequently, these assessed values are less precise estimates of market value than provided by a full appraisal. It is assumed that the site will be reassessed upon redevelopment.





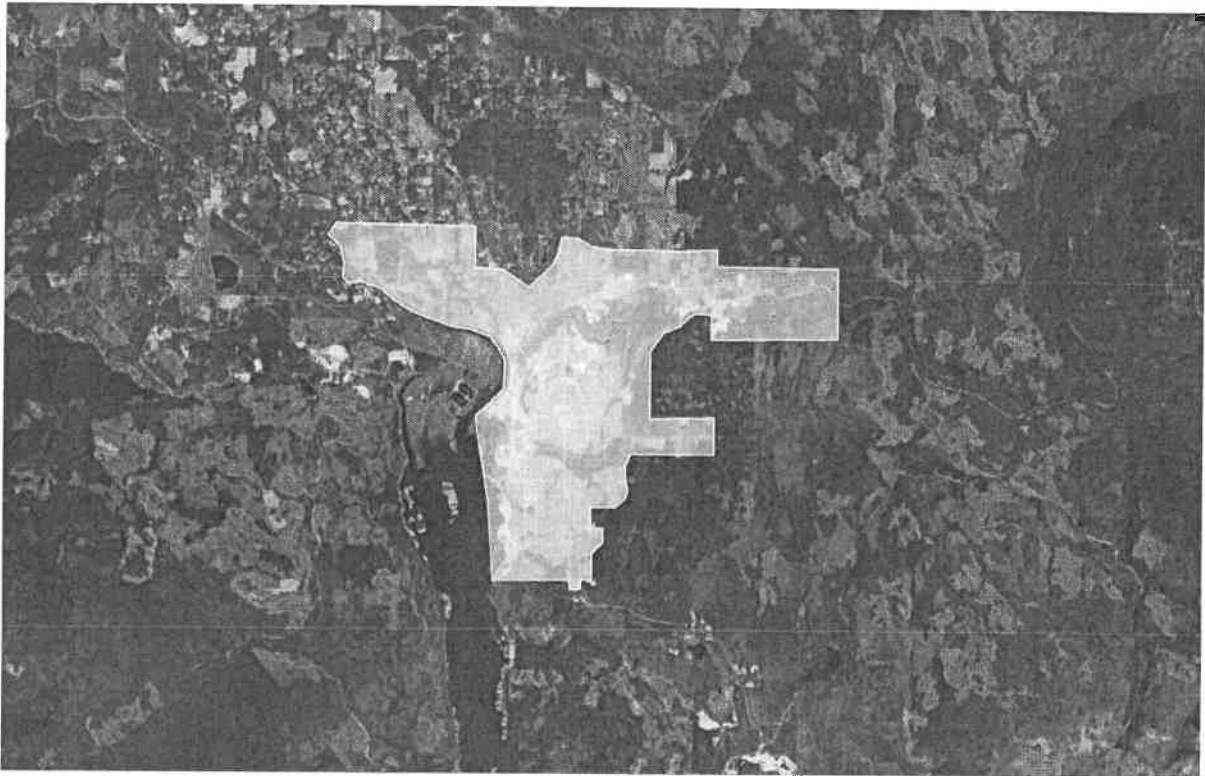
Location Overview – Port Alberni, BC



The property is situated in the Alberni Valley Rural Area within the Alberni-Clayoquot Regional District approximately 16 kilometers north west of the city known as Port Alberni, BC. Port Alberni is located approximately 85 kilometres west of Nanaimo’s central business district. Major arterials for the district include: Island Highway West (Highway 19A), Alberni Highway (Highway 4), Port Alberni Highway (Highway 4), Cherry Creek Road, Beaver Creek Road, and 3rd Avenue. Port Alberni benefits from its harbour positioning and its arterial access via Highway 4.

	District Boundaries	Adjacent Districts
North	Compton Road	Beaver Creek
South	Ship Creek Road	Alberni 2
East	Port Alberni Highway	Rural
West	Somass River	Sproat Lake

The Port Alberni area is developed with a strong mixture of residential and commercial properties. The district contains primarily detached residential with attached and strata apartments focused along the Alberni Highway corridor. The area also hosts larger commercial type users and multi-tenant commercial facilities along Alberni Highway. Retail inventory is focused along the Alberni Highway corridor with intermittent amenities dispersed throughout the city. There is a limited supply of purpose-built office space within the area. Industrial activity remains primarily west along the Somass River and Harbour.



Aerial Image: Port Alberni, BC

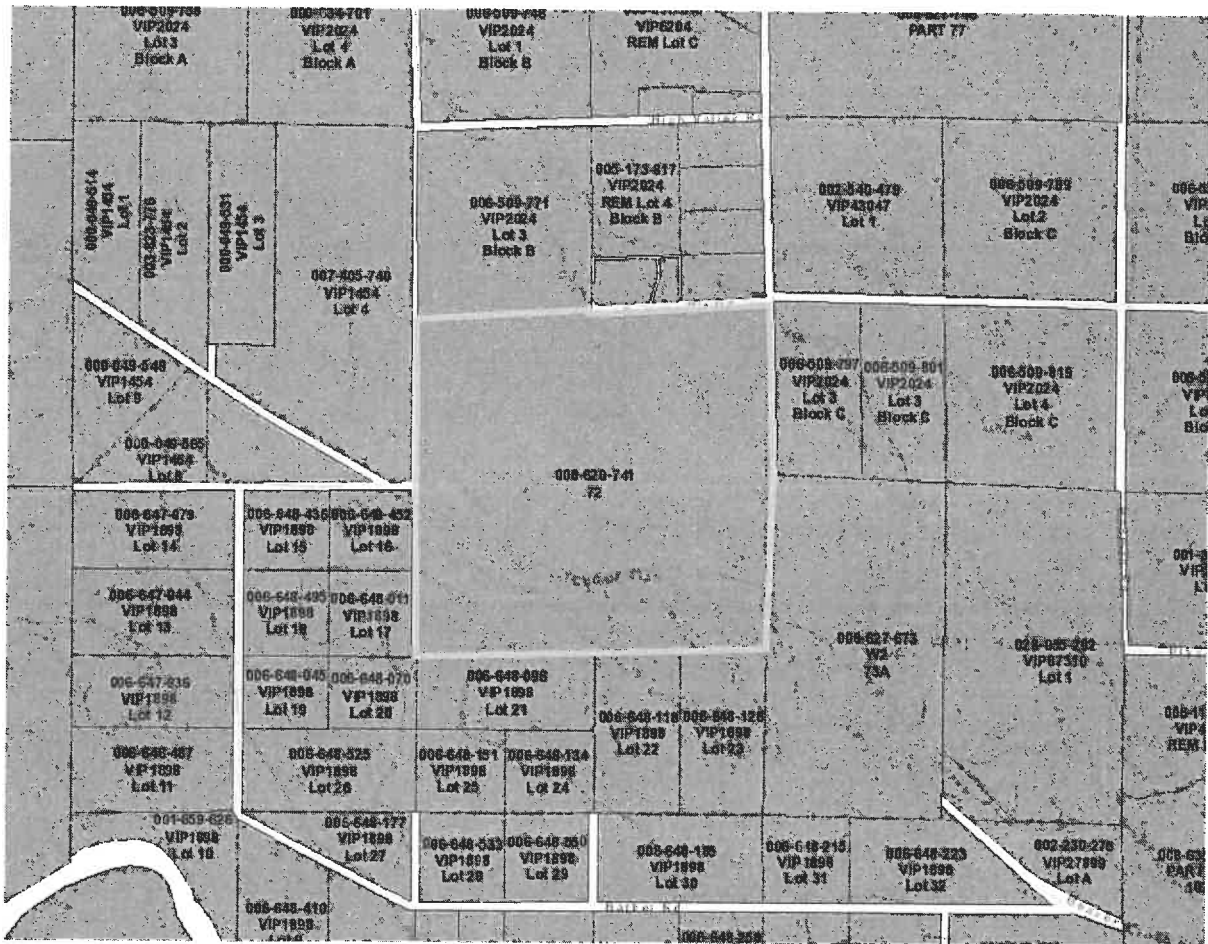


Regional Map

File Reference: YVR230147



Site Description



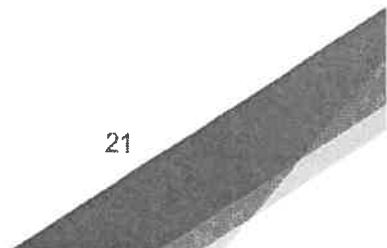
Site Area	Approximately 158.940 Acres (6,923,426 SF)
Frontage	Approximately 2,650 feet of frontage along Somers Road. Approximately 1,300 feet of frontage along Somers Pit Road. Approximately 2,900 feet of frontage along Comox Trail.
Configuration	The site is generally rectangular in its configuration, as shown on the site plan above.
Topography	The site has gently undulating topography and is generally level with street frontage and adjoining properties. Bear Creek is noted to run diagonally across the property
Services	Municipal services excluding sewer service and water are available within the area surrounding the Subject property. For the purposes of this report it has been assumed that working power, septic and well systems exist on the property, subject to confirmation by a qualified professional. Bear Creek is also reported to provide access to fresh water.



Access The Subject has points of ingress/egress from the east side of the site via Somers Road, from the north side via Somers Pit Road, and via Comox Trail which bisects the property east to west near the southern end of the property.

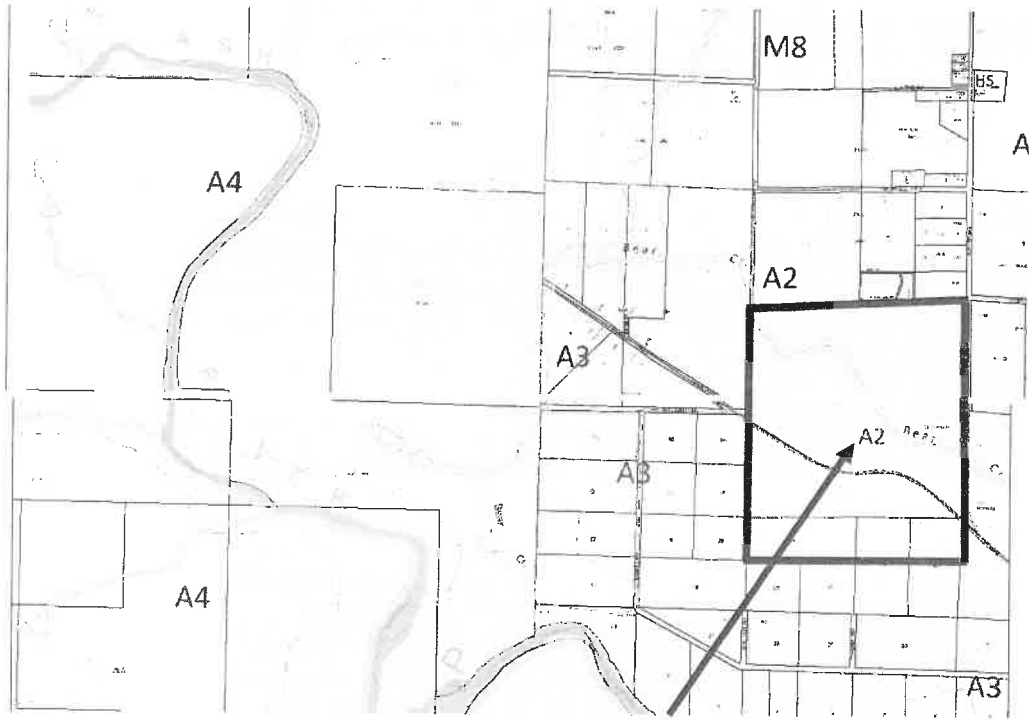
Soil Conditions We have not undertaken a detailed soil analysis, and as we are not qualified to comment on soil conditions, we have assumed that there are no contaminants affecting the site. However, a full environmental assessment would be required for certainty and any cost of remedy could potentially impact the reported value herein. The sub-soil is assumed to be similar to other lands in the area and suitable in drainage qualities and load bearing capacity to support the existing development.

Conclusion The site is located within the Alberni Rural area of the Alberni-Clayoquot Regional District near the City of Port Alberni in close proximity to arterial routes with good access characteristics. The Subject has a topography, shape and configuration which will likely permit development.





Land Use / Zoning



Alberni-Clayoquot Regional District Zoning Map – Subject Property

Introduction

Zoning bylaws typically establish ranges of permitted and discretionary uses, in addition to development restrictions including such factors as maximum building heights, allowable densities, setback requirements, parking and loading limitations, signage restrictions and other items.

According to the Alberni-Clayoquot Regional District zoning bylaw Alberni-Clayoquot Zoning By-law 1971, the property is currently classified A2 (Rural District). An excerpt from the zoning bylaw is included in the appendices to this report.

A zoning summary and a listing of pertinent zoning requirements are presented below:

ZONING SUMMARY	
Municipality Governing Zoning	Alberni-Clayoquot Regional District
Zoning Bylaw Number	Alberni-Clayoquot Zoning By-law 1971
Current Zoning	Rural District (A2)
Permitted Uses	There are fourteen permitted uses including single family dwellings and farming in the A2 zoning bylaw. The reader is directed to the Addenda of this report for a full list.
Current Use	Single Family Dwelling, Farming (Hay Operation)
Is Current Use Legally Permitted?	Yes
Zoning Change	No



ZONING REQUIREMENTS

Conforming Use The existing use represents a conforming use within this zone.

Minimum Yard Setbacks

Front (Meters)	21.54
Rear (Meters)	21.54
Side (Meters)	21.54

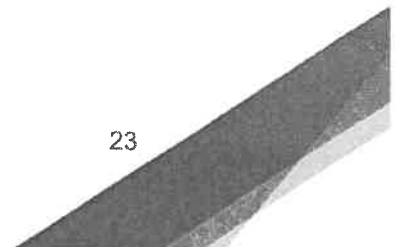
Maximum Lot Coverage One single family dwelling per 5 acres

Source: Alberni-Clayoquot Regional District

Zoning Conclusions

Detailed zoning studies are typically performed by a zoning or land use expert, including attorneys, land use planners, or architects. The depth of analysis presented correlates directly with the scope of this assignment, and it considers all pertinent issues that have been discovered through our due diligence. Please note that this appraisal is not intended to be a detailed determination of compliance, as that determination is beyond the scope of this real estate appraisal assignment.

Based on our interpretation of the applicable land use/zoning bylaw, the property use appears to reflect a legally permitted conforming use. However, the authors are not technically qualified to confirm zoning compliance, and for greater certainty in this regard, written confirmation from the municipality and/or a qualified legal opinion should be obtained.



Description of the Improvements

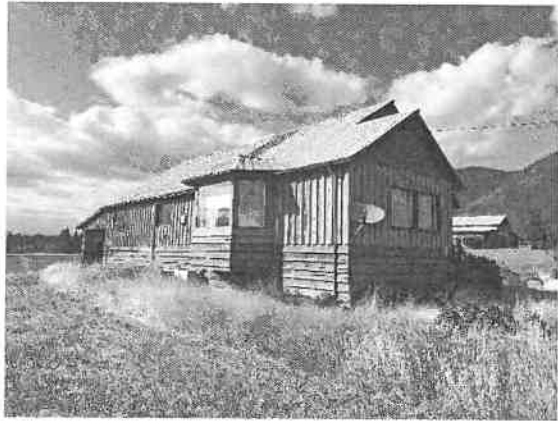


Main Residence

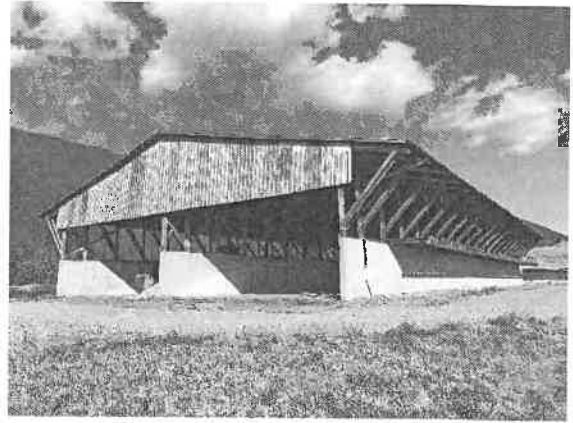


Main Farm Facility

We have received some information regarding the structures, including the construction dates of the structures, approximate size, and some notes on the finishes. This is included in the addendum.



Secondary Dwelling



Main Storage Building

Based on the exterior viewing and information received we have made a rough estimate of the value of the improvements. Note that due to the limited information, the additional estimated value is subject to Extraordinary Assumptions and Limiting Conditions:

- As we have not viewed the interior of the buildings, we assume that the structures are in good condition, as outlined in the information provided.
- Assumptions were made as to the interior finishes, services and structure of the buildings
- As the buildings were not measured, we have relied on the finishes areas provided.
- Site improvements, trade fixtures, chattels, generators, septic fields, furniture or business related equipment are not included.

Subject to these Assumptions and Limiting Conditions, we have included the 4 structures as follows:

1. Main Residence - 3988 square foot 2 storey single family dwelling, built in 1997, with a reported remaining economic life of 30 years.
2. Secondary Residence - 1232 square foot 1 storey single family dwelling, built in 1950, with an estimated remaining economic life of 30 years.
3. Multiple Farm Buildings – Total of 50,000 square foot wood frame barns on concrete slabs, corrugated metal panel cladding with 400 amp main power. Built in 1985 with an estimated remaining economic life of 20 years.
4. Machine Shed – 5610 square foot wood frame barn, wood/metal cladding. No reported building date. Estimated remaining economic life of 20 years.

The areas are summarized below.

Building	Area (sq.ft.)	Estimated Remaining Economic Life	Built
Main Residence	3988	30	1997
Secondary Residence	1232	30	1950
Farm Structures	50000	20	1985
Machine Shed	5600	20	-
Total Area	60820		

See Assumptions Above.



Market Overviews

Economic Overview – Canada

Following is a summary of featured insights prepared by the Conference Board of Canada regarding the Canadian economy.

Higher Interest Rate: A Clear and Present Danger

- Canada's existing housing market is cooling as interest rates rise. Some slowing is welcome, since frenzied markets in the last few years impaired affordability, stressed potential homebuyers, and fostered unwelcome speculative activity.
- National resale price growth will slow to just under 11 per cent this year after a record 22.6 per cent increase in 2021. Emerging price easing will persist in 2023, producing an annual price decline of roughly 6 per cent.
- There is a risk of a larger price correction if current sales declines accelerate or if investors who held homes in expectation of ongoing price gains sell their units into this easing market.
- Housing starts will fall to 244,000 units in 2022, from last year's 45-year high near 271,200 units. Rising interest rates and capacity-challenged builders will outweigh low inventories to produce the drop.
- Early-year resale market strength and continued renovation growth will lift total residential investment in 2022 despite a drop in new construction investment. We see total residential investment falling in 2023.

Bank of Canada Eyes Higher Interest Rates

- The Bank of Canada (the Bank) will increase its trend-setting rate seven times in 2022, with the first three hikes already history.
- The ongoing Ukraine conflict challenges the Bank. While surging inflation necessitates higher interest rates, a longer than expected war poses serious economic threats and could prompt the Bank to pause such hikes.
- Canada's dollar will move up to near US\$0.81 by this year's fourth quarter, then ease in early 2023 after oil prices peak.
- The Federal Reserve (the Fed) boosted its policy interest rate by an aggressive 75 basis points at its June meeting. The Fed will match the Bank of Canada's seven hikes this year.
- The European Central Bank (ECB) is also reluctantly tightening. The ECB plans to end net bond purchases in July, and to lift its main policy rate by 25 basis points near the end of the month.
- The Bank of England (BOE) lifted interest rates five times since last December. The BOE may further raise rates in the first half of 2023 as U.K. inflation is higher than that of the European Union or the United States.
- Inflation remains low in Japan, but at least consumer prices are rising. The country has suffered deflation for years. No interest rate increases appear imminent.

Positive Momentum Hurt by Negative Expectations

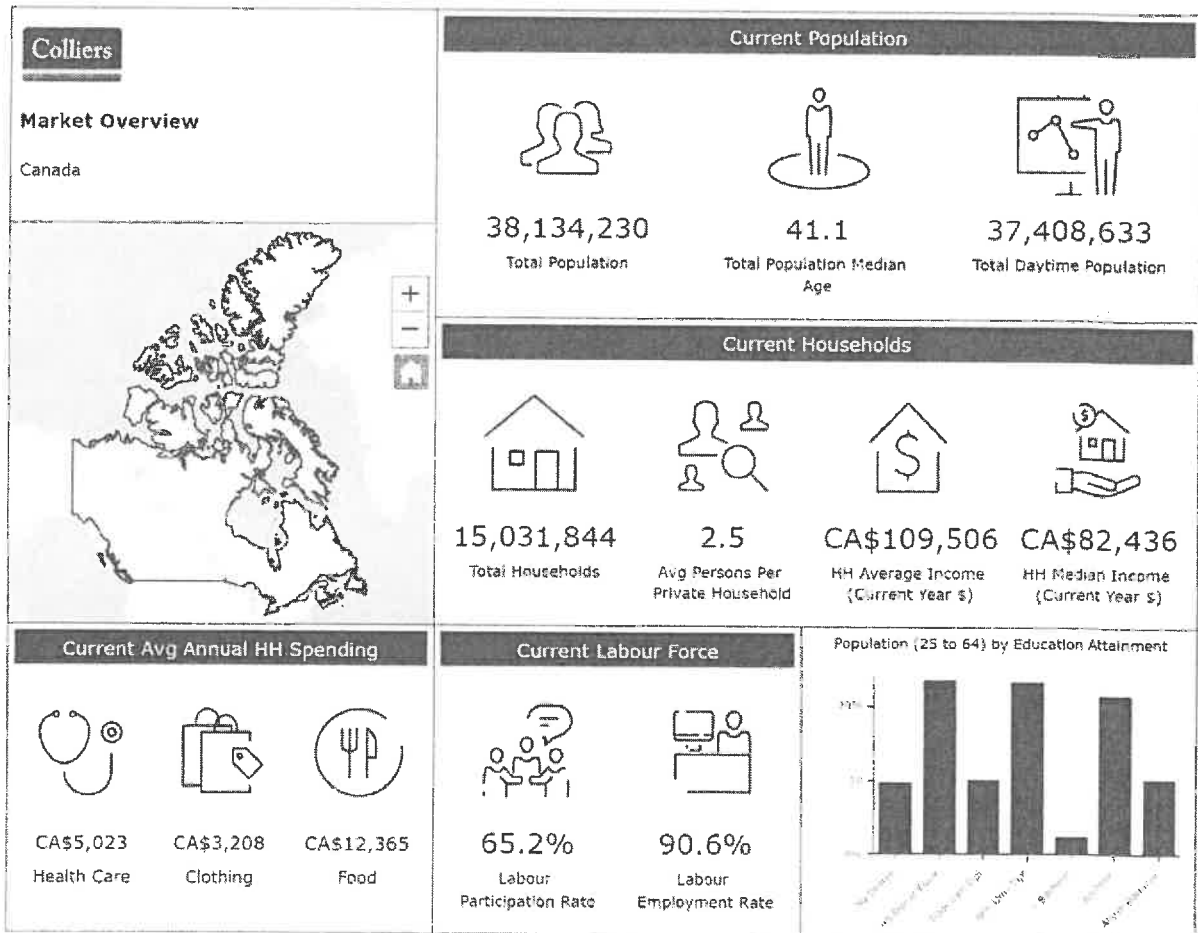
- Real non-residential business investment will grow by 6.2 per cent this year and by 3.3 per cent in 2023.
- Much of the growth in investment this year will come from the energy sector as other industries continue to play catch-up.



- Higher capacity utilization over the past few quarters will put pressure on companies to expand their productive capabilities.
- Expectations around interest rates, supply chains, and labour shortages will hurt overall capital spending.
- Construction prices will remain hot due to elevated commodity prices, deterring investment in new buildings.

Dwindling Labour Supply Squeezes Employment Growth

- Tightening labour supply will constrain employment growth over the coming quarters.
- Having now fully recovered from their pandemic-induced drop, labour force participation rates will gradually decline because of Canada’s population aging.
- Robust labour demand and tight supply will keep the unemployment rate low this year and next.
- Expansion of the Temporary Foreign Worker Program is offering firms some targeted relief, but the implications for the economy are mixed.
- Recent declines in labour productivity are a reminder that weak productivity growth remains a key challenge for Canada.

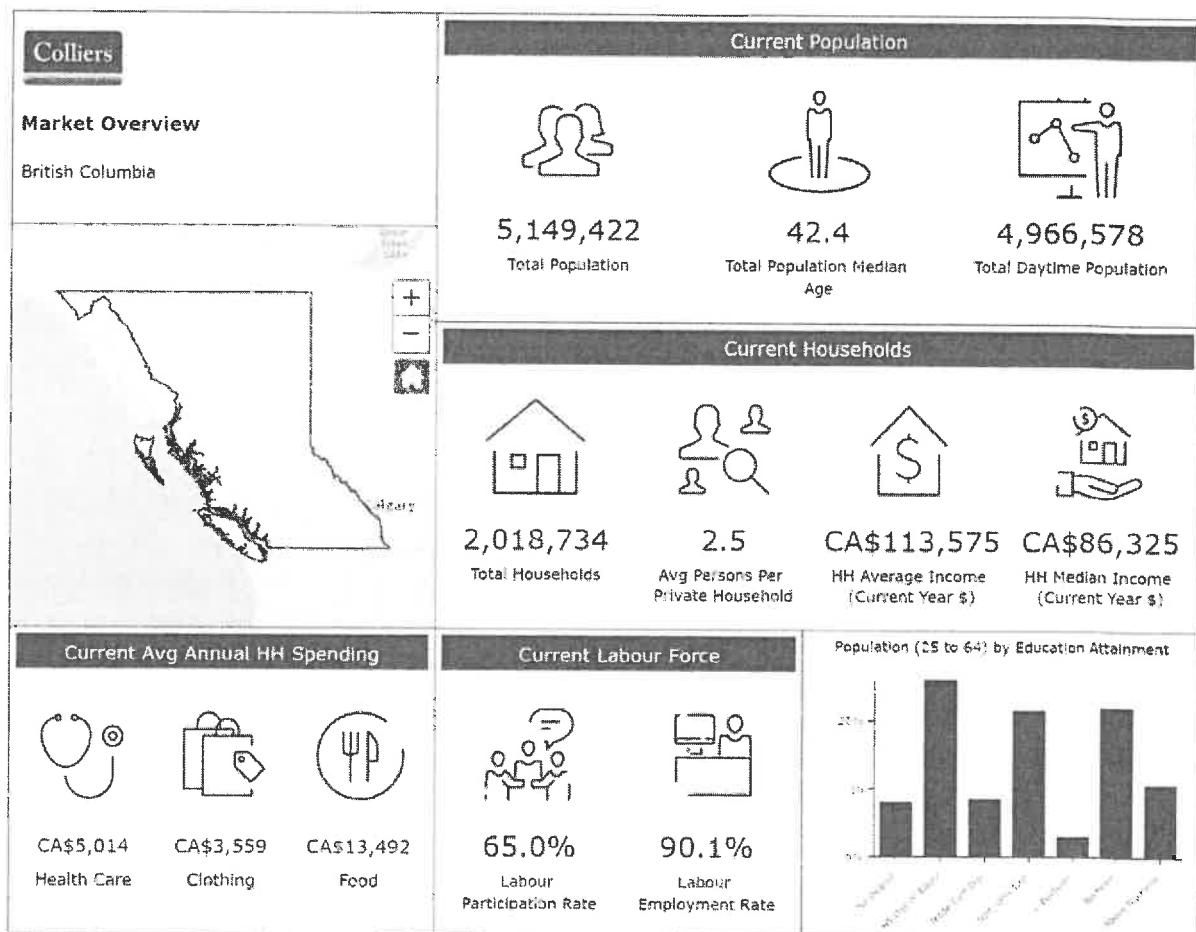




Economic Overview – British Columbia

British Columbia is Canada's most western province, as well as the nation's third most populous province. The province is situated between the Pacific Ocean, Rocky Mountains, Yukon Territory and Washington State. British Columbia is the western terminus for many transcontinental highways and railways as well as ports to Asian markets. The province's capital is the City of Victoria, while Vancouver is home to half of the province's population and Canada's third largest metro population.

British Columbia is Canada's fourth largest economy. While resource-based industries continue to be the primary economic drivers in many regions, British Columbia is home to the largest number of small businesses and service-oriented economies in Canada.





Agricultural Land, 9250 Somers Road, Port Alberni

Economic Overview - Port Alberni

Location

The City of Port Alberni is a waterfront community located on the west coast of Vancouver Island. It is located approximately 165 kms west of Vancouver and 196 kms north of the Victoria. Port Alberni is a member of the Alberni-Clayoquot Regional District whose members also include Tofino, Ucluelet and 6 Electoral Districts. Approximately 57% of the Alberni-Clayoquot Regional District's population resides in Port Alberni. The City is accessible by car, ferry, and airplane. The Pacific Rim Highway (Hwy #4) provides land artery to Port Alberni while BC Ferries provides automobile and foot passenger service on a frequent basis year-round to terminals in Nanaimo and Swartz Bay (near Victoria). The Tofino Bus provides regularly scheduled intercity bus transportation while local bus service is provided by the Port Alberni/Clayoquot Transit System. Air travel is available at the Port Alberni Airport which provides regularly scheduled flights year-round to the Vancouver International Airport.



<p>Market Overview Port Alberni, BC (CY)</p>	<p>Current Population</p> <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;"> 19,472 <small>Total Population</small> </div> <div style="text-align: center;"> 47.1 <small>Total Population Median Age</small> </div> <div style="text-align: center;"> 20,042 <small>Total Daytime Population</small> </div> </div>				
	<p>Current Households</p> <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;"> 8,572 <small>Total Households</small> </div> <div style="text-align: center;"> 2.2 <small>Avg Persons Per Private Household</small> </div> <div style="text-align: center;"> CA\$79,156 <small>HH Average Income (Current Year \$)</small> </div> <div style="text-align: center;"> CA\$63,268 <small>HH Median Income (Current Year \$)</small> </div> </div>				
<p>Current Avg Annual HH Spending</p> <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;"> CA\$4,544 <small>Health Care</small> </div> <div style="text-align: center;"> CA\$2,310 <small>Clothing</small> </div> <div style="text-align: center;"> CA\$11,842 <small>Food</small> </div> </div>			<p>Current Labour Force</p> <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;"> 55.9% <small>Labour Participation Rate</small> </div> <div style="text-align: center;"> 90.1% <small>Labour Employment Rate</small> </div> </div>		<p>Population (25 to 64) by Education Attainment</p> <p><small>Dots show comparison to British Columbia / Colombia</small></p>



Agricultural Land, 9250 Somers Road, Port Alberni

2022 Year End Island Multifamily Report

Market Overview

Shifting economic trends are pressuring investors, landlords, and developers. Despite rising interest rates and inflation, the Greater Victoria rental market remains stable due to strong demand and low vacancy.

The Greater Victoria multifamily market had another dominant year in 2022 with total sales volume reaching \$768,025,825 which is the second highest recorded volume surpassing every year prior to 2021. Most of this volume is due to several major portfolio sales that transacted earlier this year.

Despite the rising interest rate climate in the latter part of 2022, investor demand remained stable. The resilient nature of this market can be linked to Greater Victoria's low rental vacancy rate of 1.5%, the sixth lowest in Canada, as reported by CMHC. This low vacancy, coupled with sustained tenant demand and a lack of rental product contributes to the maintained upward pressure on rental rates.

The provincial government, to address the escalating rental environment, has announced a \$500 million Rental Protection Fund. This is a one-time capital grant that will be directed to non-profit housing organizations. The grant will assist these entities to secure established rental apartment properties to generate more affordable options.

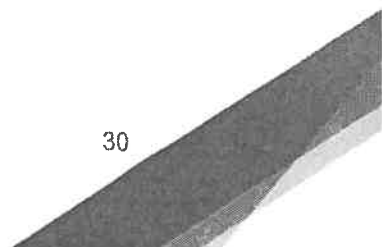
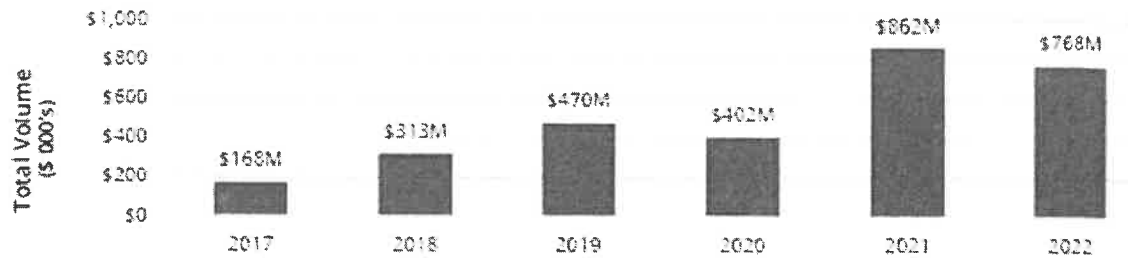
Presently, there are 6,449 rental units under construction in the Greater Victoria area. Of these units, 851 are for student housing, 669 are slated to be affordable housing, 426 are dedicated to senior housing, 235 are supportive housing, and the remaining 4,268 are general rentals.

All sales demand since July has been focused on older established inventory with 320 additional units sold. Real estate investment firms and trusts are interested in upgrading established buildings in pursuit of higher returns.

The Greater Victoria multifamily investment market noted modest upward pressure on capitalization rates towards the end of 2022. This is a result of conventional lenders reacting to the Central Bank interest rate increases, designed to combat inflation. Factoring in Victoria's strong market fundamentals and rising rental rates due to a supply pipeline not capable of keeping up with demand, we forecast there will be a limited impact on returns to investors going forward.

Historical Sales Volume

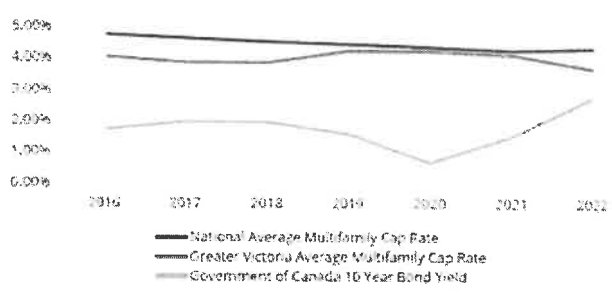
Total Multifamily Sales by Dollar Volume / Year



Agricultural Land, 9250 Somers Road, Port Alberni

Investment and Market Activity

National Cap Rates vs Bond Yields
National vs Greater Victoria Comparison



Notable Transactions

Address	Sale Date	Sale Price	Units	\$/Unit	Year Built
252 Gorge Road East	6/28/2022	\$89,846,250.00	281	\$319,737.54	1977
1085 Goldstream Avenue	3/1/2022	\$66,300,000.00	166	\$399,397.59	2019
707 Esquimalt Road	6/28/2022	\$49,651,875.00	149	\$333,234.06	1972
3868 Shelbourne Street	6/28/2022	\$44,923,124.00	128	\$350,961.81	1973
3255 Cook Street	6/28/2022	\$38,543,065.00	122	\$315,926.76	1971
1720 Cook Street	6/28/2022	\$35,465,625.00	119	\$298,030.46	1978
2699 Peart Road	7/23/2022	\$32,900,000.00	81	\$406,173.00	2017
55 Bay Street	6/28/2022	\$31,919,063.00	96	\$332,490.00	1976
3205 Werherby Road	6/28/2022	\$31,919,063.00	89	\$358,641.00	1977
531 West Bay Terrace	1/19/2022	\$27,993,000.00	93	\$301,000.00	1972
215 Oswego Street	11/9/2022	\$26,650,000.00	95	\$280,526.32	1972
9843 Second Street*	3/15/2022	\$25,849,600.00	42		1980

*9843 Second Street was a sale including commercial space and land

Source: Colliers, Landcar

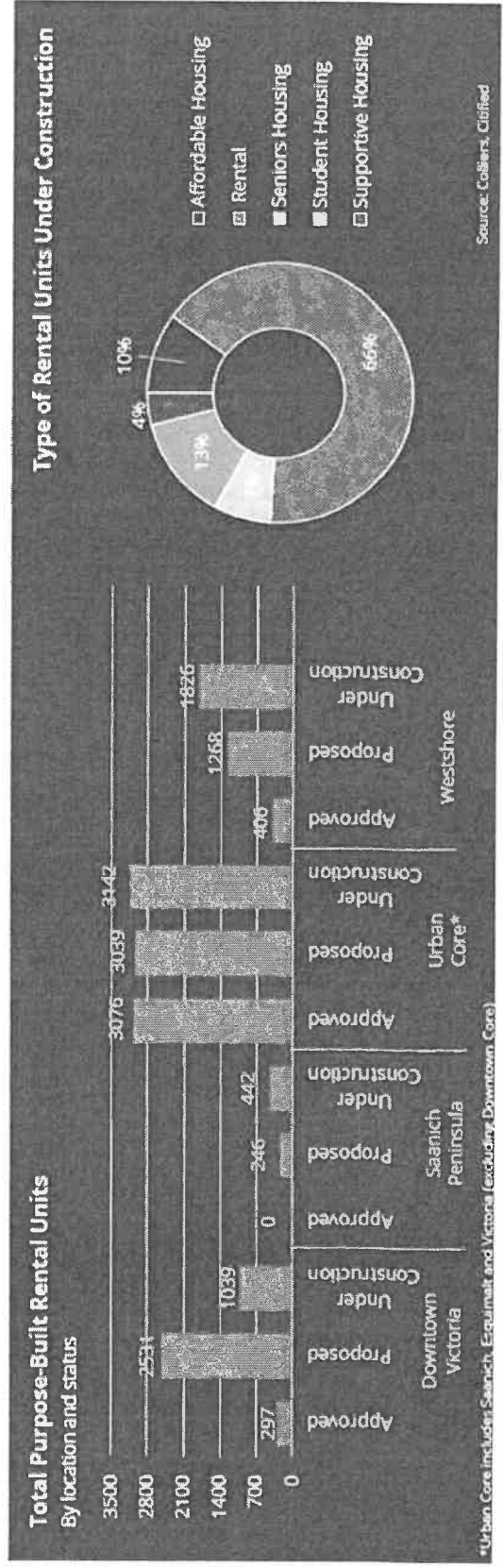
Development Activity

Notable Rental Developments Approved – Greater Victoria Region

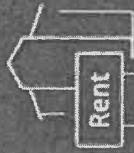
Developer	Developer Location	Building Name / Address	Units
Killam REIT	Halifax	Christie Point, Building A / Craigowan Road	473
Jagpal Developments	Surrey	The Scene / 2739-2751 Scafe Road, 2746 Peatt Road	271
Dentic Development Corp./ Nicola Wealth	Vancouver	611-635 Chatham Street / 610-618 Herald Street	250
Ironclad	Springfield (MB)	3400 Tillicum Road	242
Boardwalk General Partnership	Calgary	The Marin / 1207-1221 Carlisle Avenue	213

Notable Rental Developments Under Construction – Greater Victoria Region

Developer	Developer Location	Building Name / Address	Units
Starlight Developments	Toronto	1110 McCallum Road	832
WestUrban Developments	Campbell River	The Blueprint / 9 Erskine Lane	350
Starlight Developments	Toronto	Bella Vista / 2515 Hackett Crescent	235
Boardwalk General Partnership	Calgary	Aspire / 3 Heimcken Road	234



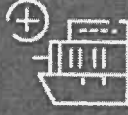
Greater Victoria Valuation Benchmarks



2022 saw the fastest rental growth rate in over thirty years at 7.7% YoY



Greater Victoria had the 6th lowest rental vacancy in Canada



Greater Victoria saw 832 new rental units come to market in 2022

The rental market in Greater Victoria loosened slightly in 2022 but vacancy rates remained amongst the lowest in Canada with an overall purpose-built rental vacancy rate reported at 1.5%. As noted by CMHC, this increase in vacancy is likely due in part to the record-breaking levels of new product becoming available to the market as well as a decrease in units being removed due to demolition or renovations. The Greater Victoria area welcomed approximately 832 new rental units during 2022, with the Westshore housing approximately 67% of this new inventory.

Even with this injection of new product into the market, demand still far outpaces supply. Statistics Canada reports that Greater Victoria has grown 8% in the last 5 years. Perpetually high housing prices and increased mortgage rates also make homeownership more difficult to attain and less attractive. Renting

therefore becomes the alternative, as seen in the reduction of rental turnover in 2022 which is indicative of a lower transition to home ownership. This means fewer tenants are vacating than expected which places further strain on the rental market and drives demand.

Rental demand differed across regions in Greater Victoria. The core of Greater Victoria had a lower vacancy than the suburban market with rates reported at 1.2% and 1.6% respectively. Westshore specifically experienced the largest increase in vacancy going from 0.4% in 2021 to 1.5% in 2022. This is to be expected given the Westshore is the focal point for much of the on-going rental development, and naturally has the most product coming to market. As well, new builds tend to be more expensive than older product making them less attainable for renters needing to prioritize affordability over new amenities.

Rental rates in Greater Victoria continued to increase during 2022, with the average growth rate reaching a thirty year high of 7.7%. This figure accounts for all purpose-built rental units in the market including both units which experienced tenant turnover and those which did not. Typically, higher rental rates are achieved during a time of tenant turnover because it allows landlords to adjust rents to match market rates.

Demand for rentals in the Greater Victoria Area is forecasted to remain consistent and strong throughout 2023. Rental rates will likely continue to increase given the continuous growth of the population and lack of product in the market. Landlords will likely continue to experience high levels of demand from prospective tenants, and a stable level of occupancy from existing tenants.

CMHC Rental Market Statistics Greater Victoria

	Rental Rates					Vacancy Rates				
	Studio	1-Bdrm	2-Bdrm	3-Bdrm	Average	Studio	1-Bdrm	2-Bdrm	3-Bdrm	Average
October 2022	\$1,138	\$1,341	\$1,699	\$2,176	\$1,457	1.1%	1.5%	1.5%	2.0%	1.5%
YoY	7.4%	8.1%	6.7%	N/A	7.7%	0.1%	0.5%	0.7%	0.6%	0.5%



Valuation

Highest and Best Use

The principle of highest and best use is fundamental to the concept of value in real estate. Highest and best use, in general, may be defined as follows:

"The reasonably probable use of real property, that is physically possible, legally permissible, financially feasible, and maximally productive, and that results in the highest value."

(The Appraisal Institute of Canada "Canadian Uniform Standards of Professional Appraisal Practice". 2020 ed., p. 8)

The aforementioned characteristics are considered sequentially. The tests of legal permissibility and physical possibility must be applied before the remaining tests. See the **Appendix** for a more detailed definition of each of the four characteristics. The following analysis contributes to our conclusions of highest and best use.

As Vacant Analysis

Legal Permissibility

The legal factors that can influence the highest and best use of the Subject site include land use/zoning regulations, private restrictions, building codes, historic designations/district controls, environmental regulations and others, if applicable to the Subject site. In the Subject instance, general ranges of permitted uses under its Rural District zoning were summarized in the Land Use / Zoning section and include a variety of residential and agricultural uses. Bear Creek shows a riparian right of way around the watercourse. Overall, legal factors appear supportive of a broad range of residential and agricultural uses for the Subject site.

Physical Possibility

Regarding physical characteristics, the Subject site is generally rectangular in shape and has undulating topography with good access and good exposure. Physical and locational features appear supportive of residential or agricultural development for the site's highest and best use as-vacant.

Financial Feasibility

Our observations of current market conditions for development at the Subject property's location suggest that development of the site with a residential or agricultural use would be feasible.

Maximum Productivity

Of the various legally permissible, physically possible, and financially feasible uses available, the maximum productivity of the property would be achieved with a residential or agricultural development.

Highest and Best Use as if Vacant

Upon examination of the factors mentioned above and careful consideration of the relevant factors including the Subject Property location, site characteristics, land use controls and the condition of the real estate market, the highest and best use of the Subject Property, as if vacant, is considered to be Based on the previous discussion, the subject's highest and best use as-vacant is concluded to be as a holding parcel for residential or agricultural development pending creation of sufficient demand..

As Improved Analysis

Legal Permissibility

The current use is a permitted use within the applicable zoning and/or land use bylaw requirements affecting the property. There are no known private or other restrictions negatively impacting use of the property. Therefore, the current use is considered legally permissible.

Physical Possibility

The site is of a sufficient size, configuration, and topography to accommodate the property's present use as improved in an efficient and functional manner. Therefore, the current use is considered physically possible.

Financial Feasibility

As improved, the property provides a sufficient return that the property as presently improved is considered to be financially feasible.

Maximum Productivity

Of the various legally permissible, physically possible, and financially feasible uses of the property as improved, the current use is considered to represent the maximum productivity of the property.

Highest and Best Use as Improved

Based on the foregoing, the highest and best use of the Subject property, as improved, is considered to be a continuation of its current use. This opinion of the property's highest and best use forms the basis of our valuation.



Valuation Methodology

Traditionally, there are three accepted methods of valuing real property:

- Cost Approach;
- Direct Comparison Approach; and
- Income Approach.

The selection of a relevant methodology depends upon the nature and characteristics of the real estate under consideration. The Subject Property is a vacant land parcel as such we have outlined the applicable land valuation techniques below:

The **Direct Comparison Approach** is based upon the premise that a prudent purchaser would not pay more for a property than what it would cost to acquire a suitable alternative property and that the market value of a property can be estimated by comparing sales, offers, and listings of properties which have similar characteristics to the property being appraised.

The **Abstraction Method** of valuing land is premised upon the Principal of Contribution. This method is premised on the assumption that within each category and type of real estate, there exists a typical ratio of land value to total property value. By knowing what this ratio is from data compiled from areas where land and building values are available and applying it to the sales information regarding improved properties in a built up area, an estimate of land value can be abstracted. The reliability of this method is diminished because it does not take into explicit consideration such relevant criteria as building age or quality of construction.

A method of land valuation similar to the Abstraction Method but which implicitly recognizes differences in building age and quality of construction is the **Extraction Method**. This method deducts the estimated depreciated reproduction or replacement cost of the improvements of an improved property for which the total property value is known to arrive at an estimate of land value as if vacant.

When valuing larger parcels for which the highest and best use is the parcel's subdivision into smaller sites, and for which sales information regarding similar larger sites is insufficient to undertake a Direct Comparison Approach, the **Subdivision Development Method** may be employed. In applying this method, the first step is to establish market values for the smaller sites as though subdivided, the length of the development period, and an appropriate absorption period. The second step is to determine the costs required to create and market the subdivided parcels which includes engineering and construction costs associated with the site preparation, roadways, sidewalks and servicing; carrying costs such as insurance and taxes; and marketing costs. These costs are then deducted from the projected gross revenue of the lots to arrive at an estimate of the net proceeds which, once discounted at an applicable rate to account for the risk associated with the time required to complete such a development, are indicative of the present market value of the larger, un-subdivided site.

Another method that may be employed in the absence of adequate comparable information is the **Land Residual Technique**. In this method the net income generated from the property is established. From this is deducted a reasonable return on and recapture of capital invested in the improvements. The residual income is considered to be ascribed from the land. This income is then capitalized at an appropriate rate to arrive at an estimate of land value. An important assumption required in the application of this method is

Agricultural Land, 9250 Somers Road, Port Alberni



that the site is developed to its highest and best use such that the income from land and improvements are of the same type and sources.

A similar method as the Land Residual Technique is **Ground Rent Capitalization**. Undertaking this method of site valuation requires the analysis of ground rents prevalent in the market and in consideration of the characteristics of the site being appraised. From the analysis, a gross income is established from which any requisite expenses or anticipated losses are deducted to arrive at a net operating income. This net operating income is then capitalized at an applicable rate to arrive at an estimate of the vacant site.

All of the above noted methods are derived from the three traditional approaches to value noted above.

Selection of Relevant Methodology

The primary valuation methodology for development lands such as the Subject Property is the Direct Comparison Approach thus it will be completed and relied upon in our report. The Direct Comparison Approach involves the analysis of sales of similar land parcels. The other land valuation techniques are not appropriate in this case.

- The Direct Comparison Approach will be completed and relied upon in our report for the land value.
- The Cost Approach will be completed and relied upon in our report for the improved value.

Direct Comparison Approach

The Direct Comparison Approach is based on the Principle of Substitution, which maintains that a prudent purchaser would not pay more for a property than the cost to purchase a suitable alternative property, which exhibits similar physical characteristics, tenancy, location, etc. Within this approach, the property being valued is compared to properties that have sold recently or are currently listed and are considered to be relatively similar to the Subject Property. Typically, a unit of comparison (i.e. sale price per square foot, sale price per acre) is used to facilitate the analysis. In the case of properties similar to the Subject Property, the sale price per acre is used in our analysis.

The transactions summarized and analyzed in the table on the following pages are considered to be suitably comparable to the Subject Property with respect to the characteristics below and therefore provide a reasonable and reliable indication of value.

As one sale is not necessarily indicative of market value, an appraiser examines a number of market transactions. When properly reconciled, trends emerge, leading to the estimate of market value of the property being appraised.

In valuing the Subject Property, comparison was made to each of the indexed sales. The basis for comparison included the consideration of the following:

- | | |
|--------------------------|--|
| Property Rights Conveyed | <ul style="list-style-type: none">• When real property rights are sold, they may be the sole subject of the contract or the contract may include other rights. In the sales comparison analysis, it is pertinent that the property rights of the comparable sale be similar to the property rights of the Subject Property. |
| Financing Terms | <ul style="list-style-type: none">• The transaction price of one property may differ from that of a similar property due to different financing arrangements. Financing arrangements may include existing mortgages at favourable interest rates or paying cash to a lender so that a mortgage with a below-market interest rate could be offered. |
| Conditions of Sale | <ul style="list-style-type: none">• Adjustments for conditions of sale usually reflect the motivations of the purchaser and vendor. In some cases the conditions of sale significantly affect transaction prices. Sales that reflect unusual situations, require an appropriate adjustment for motivation or sale condition. For example, power-of-sale conditions involve a certain degree of urgency on part of the lender - leading to a somewhat lower sale price than what would otherwise be expected. |
| Market Conditions (Time) | <ul style="list-style-type: none">• When market conditions are changing, it may be necessary to adjust prices to reflect the time difference between the date of sale of a comparable property and the effective date of valuation. |
| Location | <ul style="list-style-type: none">• An adjustment for location within a market area may be required when the locational characteristics of a comparable property differ from those of the Subject Property. Excessive locational differences |

may disqualify a property from use as a comparable. Although no location is inherently desirable or undesirable, the market recognizes that one location may be better than, similar to, or worse than another.

- Development Timing
 - An adjustment for the anticipated time to development may be required when the site requires demolition, official plan amendments, zoning amendments, and site plan approval. The time required to prepare the site for development may affect the sale price. For example a development with a 10-15 year development time horizon would sell at a lower unit rate than a development with a 3-5 year development time horizon, all else being equal.
- Physical Characteristics
 - Adjustments may be required for characteristics such as size, frontage, shape and configuration.
- Use
 - Adjustments may be required for differences between the highest and best use of the comparable sales and the Subject Property. These differences are typically identified by differences in official plan designations and zoning and the probability of an amendment.
- Density
 - An adjustment may be required to consider the differences in the permitted and/or likely achievable density.

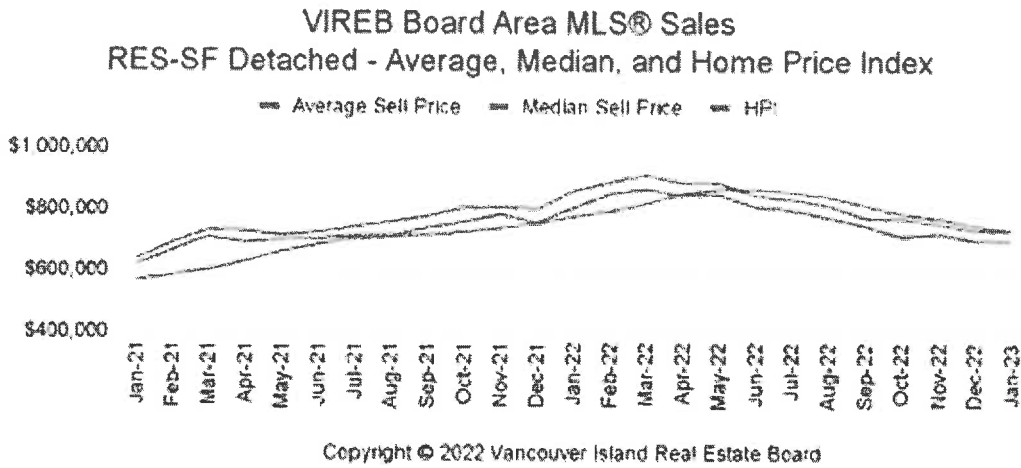
The Appraisal Institute of Canada recommends the use of "paired sales analysis" in the derivation of adjustments. This involves locating two very similar sales that sell in a similar time period. If the two sales differ in only one key feature, then the difference in sale price can be used as the "market indicator" for the adjustment for that feature. In practice, this concept usually only applies to newer homes in a subdivision. Commercial and industrial properties tend to be more unique and therefore, it is not always possible to find paired sales to derive adjustments. In the absence of paired sales, it is the appraisers' experience and judgment (based on observation), which is used for adjustments.

In order to establish reasonably achievable rates for the Subject Property, we have conducted a search of the Subject Property's area and Southern Vancouver Island for transactions of development or improved sites featuring comparable sizes, land use controls, locations and development risk. Our search yielded six sales, which are considered to provide a reasonable indication of rates for development sites similar to the Subject Property. The map and comparable sale sheets included on the following pages detail the six comparable property sales we have identified and considered for analysis, followed by an overview of each comparable sale property.



Market Analysis

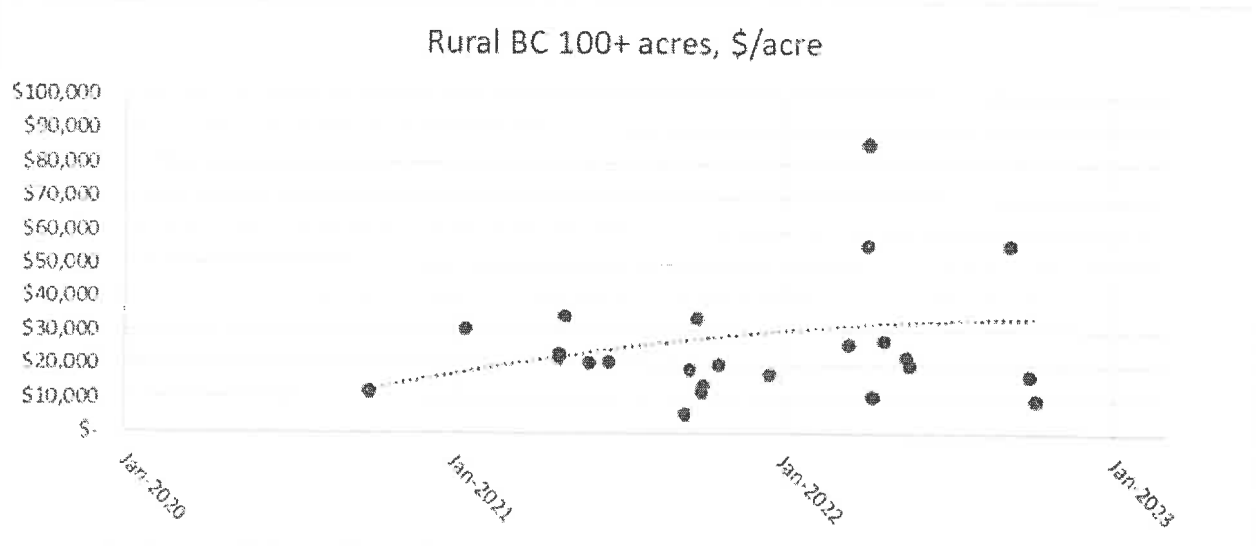
The Vancouver Island Real Estate Board tracks residential real estate benchmark prices over the past 2 years, showing a decline since mid 2022. This is consistent with similar markets across BC.



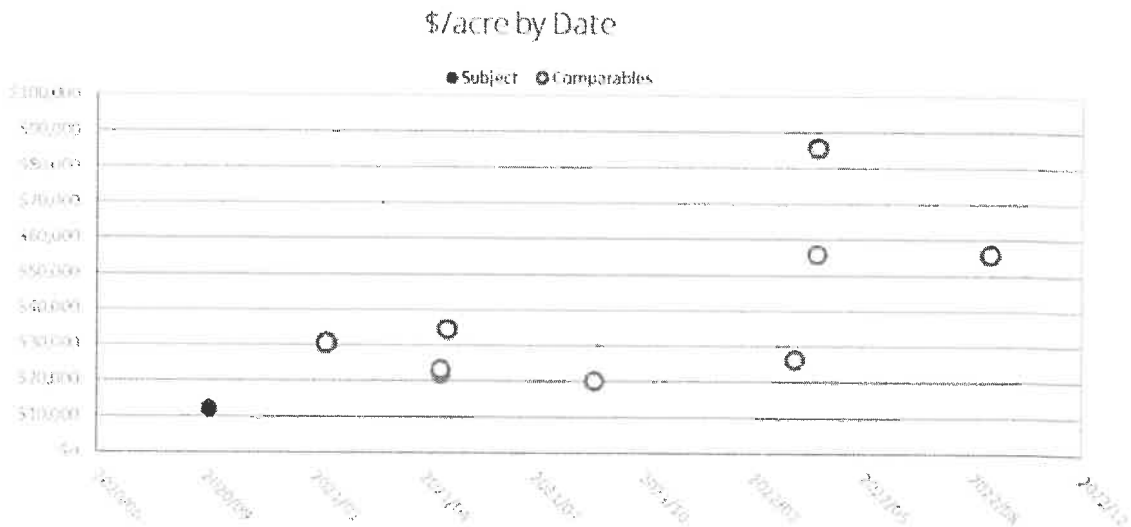
Compared to the market in September 2021, the overall market shows a similar or slightly lower overall benchmark price.

Zone	UNIT SALES				AVERAGE SALE PRICE				
	Jan 2023	Dec 2022	Jan 2022	% Change	Jan 2023	Dec 2022	Jan 2022	% Change	Median
Zone 1 - Campbell River	17	18	25	-32.00%	\$617,326	\$705,722	\$665,845	-7.29%	\$579,900
Zone 2 - Comox Valley	31	30	39	-20.51%	\$724,752	\$785,897	\$896,844	-19.19%	\$700,000
Zone 3 - Cowichan Valley	28	29	38	-26.32%	\$683,863	\$738,207	\$816,924	-16.29%	\$710,000
Zone 4 - Nanaimo	46	64	60	-23.33%	\$795,527	\$773,795	\$1,003,705	-20.74%	\$755,500
Zone 5 - Parksville-Qualicum	23	28	27	-14.81%	\$902,652	\$841,864	\$975,557	-7.47%	\$920,000
Zone 6 - Port Alberni-West Coast	13	21	15	-13.33%	\$659,308	\$604,516	\$651,020	1.27%	\$535,000
BOARD TOTALS	165	200	218	-24.31%	\$734,138	\$735,529	\$854,412	-14.08%	\$699,000

While this provides a good guideline, the Subject properties differ significantly from a typical residential property. Therefore, we have looked at large rural parcel sales in BC over the past 2 years, summarized below.



A total of 25 properties were found, with values ranging from \$5700 per acre (for a 1000+ acre parcel), to \$86,000 per acre, with an average of \$28,000 per acre. We have selected 9 of the most similar parcels, illustrated below, with a benchmark showing the Subject's 2020 market transaction.



The 9 sales are further detailed below.



Subject	1	2	3	4	5	6	7	8	9
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Address	9250 Somers Road	Driffield Dr Rural	Puntledge River Rural	Duncan Bay Rural	3792 Cifillan Rd Rural	Robinson Rd Rural	A-367	1126 Gillespie Rd Rural	309 Sutill Point Rd Rural	Hope Hill Rd Rural Bc	Trans Canada Hy Rural
Transaction Price		\$3,250,000	\$4,115,304	\$3,708,274	\$5,100,000	\$3,250,000	\$3,250,000	\$5,410,000	\$7,100,000	\$6,551,112	\$10,250,000
Analysis Price		\$3,250,000	\$4,115,304	\$3,708,274	\$5,100,000	\$3,250,000	\$3,250,000	\$5,410,000	\$7,100,000	\$6,551,112	\$10,250,000
Analysis Price per acre		\$20,318	\$22,172	\$23,370	\$26,285	\$30,784	\$30,784	\$34,684	\$55,918	\$66,045	\$85,995

Transactional Characteristics

Transaction Status	Recorded	Recorded	Recorded	Recorded	Recorded	Recorded	Recorded	Recorded	Recorded	Recorded	Recorded
Transaction Date	Sep, 2021	Apr, 2021	Apr, 2021	Mar, 2022	Mar, 2022	Jan, 2021	Jan, 2021	May, 2021	Apr, 2022	Sep, 2022	Apr, 2022
Market Conditions	Upward Adj	Upward Adj	Upward Adj	Upward Adj	Upward Adj	Upward Adj	Upward Adj	Upward Adj	Upward Adj	Upward Adj	Upward Adj
Property Rights Conveyed	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Financing											
Conditions of Sale	Market	Market	Market	Market	Market	Market	Market	Market	Market	Market	Market
Motivation											

Transactional Adjustment

	Upward Adj	Upward Adj	Upward Adj	Upward Adj	Upward Adj	Upward Adj	Upward Adj	Upward Adj	Upward Adj	Upward Adj	Upward Adj
Site Characteristics	6923426	8084936	6911968	8451690	4598795	6794427	5530919	5091726	5192074		
Site Size (SF)	158.94	185.60	158.68	194.02	105.57	155.98	126.97	116.89	119.19		
Topography	rectangular	irregular	irregular	irregular	irregular	irregular	irregular	irregular	irregular		
Zoning	zoning	RU-20	RU-20	AG1	RA1	A	RUF	R	CD-7		
Adjustment	Comparable	Comparable	Comparable	Comparable	Comparable	Comparable	Comparable	Comparable	Comparable		
Land Use	o/p	Settlement Area (from Bylaw)	Settlement Area (from Bylaw)	Rural		S - Settlement					
FSR	1.0										

Site Adjustment

	Comparable	Comparable	Comparable	Comparable	Inferior	Superior	Inferior	Comparable	Superior
Overall Adjustment	Upward	Upward	Upward	Upward	Downward	Downward	Downward	Downward	Downward
Overall Comparability	Superior	Superior	Superior	Superior	Inferior	Inferior	Inferior	Inferior	Inferior
Conclusion	Higher than	Higher than	Higher than	Higher than	Lower than	Lower than	Lower than	Lower than	Lower than
	\$20,318	\$22,172	\$23,370	\$26,285	\$30,784	\$34,684	\$55,918	\$66,045	\$85,995



Agricultural Land, 9250 Somers Road, Port Alberni

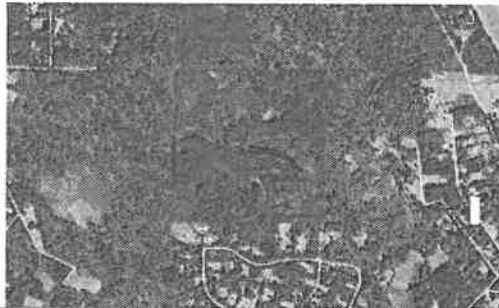
Comparable Sales Map





Agricultural Land, 9250 Somers Road, Port Alberni

**COMPARABLE 1: Rural Land
Driffield Dr, Merville BC**



LOCATION / SITE INFORMATION | **SALE INFORMATION**

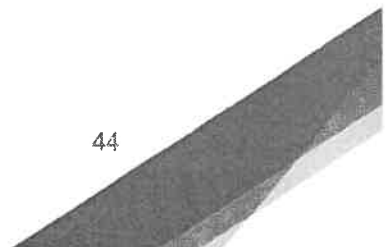
Address	Driffield Dr Rural	Transaction Date	Sep, 2021
City, Province	Merville Rural, BC	Transaction Status	Recorded
PID	006-516-700	Analysis Price	\$3,250,000
Site Size	159.95 acres	Rights Transferred	Fee Simple
	6,967,572 SF		
Configuration	rectangular		
Zoning	RU-8		
OCP	Rural Settlement Area		
Density	-		

ANALYSIS INFORMATION

Price Per Acre \$20,319

REMARKS

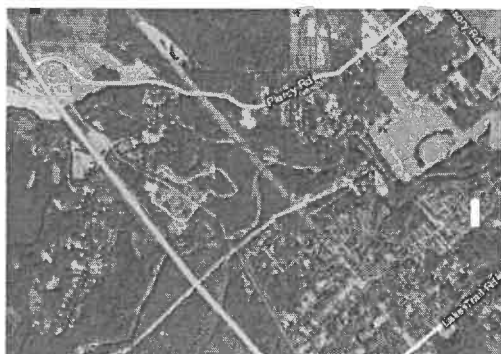
This property is located in Merville, BC. The property consists of a 159.95 acre parcel. The property was zoned RU-8, with a future land use designation as Rural Settlement Area under the municipal land use plan.





Agricultural Land, 9250 Somers Road, Port Alberni

**COMPARABLE 2: Rural Land
Puntledge River, Courtenay BC**



LOCATION / SITE INFORMATION | **SALE INFORMATION**

Address Puntledge River Rural

City, Province Courtenay, BC
 PID 028-915-194

Site Size 185.60 acres
 8,084,936 SF

Configuration irregular

Zoning RU-20
 OCP Rural Area (from Bylaw 2042)
 Density -

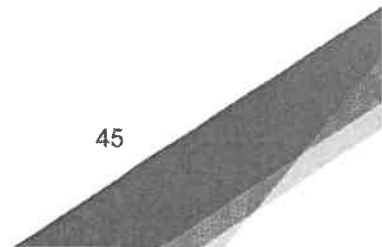
Transaction Date Apr, 2021
 Transaction Status Recorded

Analysis Price \$4,115,304
 Rights Transferred Fee Simple

ANALYSIS INFORMATION
Price Per Acre \$22,173

REMARKS

This property is located in Courtenay, BC. The property consists of a 185.60 acre parcel. The property was zoned RU-20, with a future land use designation as Rural Area (from Bylaw 2042) under the municipal land use plan.





Agricultural Land, 9250 Somers Road, Port Alberni

**COMPARABLE 3: Rural Land
Duncan Bay Main Line Road, Courtenay**



LOCATION / SITE INFORMATION | SALE INFORMATION

Address	Duncan Bay Main Line Road	Transaction Date	Apr, 2021
City, Province	Courtenay, BC	Transaction Status	Recorded
PID	000-866-814	Analysis Price	\$3,708,274
Site Size	158.68 acres 6,911,968 SF	Rights Transferred	Fee Simple
Configuration	irregular		
Zoning	RU-20		
OCP	Rural Area (from Bylaw 2042)		
Density	-		

ANALYSIS INFORMATION
Price Per Acre \$23,370

REMARKS

This property is located in Courtenay Rural, BC. The property consists of a 158.68 acre parcel. The property was zoned RU-20, with a future land use designation as Rural Area (from Bylaw 2042) under the municipal land use plan.



Agricultural Land, 9250 Somers Road, Port Alberni

COMPARABLE 4: Rural Land
3792 Gilfillan Rd, Nanaimo



LOCATION / SITE INFORMATION | **SALE INFORMATION**

Address	3792 Gilfillan Rd	Transaction Date	Mar, 2022
City, Province	Nanaimo, BC	Transaction Status	Recorded
PID	001-170-198	Analysis Price	\$5,100,000
Site Size	194.02 acres	Rights Transferred	Fee Simple
	8,451,690 SF		
Configuration	irregular		
Zoning	AG1		
OCP	Rural		
Density	-		

ANALYSIS INFORMATION

Price Per Acre \$26,286

REMARKS

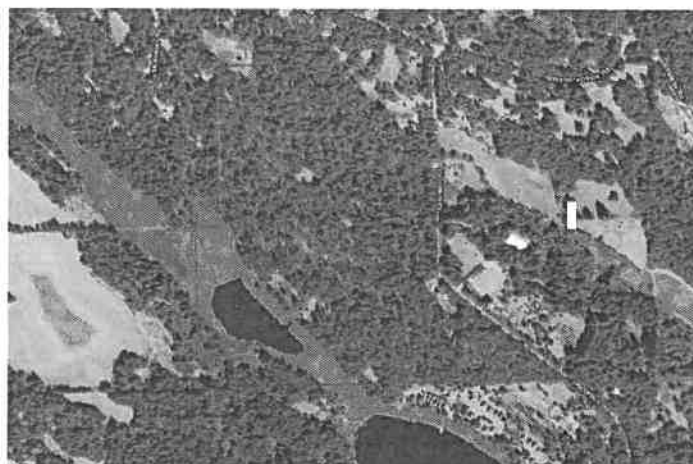
This property is located in the District of Nanaimo, BC, just outside the city limits. The property consists of a 194.02 acre parcel. The property was zoned AG1, with a future land use designation as Rural under the municipal land use plan.

The property is improved with a single family dwelling built in 1959. The overall assessed building value was \$503,000. The property is mainly land value.



Agricultural Land, 9250 Somers Road, Port Alberni

**COMPARABLE 5: Rural Land
A-367 Robinson Rd, Salt Spring Island**



LOCATION / SITE INFORMATION SALE INFORMATION

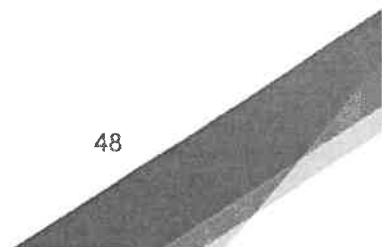
Address	A-367 Robinson Rd	Transaction Date	Jan, 2021
City, Province	Salt Spring Island, BC	Transaction Status	Recorded
PID	000-155-306	Analysis Price	\$3,250,000
Site Size	105.57 acres 4,598,795 SF	Rights Transferred	Fee Simple
Configuration	irregular		
Zoning	RA1		
OCP	-		
Density	Salt Spring Island (Rural Neighbourhoods); Salt Spring Island (Agriculture)		

ANALYSIS INFORMATION
Price Per Acre \$30,785

REMARKS

This property is located in Salt Spring Island, BC. The property consists of a 105.57 acre parcel. The property was zoned RA1, with a future land use designation as - under the municipal land use plan.

The property is improved with a single family dwelling built in 2013. The overall assessed building value was \$1,719,000.





Agricultural Land, 9250 Somers Road, Port Alberni

**COMPARABLE 6: Rural Land
1126 Gillespie Rd, Sooke**



LOCATION / SITE INFORMATION | **SALE INFORMATION**

Address 1126 Gillespie Rd
City, Province Sooke Rural, BC
PID 000-028-223
Site Size 155.98 acres
6,794,427 SF
Configuration irregular

Transaction Date May, 2021
Transaction Status Recorded

Zoning A
OCP S - Settlement
Density -

Analysis Price \$5,410,000
Rights Transferred Fee Simple

ANALYSIS INFORMATION
Price Per Acre \$34,684

REMARKS

This property is located in Sooke Rural, BC. The property consists of a 155.98 acre parcel. The property was zoned A, with a future land use designation as S - Settlement under the municipal land use plan.

The property is improved with a seasonal dwelling structure built in 1968. The overall assessed building value was \$882,000. The property is mainly land value.



Agricultural Land, 9250 Somers Road, Port Alberni

COMPARABLE 7: Rural Land
309 Sutil Point Rd, Cortes Island



LOCATION / SITE INFORMATION | **SALE INFORMATION**

Address	309 Sutil Point Rd	Transaction Date	Apr, 2022
City, Province	Cortes Island, BC	Transaction Status	Recorded
PID	009-780-823	Analysis Price	\$7,100,000
Site Size	126.97 acres	Rights Transferred	Fee Simple
	5,530,919 SF		
Configuration	irregular		
Zoning	RU/F		
OCP	-		
Density	-		

ANALYSIS INFORMATION

Price Per Acre \$55,919

REMARKS

This property is located in Cortes Island, BC. The property consists of a 126.97 acre parcel. The property was zoned RU/F, with a future land use designation as - under the municipal land use plan.

The property is improved with a seasonal dwelling structure built in 2004. The overall assessed building value was \$3,482,000.



Agricultural Land, 9250 Somers Road, Port Alberni

**COMPARABLE 8: Rural Land
Hope Hill Rd, Salt Spring Island**



LOCATION / SITE INFORMATION | **SALE INFORMATION**

Address Hope Hill Rd Rural Bc

City, Province Salt Spring Island, BC
 PID 008-943-486

Site Size 116.89 acres
 5,091,726 SF

Configuration irregular

Zoning R
 OCP -
 Density Salt Spring Island (Upland)

Transaction Date Sep, 2022
 Transaction Status Recorded

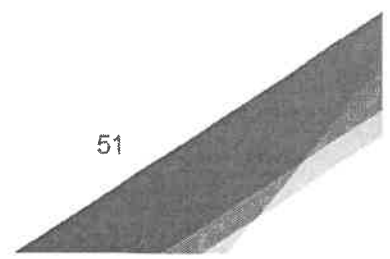
Analysis Price \$6,551,112
 Rights Transferred Fee Simple

ANALYSIS INFORMATION
 Price Per Acre \$56,045

REMARKS

This property is located in Salt Spring Island, BC. The property consists of a 116.89 acre parcel. The property was zoned R, with a future land use designation as - under the municipal land use plan.

The property is improved with a single family dwelling structure built in 1940. The overall assessed building value was \$967,000. The property is mainly land value.





Agricultural Land, 9250 Somers Road, Port Alberni

COMPARABLE 9: Rural Land
Trans Canada Hy Rural, Cowican Bay



LOCATION / SITE INFORMATION **SALE INFORMATION**

<p>Address Trans Canada Hy Rural</p> <p>City, Province Cowican Bay, BC</p> <p>PID 009-346-554</p> <p>Site Size 119.19 acres 5,192,074 SF</p> <p>Configuration irregular</p> <p>Zoning CD-7</p> <p>OCP Land Use: Comprehensive Development</p> <p>Density -</p>	<p>Transaction Date Apr, 2022</p> <p>Transaction Status Recorded</p> <p>Analysis Price \$10,250,000</p> <p>Rights Transferred Fee Simple</p>
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ANALYSIS INFORMATION	
Price Per Acre	\$85,997

REMARKS

This property is located in Cowican Bay, BC. The property consists of a 119.19 acre parcel. The property was zoned CD-7, with a future land use designation as Land Use: Comprehensive Development under the municipal land use plan.



Direct Comparison Sales Analysis

A total of 9 comparables were used in this analysis. The sales were selected from Port Alberni Rural and are from the past 16 months. All are large rural parcels of over 100 acres. Most are on Vancouver Island, or one of the larger adjacent islands (Salt Spring & Cortez). Overall the 9 comparables should have similar overall appeal as the Subject.

Adjustments were made for differences in location, condition, size, zoning, and property configuration.

The unadjusted range was from \$20,319 per acre to \$85,997 per acre. After adjustments, the range narrows to \$24,000 per acre to \$62,000 per acre. The average adjusted value of the comparables was \$35,556 per acre to \$30,000 per acre.

Comparable 1 is a comparable property at Driffield Dr, just north of Courtenay. The property consists of 160 acres, zoned RU-8 and designated for Rural Settlement Area under the OCP. The property was vacant. The Subject property is superior to this comparable and should have a value higher than \$20,319.

Comparable 2 is a sale of a property at Puntledge River Rural in Courtenay. The property consists of 186 acres, zoned RU-20 and designated for Rural Area (from Bylaw 2042) under the OCP. The property was vacant. The Subject property is superior to this comparable and should have a value higher than \$22,173 per acre.

Comparable 3 is next to Sale 2, at Duncan Bay Road in Courtenay. The property consists of 159 acres, zoned RU-20 and designated for Rural Area (from Bylaw 2042) under the OCP. The Subject property is superior to this comparable and should have a value higher than \$23,370 per acre.

Comparable 4 is a comparable sale of a property located at 3792 Gilfillan Rd just outside of Nanaimo. The property consists of 194 acres, zoned AG1 and designated for Rural under the OCP. The Subject property as a superior configuration and should have a value higher than \$26,286 per acre.

Comparable 5 is a property at A-367 Robinson Rd Rural in Salt Spring Island. The property consists of 106 acres, zoned RA1 Salt Spring Island (Rural Neighbourhoods); Salt Spring Island (Agriculture). The property is treed with a significant slope, and would be inferior in terms of usable land compared to the Subject. The Subject property is superior to this comparable and should have a value higher than \$30,785 per acre.

Comparable 6 is a sale of a property at 1126 Gillespie Rd east of Sooke in a rural area. The property consists of 156 acres, zoned Agricultural. The property included some improvements. The property is treed with a significant slope, and would be inferior in terms of usable land compared to the Subject. The Subject property is superior to this comparable and should have a value higher than \$34,684 per acre.

Comparable 7 is a comparable property at 309 Sutil Point Rd Rural in Cortes Island. The property consists of 127 acres, zoned RU/F (Rural and Forestry). The property included significant improvements, however, the usable area is inferior to the Subject. Overall, the Subject property is inferior to this comparable and should have a value lower than \$55,919 per acre.

Comparable 8 is located at Hope Hill Rd Rural Bc in Salt Spring Island. The property consists of 117 acres, zoned R (residential). Salt Spring Island (Upland). The property included significant improvements. The Subject property is inferior to this comparable and should have a value lower than \$56,045 per acre.

Comparable 9 is a sale of a property at Trans Canada Hy Rural in Cowican Bay. The property consists of 119 acres, zoned CD-7 and designated for Land Use: Comprehensive Development under the OCP, with some future development potential. Despite the lack of improvements, this is the highest indicator, with most of the value likely due to the future subdivision potential. The Subject property is inferior to this comparable and should have a value lower than \$85,997 per acre.

Agricultural Land, 9250 Somers Road, Port Alberni



Despite all having a large parcel size, the differences in usable area are significant and are the main factor in the overall price per acre. Most of the properties are inferior to the Subject, with values around \$20,000 to \$55,000 per acre. With mostly cleared and usable land, we estimate a value for the Subject in the mid-range.

Direct Comparison Approach Conclusion

The Direct Comparison Approach, which is the most common technique used to value land, is the preferred method when sales of comparable properties are available. Based on our preceding analysis, it is our opinion that an appropriate unit value for the Subject Property would lie within the range between \$35,000 and \$45,000 per acre. Applying these unit values yields a range in value estimates as noted below.

VALUE MATRIX - LAND VALUATION		
SIZE (ACRE)	VALUE PER ACRE	VALUE ⁽¹⁾
158.940	\$35,000	\$5,560,000
158.940	\$40,000	\$6,360,000
158.940	\$45,000	\$7,150,000

(1) Rounded to nearest \$10,000

Summary

Based upon all of the foregoing analysis, and selecting the mid-point of the above range, the current market value as is of the Subject Property, as at February 24, 2023 is concluded to be **\$6,360,000**.

The above value estimate is based on an exposure period of 9 to 12 months, assuming the basis of a transaction involving cash to the vendor, and is subject to the Hypothetical Conditions, Extraordinary Assumptions and Extraordinary Limiting Conditions as detailed within the Terms of Reference section of this report, in addition to the Ordinary Assumptions and Limiting Conditions contained in the Appendix. Any alterations to either the information provided or the assumptions in this report may have a material impact on the value contained.



Cost Approach

The Cost Approach is a method through which a value indication is derived for the fee simple estate by estimating the current cost to construct a reproduction of (or replacement for) the existing structure,, including an entrepreneurial incentive or profit; deducting depreciation from the total cost; and adding the estimated land value. Adjustments may then be made to the indicated value of the fee simple estate in the Subject property to reflect the value of the property interest being appraised.

Replacement Cost Analysis

The following cost approach to value was developed based on replacement cost analysis. Replacement cost includes both direct and indirect costs. Direct costs are expenditures for labor and materials used in the construction of improvements (also known as hard costs). Indirect costs are expenditures for items other than labor and materials that are necessary for construction, but which are not typically part of the construction contract (also known as soft costs). Indirect costs often include real property taxes during construction, professional fees, permanent financing fees, leasing commissions, marketing costs and contingency.

Replacement Cost New (Building)

This section calculates the replacement cost new of the Subject Property building improvements by estimating total direct and indirect costs to which an entrepreneurial profit incentive is applied. Two sources were selected to support direct and indirect costs: Marshall Valuation Service and the developer's cost schedule. This selection is appropriate considering the scope and intended use of the appraisal, and given that the Subject Property improvements are dated construction.

Marshall Valuation Service

Marshall Valuation Service is a comprehensive appraisal guide widely used throughout Canada for developing replacement costs and depreciated values of buildings and other improvements, and is largely considered an authority on building costs.

The table on the following page outlines the process we applied for developing replacement cost new of the Subject Property building improvements with Marshall Valuation Service. First, the Subject Property components were researched to identify the applicable base building costs per square foot. Next, the base building costs were adjusted for square foot refinements, height and size refinements, and current and local cost multipliers to determine an estimate of direct costs. After determining direct costs using Marshall Valuation Service, we then analyzed market evidence to estimate indirect costs. Finally, an appropriate developer's profit was applied to provide an indication of the replacement cost new.

Agricultural Land, 9250 Somers Road, Port Alberni



At the date of the appraisal, August 2021, only the exterior of the buildings were viewed. Photos are included in the addendum. The client has provided some photos of the interiors. No interior inspection or measurements of the building were conducted.

Note that the cost estimates are for replacement cost, rather than reproduction costs. This would include significant upgrades to the farm structures, including differing materials and possibly updated mechanical and electrical systems from the existing structures.

Our value of the depreciated improvements is as follows:

Cost Calculations				
Item	Area	Rate		Total
BUILDINGS				
Main Residence	3,988	\$ 227		\$ 904,478
Second Home	1,232	\$ 163		\$ 200,831
Farm Building	50,000	\$ 45		\$ 2,268,000
Machine Shed	5,610	\$ 43		\$ 238,565
Subtotal	60,830			\$ 3,611,875
	Econ Age	Total Life	Depreciation Indexed %	
Less: Depreciation				
Main Residence	30	60	20%	-\$ 180,896
Second Home	30	60	20%	-\$ 40,166
Farm Building	25	45	33%	-\$ 748,440
Machine Shed	25	45	33%	-\$ 78,727
Subtotal (Buildings)				\$ 2,563,647
TOTAL (Rounded)				\$ 2,560,000

Developer's Cost Schedule

No developer's costs have been received.

Depreciation Analysis (Building)

No functional depreciation or economic obsolescence has been included. There may be some functional depreciation with the farm structures, however, more detail would be required to make this determination. The estimate of physical depreciation is based on indexed costing schedules from the Marshall & Swift cost guide.

Summary

As summarized above, the Cost Approach indicates an estimated improved value of **\$2,560,000** (rounded) as of the effective date of this valuation.

Together with the land value previously estimated, the total estimated property value would be **\$8,920,000** (rounded) as of the effective date of this valuation.

Agricultural Land, 9250 Somers Road, Port Alberni



Reconciliation and Final Estimate of Value

Based on the foregoing market analysis, it is our opinion that the current market value as is of the Subject Property, as at February 24, 2023, is:

VALUE TYPE	INTEREST APPRAISED	DATE OF VALUE	VALUE
Current Market Value As-Is*	Fee Simple	February 24, 2023	\$8,920,000*

*See Assumptions and Limiting Conditions

The final value includes land and buildings. With limited sales of 100+ acre rural parcels with significant agricultural improvements on Vancouver Island, the Cost Approach remains the most relevant method of valuation. However, with the wide range of values from the sales and the limited access to the improvements, level of certainty is low.

The above value estimate is based on an exposure period of 9 to 12 months, assuming the basis of a transaction involving cash to the vendor, and is subject to the Hypothetical Conditions, Extraordinary Assumptions and Extraordinary Limiting Conditions as detailed within the Terms of Reference of this report, in addition to the Ordinary Assumptions and Limiting Conditions contained in the Appendix. Any alterations to either the information provided or the assumptions in this report may have a material impact on the value contained.



Certification

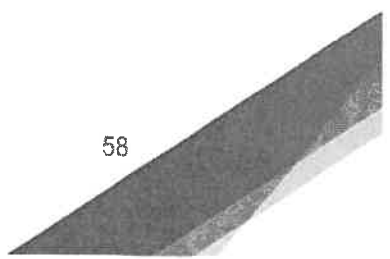
**Agricultural Land
9250 Somers Road, Port Alberni, British Columbia
LOT B DISTRICT LOT 236 COMOX DISTRICT PLAN VIP85381**

I, the undersigned appraiser, certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct;
- The reported analyses, opinions and conclusions are limited only by the reported Assumptions and Limiting conditions, and are my impartial and unbiased professional analyses, opinions and conclusions;
- I have no past, present or prospective interest in the property that is the subject of this report and no personal and/or professional interest or conflict with respect to the parties involved with this assignment;
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment;
- My engagement in and compensation for this assignment were not contingent upon developing or reporting predetermined results, the amount of the value estimate, a conclusion favouring the client, or the occurrence of a subsequent event;
- My analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the Canadian Uniform Standards of Professional Appraisal Practice (CUSPAP);
- I have the knowledge and experience to complete this assignment competently, and where applicable this report is co-signed in compliance with CUSPAP;
- Except as disclosed herein, no one has provided significant professional assistance to the person(s) signing this report;
- As of the date of this report the undersigned has fulfilled the requirements of The Appraisal Institute of Canada's Continuing Professional Development Program;
- I am a member in good standing of the Appraisal Institute of Canada;
- I am not required to be licensed to practice in the Province of **British Columbia**.

Information pertaining to inspection of the subject property is as follows:

SUBJECT PROPERTY INSPECTION			
APPRAISER	INSPECTED	EXTENT	DATE OF INSPECTION
Simon Poon, AACI, P. App	No	-	-
Andrew Buhr, B. Comm, AIC Candidate	Yes	Exterior Only	August 23, 2021





Final Estimate of Value

Based upon the data, analyses and conclusions contained herein, the current market value of the Fee Simple interest in the property described herein, as at February 24, 2023, is estimated to be as follows:

VALUE TYPE	INTEREST APPRAISED	DATE OF VALUE	VALUE
Current Market Value As-Is*	Fee Simple	February 24, 2023	\$8,920,000*

*See Assumptions and Limiting Conditions

The above value estimate is based on an exposure period of 9 to 12 months, assuming the basis of a transaction involving cash to the vendor, and is subject to the Extraordinary Assumptions, Hypothetical Conditions and Extraordinary Limiting Conditions as detailed within the Terms of Reference section of this report, in addition to the Ordinary Assumptions and Limiting Conditions contained in the Addenda. Any alterations to either the information provided or the assumptions in this report may have a material impact on the value contained herein.

Appraiser

Simon Poon, AACI, P. App
Date: February 24, 2023
AIC Membership No. 902227

Appendices

Appendix A	Ordinary Assumptions and Limiting Conditions
Appendix B	Definitions
Appendix C	Land Use / Zoning
Appendix D	Title Documents

Appendix A

Ordinary Assumptions and Limiting Conditions



Ordinary Assumptions and Limiting Conditions

The certification that appears in this appraisal report is subject to compliance with the Personal Information and Electronic Documents Act (PIPEDA), Canadian Uniform Standards of Professional Appraisal Practice ("CUSPAP"), and the following conditions:

- 1) This report has been prepared at the request of **Jaswant Bath** of 1239583 BC Ltd (the client) for the purpose of providing an estimate of the market value of **9250 Somers Road, Port Alberni, British Columbia** (the Subject Property) and for the specific use referred to. It is not reasonable for any party other than the person or those to whom this report is addressed to rely upon this appraisal without first obtaining written authorization from the client and the author of this report. This report has been prepared on the assumption that no other party will rely on it for any other purpose. Liability is expressly denied to any person other than the client and those who obtain written consent and, accordingly, no responsibility is accepted for any damage suffered by any such person as a result of decisions made or actions based on this report. Diligence by all intended users is assumed.
- 2) This report has been prepared at the request of **Jaswant Bath** of 1239583 BC Ltd and for the exclusive (and confidential) use of the recipient as named and for the specific purpose and function as stated. Written consent from the authors must be obtained before any part of the appraisal report can be used for any use by anyone except the client and other intended users identified in the report. Liability to any other party or for any other use is expressly denied regardless of who pays the appraisal fee.
- 3) All copyright is reserved to the author and this report is considered confidential by the author and **Jaswant Bath** of 1239583 BC Ltd. Possession of this report, or a copy thereof, does not carry with it the right to reproduction or publication in any manner, in whole or in part, nor may it be disclosed, quoted from or referred to in any manner, in whole or in part, without the prior written consent and approval of the author as to the purpose, form and content of any such disclosure, quotation or reference. Without limiting the generality of the foregoing, neither all nor any part of the contents of this report shall be disseminated or otherwise conveyed to the public in any manner whatsoever or through any media whatsoever or disclosed, quoted from or referred to in any report, financial statement, prospectus, or offering memorandum of the client, or in any documents filed with any governmental agency without the prior written consent and approval of the author as to the purpose, form and content of such dissemination, disclosure, quotation or reference.
- 4) The contents of this report are confidential and will not be disclosed by the author to any party except as provided for by the provisions of the CUSPAP and/or when properly entered into evidence of a duly qualified judicial or quasi-judicial body. The appraiser acknowledges that the information collected is personal and confidential and shall not use or disclose the contents of this report except as provided for in the provisions of the CUSPAP and in accordance with the appraiser's privacy policy. The client agrees that in accepting this report, it shall maintain the confidentiality and privacy of any personal information contained and shall comply in all material respects with the contents of the appraiser's privacy policy and in accordance with the PIPEDA.
- 5) This appraisal report, its content and all attachments/addendums and their content are the property of the appraiser. The client, intended users and any appraisal facilitator are prohibited, strictly forbidden and no permission is expressly or implicitly granted or deemed to be granted, to modify, alter, merge, publish (in whole or in part) screen scrape, database scrape, exploit, reproduce, decompile, reassemble or participate in any other activity intended to separate, collect, store, reorganize, scan, copy, manipulate electronically, digitally, manually or by any other means whatsoever this appraisal report, addendum, all attachments and the data contained within for any commercial, or other, use.



- 6) The appraiser has agreed to enter into the assignment as requested by the client named in the report for the use specified by the client, which is stated in the report. The client has agreed that the performance of this appraisal and the report format are appropriate for the intended use.
- 7) This report is completed on the basis that testimony or appearance in court or at any administrative proceeding concerning this appraisal is not required unless specific arrangements to do so have been made beforehand. Such arrangements will include, but not necessarily be limited to, adequate time to review the appraisal report and data related thereto and for preparation and for any appearances that may be required, and the provision of appropriate additional compensation.
- 8) The estimated market value of the real estate that is the Subject of this appraisal pertains to the value of the **fee simple interest** in the real property. The property rights appraised exclude mineral rights, if any.
- 9) The concept of market value presumes reasonable exposure. The exposure period is the estimated length of time the asset being valued would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of valuation. The overall concept of reasonable exposure encompasses not only adequate, sufficient and reasonable time but also adequate, sufficient and reasonable effort. The reasonable exposure period is a function not only of time and effort but will depend on the type of asset being valued, the state of the market at the date of valuation and the level at which the asset is priced. (The estimated length of the exposure period needed to achieve the estimated market value is set forth in the Letter of Transmittal, prefacing this report).
- 10) The analyses set out in this report relied on written and verbal information obtained from a variety of sources we considered reliable. However, these data are not guaranteed for accuracy. Unless otherwise stated, we did not verify client-supplied information, which we believed to be correct. Certain information has been accepted at face value, especially if there was no reason to doubt its accuracy. Other empirical data required interpretative analysis pursuant to the objective of this appraisal. Certain inquiries were outside the scope of this mandate.
- 11) The appraiser will not be responsible for matters of a legal nature that affect either the property being appraised or the title to it. A title search has been performed as indicated previously, and the appraiser assumes that the title is good and marketable and free and clear of all value influencing encumbrances, encroachments, restrictions or covenants, including leases, unless otherwise noted in this report, and that there are no pledges, charges, liens or special assessments outstanding against the property other than as stated and described. The property is appraised on the basis of it being under responsible ownership. Matters of a legal nature, including confirming who holds legal title to the appraised property or any portion of the appraised property, are outside the scope of work and expertise of the appraiser. Any information regarding the identity of a property's owner or identifying the property owned by the listed client and/or applicant provided by the appraiser is for informational purposes only and any reliance on such information is unreasonable. Any information provided by the appraiser does not constitute any title confirmation. Any information provided does not negate the need to retain a real estate lawyer, surveyor or other appropriate experts to verify matters of ownership and/or title.
- 12) The property has been valued on the basis that there are no outstanding liabilities except as expressly noted, pursuant to any agreement with a municipal or other government authority, pursuant to any contract or agreement pertaining to the ownership and operation of the real estate or pursuant to any lease or agreement to lease, which may affect the stated value or saleability of the Subject Property or any portion thereof.
- 13) The property has been valued on the basis that there is no action, suit, proceeding or investigation pending or threatened against the real estate or affecting the titular owners of the property, at law or in



equity or before or by any federal, provincial or municipal department, commission, board, bureau, agency or instrumentality which may adversely influence the value of the real estate appraised.

- 14) The legal description of the property and the area of the site were obtained from the Copy of Title Search. No survey of the property has been made. Any plans and sketches contained in this report show approximate dimensions only and are included solely to aid the recipient in visualizing the location of the property, the configuration and boundaries of the site and the relative position of the improvements on the said lands. It is unreasonable to rely on this report as an alternative to a survey, and an accredited surveyor ought to be retained for such matters.
- 15) The property has been valued on the basis that the real estate complies in all material respects with any restrictive covenants affecting the site and has been built and is occupied and being operated, in all material respects, in full compliance with all Government regulations and requirements of law, including all zoning, land use classification, building codes, planning, fire and health by-laws, rules, regulations, orders and codes of all federal, provincial, regional and municipal governmental authorities having jurisdiction with respect thereto, and that if it doesn't comply, any such non-compliance may affect market value. (It is recognized there may be work orders or other notices of violation of law outstanding with respect to the real estate and that there may be certain requirements of law preventing occupancy of the real estate as described in this report. However, such circumstances have not been accounted for in the appraisal process).
- 16) The term "inspection" refers to observation and reporting of the general material finishing and conditions seen for the purposes of a standard appraisal inspection. The inspection scope of work includes the identification of marketable characteristics/amenities offered for comparison and valuation purposes only, in accordance with the CUSPAP.
- 17) The opinions of value and other conclusions contained assume satisfactory completion of any work remaining to be completed in a good and workmanlike manner. Further inspection may be required to confirm completion of such work. The appraiser has not confirmed that all mandatory building inspections have been completed to date, nor has the availability/issuance of an occupancy permit been confirmed. The appraiser has not evaluated the quality of construction, workmanship or materials. It should be clearly understood that this physical inspection does not imply compliance with any building code requirements as this is beyond the professional expertise of the appraiser.
- 18) The author of this report is not qualified to comment on environmental issues (including, without limitation any chemical or biological issues) that may affect the market value of the property appraised, including but not limited to pollution or contamination of land, buildings, water, groundwater or air. Unless expressly stated, the property is assumed to be free and clear of pollutants and contaminants, including but not limited to moulds or mildews or the conditions that might give rise to either, and in compliance with all regulatory environmental requirements, government, or otherwise, and free of any environmental condition, past, present or future, that might affect the market value of the property appraised. If the party relying on this report requires information about environmental issues then that party is cautioned to retain an expert qualified in such issues. We expressly deny any legal liability relating to the effect of environmental issues on the market value of the property appraised.
- 19) Unless otherwise stated in this report, the appraiser has no knowledge of any hidden or unapparent conditions of the property (including, but not limited to, its soils, physical structure, mechanical or other operating systems, its foundation, etc.) or adverse environmental conditions (on it or a neighbouring property, including the presence of hazardous wastes, toxic substances, etc.) that would make the property more or less valuable. It has been assumed that there are no such conditions unless they were observed at the time of inspection or became apparent during the normal research involved in completing the appraisal. This report should not be construed as an environmental audit or detailed property condition report, as such reporting is beyond the scope of this report and/or the qualifications

of the appraiser. The author makes no guarantees or warranties, express or implied, regarding the condition of the property, and will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. The bearing capacity of the soil is assumed to be adequate.

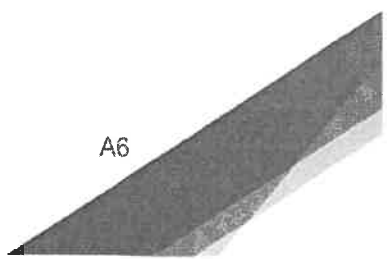
- 20) Investigations have been undertaken in respect of matters which regulate the use of land. However, no inquiries have been placed with the fire department, the building inspector, the health department or any other government regulatory agency with respect to the Subject property's compliance with all applicable regulations, unless such investigations are expressly represented to have been made in this report. Assumptions have been made that the Subject property is in compliance with all such regulations. The Subject Property must comply with such regulations and, if it does not comply, its non-compliance may affect the market value of this property. To be certain of such compliance, further investigations may be necessary. Any information provided by the appraiser does not negate the need to retain an appropriately qualified professional to determine government regulation compliance.
- 21) The interpretation of any leases and other contractual agreements, pertaining to the operation and ownership of the property, as expressed, is solely the opinion of the author and should not be construed as a legal interpretation. Further, any summaries of such contractual agreements are presented for the sole purpose of giving the reader an overview of the salient facts thereof.
- 22) The estimated market value of the property does not necessarily represent the value of the underlying shares of the entity owning the property, if the asset is so held, as the value of the shares could be affected by other considerations. Further, the estimated market value does not include consideration of any extraordinary financing, rental or income guarantees, special tax considerations or any other atypical benefits which may influence the ordinary market value of the property, unless the effects of such special conditions, and the extent of any special value that may arise therefrom, have been described and measured in this report.
- 23) Should title to the real estate presently be held (or changed to a holding) by a partnership, in a joint venture, through a Co-tenancy arrangement or by any other form of divisional ownership, the value of any fractional interest associated therewith may be more or less than the percentage of ownership appearing in the contractual agreement pertaining to the structure of such divisional ownership. For the purposes of our valuation, we have not made any adjustment for the value of a fractional interest.
- 24) In the event of syndication, the aggregate value of the limited partnership interests may be greater than the value of the freehold or fee simple interest in the real estate, by reason of the possible contributory value of non-realty interests or benefits such as provision for tax shelter, potential for capital appreciation, special investment privileges, particular occupancy and income guarantees, special financing or extraordinary agreements for management services.
- 25) Unless otherwise noted, the estimated market value of the property referred to is predicated upon the condition that it would be sold on a cash basis to the vendor subject to any contractual agreements and encumbrances as noted in this report as-is and where-is, without any contingent agreements or caveats. Other financial arrangements, good or cumbersome, may affect the price at which this property might sell in the open market.
- 26) Because market conditions, including economic, social and political factors, change rapidly and, on occasion, without notice or warning, the estimate of market value expressed, as of the effective date of this appraisal, cannot be relied upon as of any other date except with further advice from the appraiser and confirmed in writing.
- 27) The value expressed is in Canadian dollars.
- 28) This report is only valid if it bears the original or password secured digital signature(s) of the author(s). If transmitted electronically, this report will have been digitally signed and secured with personal

Agricultural Land, 9250 Somers Road, Port Alberni



passwords to lock the appraisal file. Due to the possibility of digital modification, only originally signed reports and those reports sent directly by the appraiser, can be relied upon without fault.

- 29) These Ordinary Assumptions and Limiting Conditions shall be read with all changes in number and gender as may be appropriate or required by the context or by the particulars of this mandate.
- 30) Where the intended use of this report is for financing or mortgage lending or mortgage insurance, it is a condition of reliance on this report that the authorized user has or will conduct lending underwriting and insurance underwriting and rigorous due diligence in accordance with the standards of a reasonable and prudent lender or insurer, including but not limited to ensuring the borrower's demonstrated willingness and capacity to service his/her debt obligations on a timely basis, and to conduct loan underwriting or insuring due diligence similar to the standards set out by the Office of the Superintendent of Financial Institutions (OSFI), even when not otherwise required by law. Liability is expressly denied to those that do not meet this condition. Any reliance on this report without satisfaction of this condition is unreasonable.





Appendix B

Definitions



Definitions

Property Interests

- Fee Simple**
 - Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, expropriation, police power and escheat.
- Leased Fee Interest**
 - The ownership interest held by the lessor, which includes the right to the contract rent specified in the lease plus the reversionary right when the lease expires.
- Leasehold Interest**
 - The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease.

General Definitions

Adjusted or Stabilized Overall Capitalization Rate is usually derived from transactions with excessive vacancy levels or contract rents over/under market levels. In such cases, net operating income is "normalized" to market levels and the price adjusted to reflect expected costs required to achieve the projected net operating income.

The Cost Approach to value is based upon the economic principle of substitution, which holds that the value of a property should not be more than the amount by which one can obtain, by purchase of a site and construction of a building without undue delay, a property of equal desirability and utility.

Direct or Overall Capitalization refers to the process of converting a single year's income with a rate or factor into an indication of value.

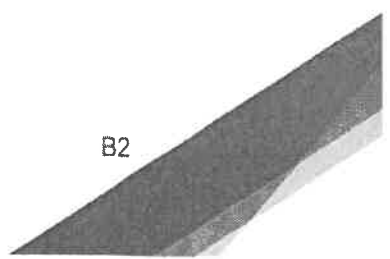
The Direct Comparison Approach examines the cost of acquiring equally desirable and valuable substitute properties, indicated by transactions of comparable properties, within the market area. The characteristics of the sale properties are compared to the Subject Property on the basis of time and such features as location, size and quality of improvements, design features and income generating potential of the property.

Discount Rate is a yield rate used to convert future payments or receipts into a present value.

Discounted Cash Flow Technique offers an opportunity to account for the anticipated growth or decline in income over the term of a prescribed holding period. More particularly, the value of the property is equivalent to the discounted value of future benefits. These benefits represent the annual cash flows (positive or negative) over a given period of time, plus the net proceeds from the hypothetical sale at the end of the investment horizon.

Two rates must be selected for an application of the DCF process:

- the internal rate of return or discount rate used to discount the projected receivables;
- an overall capitalization rate used in estimating reversionary value of the asset.





The selection of the discount rate or the internal rate of return is based on comparing the Subject Property to other real estate opportunities as well as other forms of investments. Some of the more common benchmarks in the selection of the discount rate are the current yields on long term bonds and mortgage interest rates.

Exposure Time - The Canadian Uniform Standards of Professional Appraisal Practice adopted by the Appraisal Institute of Canada define "Exposure Time" (The Appraisal Institute of Canada, Canadian Uniform Standards of Professional Appraisal Practice, 2020 ed. Page 6) as:

"The estimated length of time the property interest being appraised would have been offered on the market before the hypothetical consummation of a sale at the estimated value on the Effective Date of the appraisal."

Fair Value (International Financial Reporting Standards) – IFRS 13 defines "Fair Value" as:

"The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date."

Highest and Best Use - The Canadian Uniform Standards of Professional Appraisal Practice adopted by the Appraisal Institute of Canada define "Highest and Best Use" (The Appraisal Institute of Canada, Canadian Uniform Standards of Professional Appraisal Practice, 2020 ed. Page 8) as:

"The reasonably probable use of Real Property, that is physically possible, legally permissible, financially feasible, and maximally productive, and that results in the highest value."

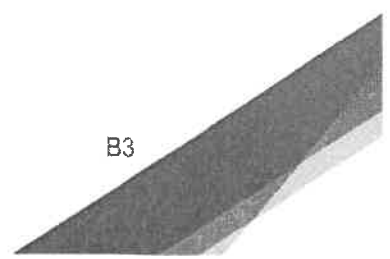
The Income Approach to value is utilized to estimate real estate value of income-producing or investment properties.

Internal Rate of Return is the yield rate that is earned or expected over the period of ownership. It applies to all expected benefits including the proceeds of sale at the end of the holding period. The IRR is the Rate of Discount that makes the net present value of an investment equal zero.

Market Value - The Canadian Uniform Standards of Professional Appraisal Practice adopted by the Appraisal Institute of Canada define "Market Value" (The Appraisal Institute of Canada, Canadian Uniform Standards of Professional Appraisal Practice, 2020 ed. Page 10) as:

"The most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and the seller each acting prudently, knowledgeably, and for self-interest, assuming that neither is under duress."

Net Operating Income is the actual or anticipated net income remaining after all operating expenses are deducted from effective gross income before debt service and depreciation. Net Operating Income is usually calculated for the current fiscal year or the forthcoming year.



Agricultural Land, 9250 Somers Road, Port Alberni



71

Overall Capitalization Rate is an income rate that reflects the relationship between a single year's net operating income expectancy and the total property price. The Overall Capitalization Rate converts net operating income into an indication of a property's overall value.

A Yield Rate is applied to a series of individual incomes to obtain a present value of each.

File Reference: YVR230147

B4

Agricultural Land, 9250 Somers Road, Port Alberni



Appendix C

Land Use / Zoning

File Reference: YVR230147

C1

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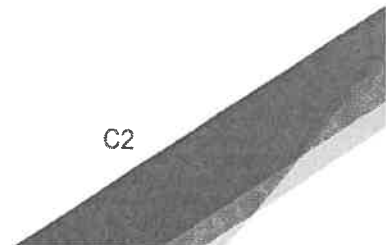
102 RURAL DISTRICT (A2)

This District provides for the conservation of agricultural and non-urban land by the holding of land in large parcels, and for the protection of public health, safety and welfare in areas which being subject to periodic floods and overflow are unsuitable for urban-type uses and intensive development.

102.1 Uses Permitted

- (1) Single family dwellings, provided that where the area of a lot is 4.046 hectares [10 acres] or greater not more than two such dwellings may be located on one lot. Such dwellings may be located on the same lot as any other use permitted in this district, excepting those listed in (4) and (7) below.
- (2) Where a lot 4.046 hectares [10 acres] or greater in area is classified as farm land in accordance with the provisions of the Taxation Act, the following uses shall be permitted provided they are demonstrated to be essential to the operation of the farm.
 - (a) More than one single family dwelling, provided that in no case shall a density of one dwelling to 2.438 hectares [5 acres] be exceeded;
 - (b) Temporary accommodation in the form of mobile-homes, provided that where more than one mobile-home is placed on the farm, the requirements of the Mobile Home Parks Regulations, 1967 pursuant to the Health Act be adhered to;
 - (c) Not more than two dormitory units.

Where such uses cease to be essential to the operation of a farm, such as by the disestablishment of the farm, the Building Inspector may require their removal.
- (3) Home occupations.
- (4) Airfields, airports, enterprises engaged in Air Transport, and Services Incidental to Air Transport.
- (5) Arboreta, botanical gardens, wildlife refuges and similar uses.
- (6) Farming, feed and hay dealing, truck gardening, orchard or nursery cultivation, greenhouses, and other similar enterprises and uses including the incidental direct sale of farm produce to the consumer.
- (7) Golf courses.
- (8) Grazing livestock, but excluding abnormally intensive livestock feeding operations.
- (9) Mushroom growing, provided that such use is located at a distance of not less than 30.48 meters [100 feet] from all street or lot lines.
- (10) Parks and playgrounds.
- (11) Accessory buildings and uses.
- (12) Upland aquaculture (fish farming) including all activities incidental to such operations such as hatchery and nursery facilities, grow out ponds, storage and processing aquatic organisms cultivated, reared and harvested on the lots.
- (13) Radio Transmission Towers.
 - n) Wineries and Cideries provided that a vineyard or orchard at least 2 hectares (5 acres) in area is under continuous cultivation on the same farm or legal parcel.
 - o) Sales of wine and cider produced on the farm and related products, provided that the retail area does not exceed 500 square feet or 5 percent of the floor area of the winery, whichever is more: winery and cidery tours, as ancillary uses to a winery or cidery..



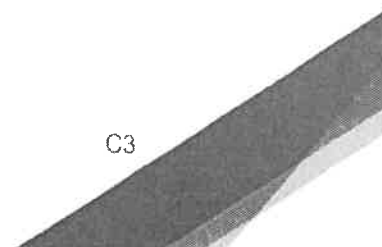


(14) Medical Marijuana Facilities provided that the facilities are located on a lot that is 2.43 hectares (6 acres) or greater in area and that the facilities are located a minimum of 30.48 metres (100 feet) from all lot lines.

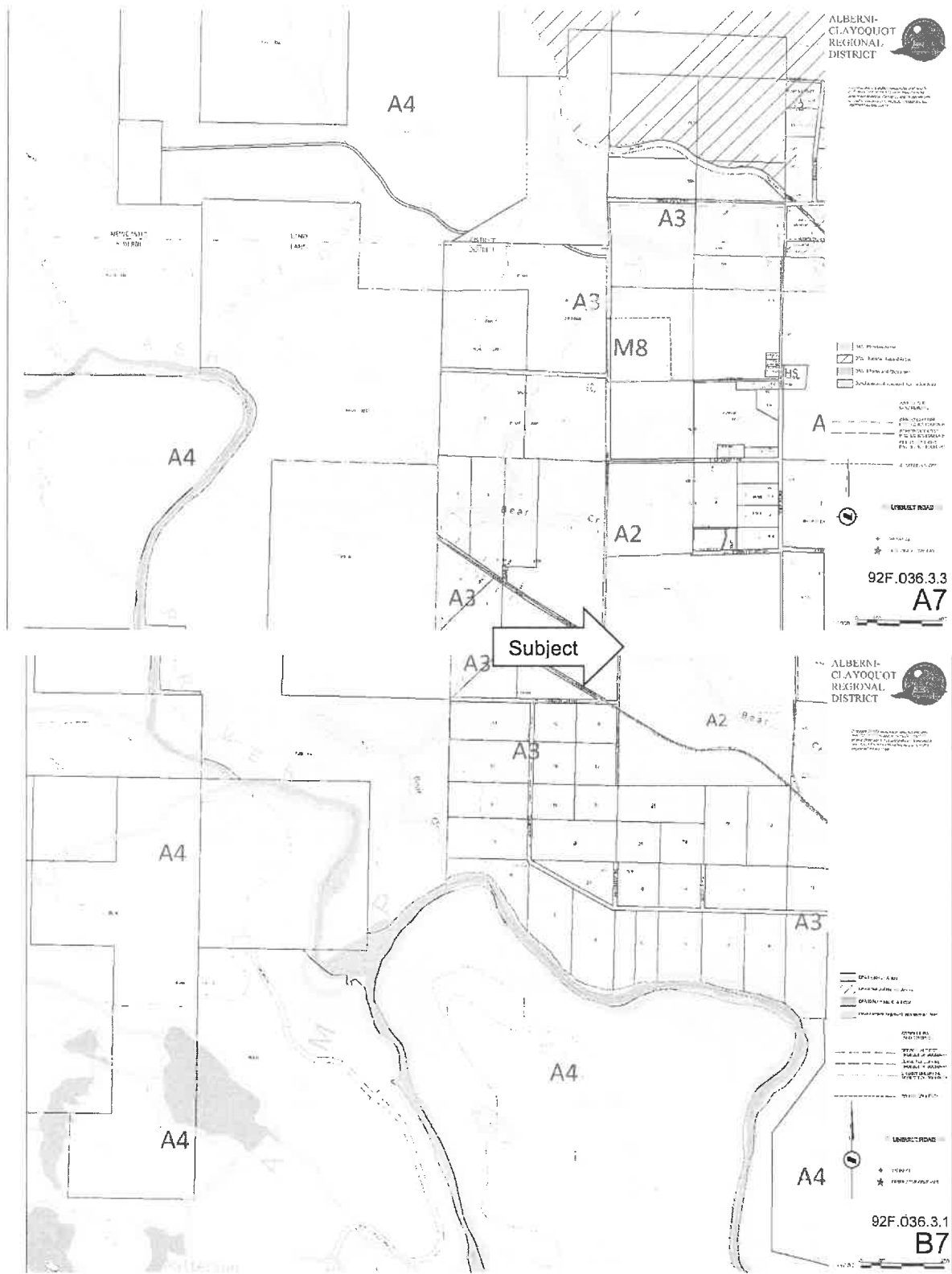
102.2 Conditions of Use:

1. The provisions of subsection 102.1(12) shall not apply to or within any lot less than 8 909 square meters [2 acres] in area and, notwithstanding any other relevant provision contained in this By-law, any and all such facilities placed within a lot must be setback a minimum of 75 feet (21.54 meters) from all property lines.
2.
 - i) aquaculture shall be conducted within an enclosed building except necessary nursery and/or growout Ponds;
 - ii) all such ponds (i.e. conventional holes whether lined or unlined or water containment devices located above ground wherein fish are kept) shall be encircled by a fence of no less than 1.524 meters [5 feet] in height constructed so as to prevent the passage of a spherical object having a diameter of 200 millimetres [8 inches] through and underneath such fence unless it can be shown that the location and size of openings which exceed this limit do not represent a hazard. Any gates located within such perimeter fences shall be self closing with locking mechanism located on the inside of the gate;
 - iii) the fence referred to in subsection (ii) above shall be located within a 3.048 to 6.096 meters [10 foot to 20 foot] setback from the ponds edge;
 - iv) nothing shall be done in any part of this District that will become an annoyance or nuisance to the surrounding areas by reason of unsightliness, the emission of odours and noise including generator or pump noise and use of floodlighting.
3. Lot Area Requirements

Where Section D(2)(g) of By-law No. 476 (East Sproat Lake Official Settlement Plan) applies, no lot shall be less than 1.7 hectares (4.25 acres) in lot area.



Agricultural Land, 9250 Somers Road, Port Alberni



Agricultural Land, 9250 Somers Road, Port Alberni



Appendix D

Title Documents

File Reference: YVR230147

D1

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Agricultural Land, 9250 Somers Road, Port Alberni



TITLE SEARCH PRINT

File Reference: YVR230147

2023-02-24, 13:51:48
Requestor: Simon Poon

****CURRENT AND CANCELLED INFORMATION SHOWN****

Land Title District VICTORIA
Land Title Office VICTORIA

Title Number CA9999531
From Title Number CA8463340

Application Received 2022-06-13

Application Entered 2022-06-22

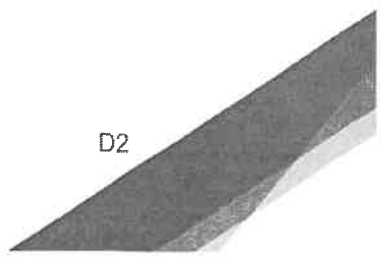
Registered Owner in Fee Simple
Registered Owner/Mailing Address: 1239583 B.C. LTD., INC.NO. BC1239583
TOWN CENTER TOWER, 7-32330 SOUTH FRASER WAY
ABBOTSFORD, BC
V2T 1X1

Taxation Authority Port Alberni Assessment Area

Description of Land
Parcel Identifier: 008-620-741
Legal Description:
DISTRICT LOT 72, ALBERNI DISTRICT

Legal Notations
THIS CERTIFICATE OF TITLE MAY BE AFFECTED BY THE AGRICULTURAL LAND COMMISSION ACT; SEE AGRICULTURAL LAND RESERVE PLAN NO. 1, DEPOSITED APRIL 26TH, 1974

Charges, Liens and Interests
Nature: EXCEPTIONS AND RESERVATIONS
Registration Number: M76300
Registered Owner: ESQUIMALT AND NANAIMO RAILWAY COMPANY
Remarks: INTER ALIA
A.F.B. 9.693.7434A
131480G;
SECTION 172(3)
FOR ACTUAL DATE AND TIME OF REGISTRATION SEE ORIGINAL GRANT FROM E & N RAILWAY COMPANY



Agricultural Land, 9250 Somers Road, Port Alberni



TITLE SEARCH PRINT

File Reference: YVR230147

2023-02-24, 13:51:48
Requestor: Simon Poon

Nature:	MORTGAGE
Registration Number:	CA8465013
Registration Date and Time:	2020-09-30 11:47
Registered Owner:	THE TORONTO-DOMINION BANK
Cancelled By:	CB58492
Cancelled Date:	2022-07-05

Nature:	MORTGAGE
Registration Number:	CA9759425
Registration Date and Time:	2022-03-03 09:04
Registered Owner:	NATIONAL BANK OF CANADA

Nature:	ASSIGNMENT OF RENTS
Registration Number:	CA9759426
Registration Date and Time:	2022-03-03 09:04
Registered Owner:	NATIONAL BANK OF CANADA

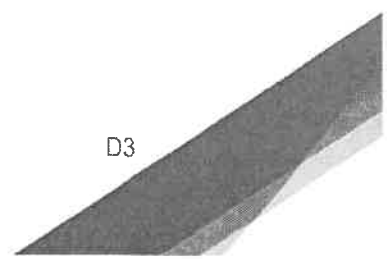
Duplicate Infeasible Title NONE OUTSTANDING

Transfers NONE

Pending Applications NONE

Corrections

ET62424A CHARGE OWNER NAME CORRECTED M76300 2002-06-05 09:30:00



Agricultural Land, 9250 Somers Road, Port Alberni



Appendix E

Supporting Documents

File Reference: YVR230147

D4

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Agricultural Land, 9250 Somers Road, Port Alberni



Client Supplied Information

9250 Somers Road Port Alberni, BC		
1	Main Residence	<ul style="list-style-type: none"> • Year Built 1997, remaining economic life remaining 30± years • Building Size : 3,988 ft² • fully finished with modern kitchen, 3 bedrooms, 2 bathrooms • Parking : Built - in double Garage, Lower level • Deck: 480 ft² added few yaers ago, partially covered • Electrical : 200 AMP service • Condition: Well maintained, Good
2	Second Older Home	<ul style="list-style-type: none"> • Year built 1950 • Building Size: 1,232 ft² • Concrete Foundation • Condition: Well maintained, Good
3	Farm Building	<ul style="list-style-type: none"> • Year Built 1985 • Building Size: 50,000 Ft² • Electrical: 400Amp and 200Amp power • 2 Back up Generators 25 and 50 KV PTO • Concrete foundation • Condition: Good
4	Machine Shed	<ul style="list-style-type: none"> • Building Size: 5610 ft² • Concrete Foundation • Condition: Good

This is Exhibit " B " referred to in
the affidavit of S. BATH
sworn before me at SURREY
this 5 day of SEPTEMBER, 20 23
[Signature]
A Commissioner for taking Affidavits
within British Columbia



Discussion Paper

Discussion Paper for
1239583 B.C. Ltd. and 1366043 B.C. Ltd.

THIS PAPER IS INTENDED FOR DISCUSSION PURPOSES ONLY. IT DOES NOT REPRESENT A COMMITMENT OR OFFER OF CREDIT AND IS SUBJECT TO CREDIT APPROVAL. THE PRICING MAY VARY IF A FORMAL OFFER IS MADE. SPECIFIC TERMS, CONDITIONS AND SECURITY WILL BE DETERMINED IF A FORMAL OFFER IS MADE.

Facility #1

Type	Operating
Purpose	General operating requirements
Amount/Currency	CAD \$500,000
Availment	Direct advances
Interest Rates	Prime + 0.75%

Facility #2

Type	Scotia Visa Business Card
Purpose	General operating requirements
Amount/Currency	CAD \$100,000
Availment	Direct advances
Interest Rates	Per Cardholder Agreement
Repayment	Monthly repayment

Facility #3

Type	Revolving Term Loan
Purpose	To assist with refinancing existing debt and purchasing Quesnel farm
Amount/Currency	CAD \$8,850,000
Availment	Direct advances
*Interest Rates	Prime + 0.50% (indicative all-in rate = 7.20%) BA + 2.00% (indicative all-in rate = 7.04%) Option to Fix: 1 – 5 year terms

Pricing Grid:

Debt Servicing Ratio Benchmark	Related Pricing	
<1.25:1	Prime + 0.50%	BA + 2.00%
1.25:1 – 1.50:1	Prime + 0.25%	BA + 1.75%
>1.50:1	Prime + 0%	BA + 1.50%

General Security

Security to be provided as applicable to transactions of this nature and may include, but is not limited to, liens on specific company's assets as required by the Bank.

- First ranked General Security Agreement over all present and future personal property of the Borrowers
- First charge collateral mortgage providing an unspecified fixed charge over Port Alberni Farm with appropriate insurance assigned to the Bank as 1st loss payee
- First charge collateral mortgage providing an unspecified fixed charge over Quesnel Farm with appropriate insurance assigned to the Bank as 1st loss payee
- Unlimited corporate cross-guarantees between 1239583 BC Ltd. and 1366043 BC Ltd.
- Unlimited personal guarantees from Shareholders, Jaswant Bath and Jasbir Bath
- Unspecified postponement of funds due to Shareholders
- Any other security customary for a transaction of this nature

Pre-Credit Submission Deliverables:

- Receipt of the Certificate of Incorporation and Notice of Articles from 1239583 BC Ltd. and 1366043 BC Ltd.
- Receipt of organizational chart detailing formal positions of shareholders along with percentage of ownership
- Receipt of 2 pieces of ID from Shareholders, Jaswant Bath and Jasbir Bath
- Receipt of completed Summary of Personal Finances from Shareholders, Jaswant Bath and Jasbir Bath
- Completion of the Bank's standard due diligence and other conditions as may reasonably be required

Conditions Precedent

Due diligence is to be conducted in a manner considered customary for a transaction of this nature, results of which are to be fully satisfactory to the Bank.

Conditions Precedent to Initial Advance

- Receipt of finalized Purchase and Sale Agreement for Quesnel Farm
- Receipt of updated appraisal for Port Alberni farm confirming market valuation exceeding \$6,800,000
- Confirmation of the CAD \$2,050,000 funds to be applied towards purchase of \$5,125,000 for Quesnel Farm (including confirmation of \$1,000,000 deposit made)
- Confirmation of Crop Loss Insurance or Agri-Stability enrollment for both 1239583 BC Ltd. and 1366043 BC Ltd.
- Receipt of the Bank's standard Environmental Checklist for Port Alberni and Quesnel property, confirming no material adverse environmental concerns
- Confirmation of General Liability and Business Insurance, as acceptable to the Bank
- Completion of Port Alberni and Quesnel site visit by Scotiabank Agricultural representatives
- Confirmation that all security is duly executed and registered as required

General Conditions / Reporting Conditions

Financial and reporting covenants will be determined in accordance with conditions normally applicable to transactions of this nature and may include the following:

The combined ratio of EBITDA for the Borrowers to the sum of interest expense plus the current portion of long-term debt and capital leases, calculated on an annual basis, is to be maintained at 1.25:1 or better.

EBITDA is defined as net income before extraordinary and other non-recurring items plus interest, income tax, depreciation and amortization expenses during the period.

The ratio of debt (including future taxes) to Tangible Net Worth (TNW) for is not to exceed 3.00:1 at any time.

Tangible Net Worth is defined as the sum of share capital, earned and contributed surplus and postponed funds and assessed market value of real estate less (i) amounts due from officers and/or affiliates, (ii) investments in affiliates, and (iii) intangible assets as defined by the Bank.

The Borrower shall permit the Bank, or its agents, access, at any time, to all premises where the collateral covered by the Bank's security may be located and the Bank or its agents may inspect such collateral and all related documents and records.


For ongoing credit risk management purposes, all operating accounts of the Borrowers shall be maintained with the Bank as long as the Borrowers have any operating line facilities with the Bank.

Without the Bank's prior written consent:

- No funds, including dividends, withdrawals, bonuses, repayment of related party loans, advances to shareholders, management or affiliates are permitted without the Bank's prior written consent.
- No redemption of preferred shares is permitted.
- No mergers, acquisitions, material dispositions, or change in the Company's line of business are permitted.
- No change in principal owners or management of the operations is permitted.
- Guarantees or other contingent liabilities are not to be entered into and assets are not to be further encumbered.
- No real property mortgaged to the Bank may be merged with any other property nor can the titles to the real property be consolidated in any way or transferred to any other property.

Other conditions customary for a transaction of this nature

Reporting

On a going forward basis, all financial statements are to be prepared by a Chartered Professional Accountant from a preferred list provided by Scotiabank—  Borrower initials

- Annual Review Engagement Financial Statements of 1239583 BC Ltd., including Balance Sheet, Income Statement, Statement of Cash Flows and applicable notes, within 120 days of each fiscal year end

- Annual Review Engagement Financial Statements of 1366043 BC Ltd., including Balance Sheet, Income Statement, Statement of Cash Flows and applicable notes, within 120 days of each fiscal year end
- Annual Combined Compilation Engagement Financial Statements of 1239583 BC Ltd and 1366043 BC Ltd., including Balance Sheet, Income Statement, Statement of Cash Flows and applicable notes, within 120 days of each fiscal year end
- Quarterly consolidated financial statements of the Loan Parties, together with comparative figures from the previous fiscal year and management's discussion and analysis (as applicable), provided within 45 days of period end
- Annual Personal Tax Returns for Jaswant Bath and Jasbir Bath
- Personal Net Worth Statements, when requested

Fees

\$10,000



Borrower initials

- Application Fee: ~~\$20,000~~ (100% refundable if a Commitment Letter is not delivered substantially in accordance with the terms and conditions outlined herein).
- Annual Review Fee: \$2,500 (paid once per annum)
- All legal fees and out of pocket expenses for the account of the Borrower.

Scotiabank Switch Incentive: Subsequent to closing, Scotiabank offers up to \$10,000 to cover costs incurred to switch Banks. This includes legal fees, appraisal costs, and other bank charges, such as penalties for breaking a term.

Please indicate your acceptance of the indicative terms and conditions by no later than **May 26, 2023**. This Discussion Paper is a general outline for discussion purposes only and not a commitment by Scotiabank to lend money.

We appreciate the opportunity to review your financing needs and look forward to your concurrence to move forward.

Yours truly,

Dariann Kloot
Sr. Client Relationship Manager

Amman Dhaliwal
Agriculture Specialist

Accepted this [] day of May, 2023.

Borrower: 1239583 BC Ltd. and 1366043 BC Ltd.

By: 

Name*:

Title: Jaswant Bath

By: 

Name*:

Title: Jasbir Bath

*The above signatory certifies that they have the signing authority to bind the Company.

This is Exhibit "C" referred to in
the affidavit of S. BATH
sworn before me at SURREY
this 5 day of SEPTEMBER, 20 23
[Signature]
A Commissioner for taking Affidavits
within British Columbia



British Columbia Office: 901-1199 W. Hastings St., Vancouver, BC V6E3T5
A Division Of 2610509 Ontario Corp. 416-452-5281

LETTER OF INTEREST

RE: \$11,110,000 (CAD) Proposed Financing
(for purchase of additional hay and vegetable farm in Quesnel, BC)

June 7th, 2023

Borrowers: 1366043 B.C. Ltd. & 1239583 B.C. Ltd.
Guarantors: Jaswant Bath & Jasbir Bath
(herein referred to as the "Borrower")

Security: Port Alberni Property (159acre hay and vegetable farm) & Quesnel
Property (392acre hay and vegetable farm)
(herein referred to as the "Subject Properties")

Close-By Date: July 7th, 2023 (or ASAP)

TOTAL LOAN AMOUNT: \$11,110,000
TOTAL APPRAISED VALUE: \$13,950,000
(Port Alberni: \$8.9M; Quesnel: \$5.03M)
LTV: 79.64%

Further to our recent discussions and based on the preliminary information provided and our understanding of the project, we are pleased to advise of our interest in arranging first mortgage financing with the best terms and conditions on the Borrowers behalf for the above captioned security, subject to full approval and the following general terms and conditions.

Executive Summary and Purpose of Loan:

The bridged loan amount of \$11,110,000 will be utilized by the borrowers to payout an existing National Bank mortgage on the Port Alberni property for \$5,709,000 and purchase the new farm property in Quesnel.

The principals, Jaswant Bath (mother) and Jasbir Bath (daughter), own 1239583 B.C. Ltd. which operates a 159 acre hay and vegetable farm in Port Alberni, British Columbia. The principals have been presented with an opportunity to purchase a 392 acre hay and vegetable farm in Quesnel, British Columbia which is a complement to their already successful operations. As such, the principals have recently established 1366043 B.C. Ltd. for the purpose of purchasing and operating the farm in Quesnel.

Initials: JAW JB JAB
Borrower Borrower Borrower

Port Alberni has been appraised at \$8,900,000 (in February 2023), while Quesnel has been appraised for \$5,030,000 (in December 2022). An Agreement of Purchase and Sale was executed for the Quesnel vendor for \$5,125,000, which includes the land and additional farming equipment of approximately \$95,000. 1366043 B.C. Ltd. has paid \$1,000,000 in cash deposits for the purchase and can inject additional cash as required at closing. While the principals will travel between Quesnel and Port Alberni to oversee operations, a full-time farm manager is employed on each property.

The proposed loan will facilitate the purchase of the Quesnel farm by 1366043 B.C. Ltd., while refinancing mortgage and operating debt for 1239583 B.C. Ltd. held by National Bank. The Borrowers and Guarantors will provide cross-guarantees for all proposed loan facilities. A first position mortgage on both assets will be provided to the prospective lender. Total collateralized assets pledged to secure the loan amounts to \$13,930,000.

To secure the proposed loans, the Borrowers will aggregate their cashflows to ensure debt servicing obligations are met. Based on 2020-2022 cashflows from 1239583 B.C. Ltd. and the Quesnel vendor (All Season Vegetable & Berry Farms Ltd.), the companies demonstrate a 3-Year Debt-Service-Coverage-Ratio (DSCR) of 1.63x of the proposed annual payments. Collectively, the companies' projections demonstrate a DSCR of 2.85x.

The proposed loans are requested on the basis of the Borrowers' operational acumen, ample free cash flow, and ability to quickly build equity in the farming operations.

The Guarantors operate the borrowing entities. Jaswant (mother) has been a farm owner and operator since 1989 and currently owns significant shares in five farming operations in the British Columbia lower mainland (in particular, Abbotsford and Langley), as well as on Vancouver Island (namely, Port Alberni). Jaswant has extensive experience producing hay, raspberries, blueberries, and vegetables in the British Columbia lower mainland.

Jaswant wholly owns 1239583 B.C. Ltd. which operates a 159 acre hay and vegetable farm in Port Alberni. 1239583 B.C. Ltd. was recently amalgamated with 1134769 B.C. Ltd. (also owned by Jaswant) to introduce her daughter, Jasbir, into the succession of the family farming operations. Jaswant is 85 years old and will be turning over all operations to Jasbir in the coming years, when she will transition to full ownership of farming operations across several companies and locations, with 1239583 B.C. Ltd. being the first to transition.

Critical to the Bath family's success in their lower mainland farming operations is Sandeep Grewal. Sandeep has worked for the Bath family since 2000 and has been in charge of overseeing all crop production. Additionally, Jaswant recently established and owns 1366043 B.C. Ltd. for the purpose of purchasing and operating the Quesnel farm (a 392 acre hay and vegetable farm), which is being vendd by All Season Vegetable & Berry Farms Ltd. 1366043 B.C. Ltd. is a new company with no income nor any financial statements as of yet. The Quesnel vendor has provided their 2020-2021 financial statements, 2022 internal draft statements, as well as 2023 farm projections, which reflects strong operations.

Initials: JAW JB SG
Borrower Borrower Guarantor

Upon purchasing the Quesnel Farm, the Borrowers will employ Neil Sutton as their Farm Manager, who will maintain his position as he previously managed the 392-acre farm for All Season Vegetable & Berry Farms Ltd., beginning in 2020. Prior to that, Neil worked as a Farm Manager on various hay, vegetable, and berry farms in Quesnel and Prince George.

In addition to the cashflow demonstrated herein, 1239583 B.C. Ltd. has recently uncovered a large gravel pit on their Port Alberni farm, adding approximately \$3,500,000 in additional value. The Borrowers are currently working with the municipality to obtain appropriate distribution access. The Borrowers expect that this gravel inventory will significantly improve their bottom-line income. This additional revenue stream has not been included in any of the projections as of yet.

The real estate assets amount to \$13,950,000 and the proposed bridge loan represents under 80% of the real estate value.

PORT ALBERNI + QUESNEL			
USES	Amount	SOURCES	Authorization
Quesnel Land + Equipment Purchase	\$5,125,000	Deposit Paid Vendor-Take Back Private Loan Portion for Quesnel Closing	\$1,000,000 \$0 \$4,125,000
Port Alberni NBC Payout	\$5,709,000	Private Loan Remainder	\$6,985,000
6 month Interest Reserve Account	\$653,000		
Misc. Expenses	\$100,000		
Legal Fee (estimated)	\$22,000		
Lender Fee (estimated)	\$223,000		
Broker Fee	\$278,000		
TOTAL USES	\$12,110,000	TOTAL SOURCES	\$12,110,000
Port Alberni Land and Buildings (A/V Feb 2023)	\$8,920,000		
Land and Buildings (A/V Dec. 2022)	\$5,030,000	Total Loans	\$11,110,000
Total Real Estate	\$13,950,000	LTV	79.64%

Interest Rate


The interest rate is 11.75%. Interest shall be calculated daily and payable monthly.

Term

The term shall be 12 months, interest only, with an interest reserve.

This is an open term with no prepayment penalties at any time. Remaining balance of interest reserve to be returned to the Borrower upon full prepayment.

Lender Fees

 Borrower Initials

2.0% JS
JS Borrower Initials

The lender fees are ~~2.5%~~ of the total advances.

Security & Documentation

1. Promissory Notes in the amount of each facility signed by the Borrowers;
2. Registered General Security Agreements (GSAs) creating a first security interest over the Security;
3. Registered Real Property Multi-Purpose Mortgages pledged by the Borrowers creating a first charge over the Security, complete with all supporting mortgage documentation;
4. Assignment of property insurance, permits, plans and spec, life lease agreements, deposits, entry fees, contracts and agreements/documents;
5. Joint and Several Guarantees for full amount, or an amount to be determined;
6. Confirmation that property taxes are paid in full;
7. ~~Satisfactory reports (including appraisal)~~ and transmittal letters as required by the Lender: JS JD Borrower Initials
8. Banking documents, resolutions, articles of incorporation, and identification for the Borrowers, as appropriate;
9. Confirmation of the ownership structure (organizational chart);
10. Confirmation of legal title of the Subject Property;
11. Satisfactory AML due diligence;
12. Two years of Notice of Assessments and operating statements supporting any income producing real estate assets, any bank statements as required to substantiate value of assets on the Personal Net Worth Statements (for the Borrower);
13. Any Financial Statements of the Borrowers, as applicable;
14. Security items and documentations as described above;
15. Any other security reasonably required by the Lender and its counsel.

Credit Information

By this letter, the Borrowers and Guarantors hereby authorize Fundever to obtain any background information it deems necessary concerning this application, including but not confined to, reports from the credit bureaus, retail credit company, Dun & Bradstreet, or any other source or agency that Fundever considers appropriate, hereby expressly consenting and authorizing Fundever to collect, use, or disclose to third parties the personal information as required and as permitted pursuant to the PIPEDA or other laws. Such third parties may include mortgage loan investors, mortgage loan trustees, law firms, insurance companies, credit bureaus or other third parties involved in the mortgage loan industry.

The Borrowers and Guarantors shall be responsible for all expenses of the Lender including: environmental consultants reports, insurance, legal fees and disbursements and all other out-of-pocket expenses.

Acceptance

Initials: JSW JS JS
Fundever Borrowers Borrowers

Should the Borrowers and Guarantors wish to proceed with this funding, Fundever requires them to sign one copy of this letter and return it to the attention of the writer along with the **Refundable Deposit Fee** in the amount of \$10,000.00 (deposit instructions to follow) by no later than June 8th, 2023, otherwise this offer will be null and void. These monies will be on deposit with Fundever (2810509 Ontario Corp.) until such a point that a formal Commitment Letter is offered. The funds will be considered earned should Fundever provide a binding Commitment Letter reasonably in accordance with this Agreement or a full underwriting process as further outlined. If a Commitment Letter is not obtained within the general terms of this Agreement, or subsequently on terms mutually agreed to for any fault of Fundever, the deposit will be refunded, without interest. If the loan is not funded by the Lender for reasons that are outside of the Borrower's control, the amount shall be refunded to the Borrowers. If the loan is not funded by the Lender for reasons that are inside the control of the Borrowers (i.e. if the Borrowers chooses not to close this deal for any reason or if the Borrowers are unable to provide or prove out the items requested of them), the amount shall be deemed earned by the Lender for its due diligence fees.

The Borrowers hereby acknowledge and agree that this Agreement may be assigned, or the loan may be sold or syndicated at any time without further notice or consent, including prior to funding.

This agency is for a period of 60 business days from the later of the date of execution of this Agreement and the date on which Fundever receives all materials requested.

The terms quoted are conditional on there being no undisclosed outstanding Writs of Execution registered against the Borrowers on closing and the completion of the remainder of the due diligence, as outlined in this Agreement. All mortgage applications must be signed by all Borrowers.

Should the Borrowers be unable or unwilling to satisfy all the conditions herein within a reasonable amount of time deemed by the Lender, the Lender reserves the right to cancel this Agreement. The Borrowers shall be responsible for all Borrowers and Lender legal fees for this transaction. The Borrowers are also responsible for the deposit and related fees as outlined in this Agreement. All of the clauses herein shall survive the registration of the transaction and closing.

The parties hereto agree that the signatures and or initials on this Agreement or its acceptance, rejection or modification can be transmitted by email and that communication by such means will be legal and binding on all parties hereto.

Should the Lender issue a new or amended Commitment Letter, until signed by the Borrowers, the new or amended Commitment Letter shall not override any of the terms and conditions by the Borrowers on this signed Agreement herein.

Initials: AW JV JL
 Fundever Borrowers Guarantors

We trust the foregoing is found satisfactory, and we look forward to working with you,

The above terms and conditions accepted and agreed to this 7th day of June, 2023

FUNDEVER (FOR LENDER)

A. Watson
Authorized Signatory
John (Adam) Watson, CEO
adavis@fundever.com
416-452-5281

BORROWERS AND GUARANTORS

I acknowledge that I have read this Agreement and agree to and understand its contents.


For 1366043 B.C. Ltd.
Per: Jaswant Bath

For 1239583 B.C. Ltd.
Per: Jaswant Bath

Jaswant Bath
Per: Jaswant Bath

Jasbir Bath
Per: Jasbir Bath

Initials: JAW JB Jas
Lender Borrowers Borrowers

This is Exhibit " D " referred to in
the affidavit of S. BATH
sworn before me at SURREY
this 5 day of SEPTEMBER, 20 23

A Commissioner for taking Affidavits
within British Columbia



Shot on moto g pure







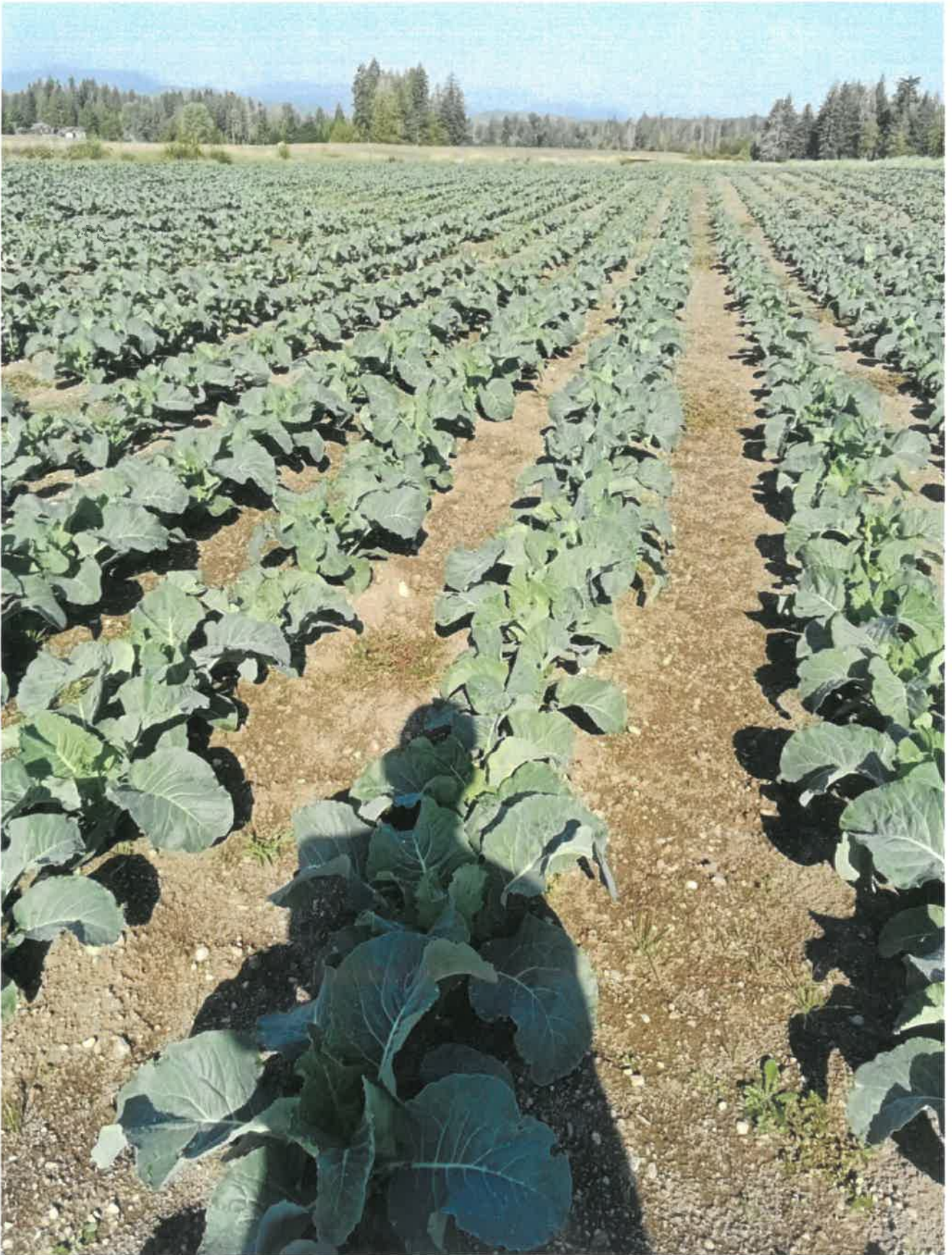










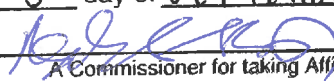










This is Exhibit " E " referred to in
the affidavit of S. BATH
sworn before me at SURREY
this 5 day of SEPTEMBER, 20 23

A Commissioner for taking Affidavits
within British Columbia

1239583 B.C. LTD.
Financial Statements
Compilation Engagement
September 30, 2022

CONTENTS OF FINANCIAL STATEMENTS

Compilation Engagement Report.....	1
Balance Sheet	2
Statement of Income & Retained Earnings	3
Statement of Cash Flow.....	4
Notes to Financial Statements.....	5 - 6

D.S. Dhanoa & Associates
CHARTERED PROFESSIONAL ACCOUNTANTS

Unit 7 - 32330 South Fraser Way,
Abbotsford, B.C. V2T 1X1

Phone: (604) 859-3688
Fax: (604) 859-3684

COMPILATION ENGAGEMENT REPORT

To Management of 1239583 B.C. Ltd.

On the basis of information provided by management, we have compiled the balance sheet of 1239583 B.C. Ltd. as at September 30, 2022, the statement of income and retained earnings and statement of cash flow for the year then ended, and Note 1, which describes the basis of accounting applied in the preparation of the compiled financial information.

Management is responsible for the accompanying financial information, including the accuracy and completeness of the underlying information used to compile it and selection of the basis of accounting.

We performed this engagement in accordance with Canadian Standard on Related Services (CSRS) 4200, Compilation Engagements, which requires us to comply with relevant ethical requirements. Our responsibility is to assist management in the preparation of the financial information.

We did not perform an audit engagement or a review engagement, nor were we required to perform procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an audit opinion or a review conclusion, or provide any form of assurance on the financial information.

Readers are cautioned that the financial information may not be appropriate for their purposes.

D.S. DHANOA & ASSOCIATES INC.
Chartered Professional Accountant

Abbotsford, British Columbia

March 23, 2023

1239583 B.C. LTD.

BALANCE SHEET

(See Compilation Engagement)

SEPTEMBER 30, 2022

ASSETS	<u>2022</u>
CURRENT ASSETS	
Cash & bank	\$ 705,764
Inventory (Note 2)	384,470
Prepays	<u>45,000</u>
	1,135,234
DUE FROM RELATED COMPANY (Note 8)	100,000
PROPERTY, PLANT & EQUIPMENT (Note 3)	<u>7,546,244</u>
	\$ 8,781,478
 LIABILITIES AND SHAREHOLDERS' EQUITY	
CURRENT LIABILITIES	
Line of Credit (Note 4)	\$ 100,000
Accounts payable & accrued liabilities	13,319
Corporate taxes payable	<u>44,000</u>
	157,319
LONG TERM DEBT (Note 5)	6,021,147
DUE TO SHAREHOLDERS (Note 6)	1,522,055
SHAREHOLDERS' EQUITY	
Share capital (Note 7)	100
Retained earnings	<u>1,080,856</u>
TOTAL SHAREHOLDERS' EQUITY	<u>1,080,956</u>
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	\$ 8,781,478

APPROVED ON BEHALF OF THE BOARD:

 Director

1239583 B.C. LTD.**STATEMENT OF INCOME AND RETAINED EARNINGS**
(See Compilation Engagement)

FOR THE YEAR ENDED SEPTEMBER 30, 2022

	<u>2022</u>
REVENUE	
Sales	\$ 1,284,176
Rental income	30,000
	<u>1,314,176</u>
COST OF SALES	
Purchases	350,189
GROSS PROFIT	<u>963,987</u>
EXPENSES	
Amortization	216,410
Automotive	8,060
Bank charges and interest	720
Building and fence repairs	6,876
Insurance	11,296
Interest on long term debt	123,423
Licenses, permits and dues	131
Machinery expenses	8,315
Office expenses	4,912
Property taxes	2,731
Security monitoring	360
Telephone	689
Utilities	39,872
Wages and benefits	140,874
TOTAL EXPENSES	<u>564,669</u>
NET INCOME	<u>399,318</u>
PROVISION FOR INCOME TAXES	<u>44,000</u>
NET INCOME	<u>355,318</u>
RETAINED EARNINGS, beginning of year	<u>725,538</u>
RETAINED EARNINGS, end of year	<u>\$ 1,080,856</u>

1239583 B.C. LTD.**STATEMENT OF CASH FLOWS**
(See Compilation Engagement)**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Net income	\$ 399,318
Items not requiring an outlay of cash:	
Amortization	216,410
	<u>615,728</u>
Changes in non-cash working capital:	
Inventory	(280,142)
Prepaid expense and deposits	(45,000)
Accounts payable	13,319
	<u>(311,823)</u>
	<u>303,905</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Advances to related company	(100,000)
Proceeds from long-term debt	6,021,147
Change in operating loan	100,000
Advances from shareholders	1,517,727
	<u>7,538,874</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Additions of property, plant and equipment	(7,762,654)
	<u>(7,762,654)</u>
NET INCREASE/(DECREASE) IN CASH	80,125
CASH, BEGINNING OF YEAR	625,639
CASH, END OF YEAR	\$ <u>705,764</u>

1239583 B.C. LTD.**NOTES TO FINANCIAL STATEMENTS**

(See Compilation Engagement)

FOR THE YEAR ENDED SEPTEMBER 30, 2022**1. COMPANY**

1239583 B.C. Ltd. is a Canadian-Controlled Private Company incorporated under the company act of British Columbia.

The financial information has been prepared on the accrual basis of accounting.

2. SIGNIFICANT ACCOUNTING POLICIES**(a) Amortization**

Amortization of capital assets is provided on the declining balance basis at the following annual rates;

Farm equipment	20%
Automotive	30%

One-half of the above rates are applied in the year of acquisition.

(b) Inventory

Inventory is valued at the lower cost and net realizable value with cost determined on a first in, first out basis.

3. PROPERTY, PLANT & EQUIPMENT

	Cost	Accumulated Amortization	Net Book Value 2022
Land	\$ 6,810,606	\$ -	\$ 6,810,606
Farm equipment	692,048	138,410	553,638
Automotive	260,000	78,000	182,000
	<u>\$ 7,762,654</u>	<u>\$ 216,410</u>	<u>\$ 7,546,244</u>

4. LINE OF CREDIT

Line of Credit financed by National Bank of Canada, bearing interest rate @ Prime + 1.75%.

5. LONG TERM DEBT

National Bank of Canada mortgage, bearing a fixed interest rate @ 4.25% per annum, repayable in blended principle and interest payment of \$31,753.09 monthly;	\$ 5,347,843
National Bank of Canada loan, bearing a fixed interest rate @ 6.10% per annum, repayable in blended principle and interest payment of \$3,414.97 monthly;	223,696
Kubota Finance loan	449,608
	<u>\$ 6,021,147</u>

1239583 B.C. LTD.**NOTES TO FINANCIAL STATEMENTS**

(See Compilation Engagement)

FOR THE YEAR ENDED SEPTEMBER 30, 2022**6. DUE FROM/TO SHAREHOLDERS**

The shareholder's loan is non interest bearing, unsecured and has no repayment schedule.

7. SHARE CAPITAL

Authorized:		<u>2022</u>
	10,000 common shares without par value	
Issued:		
	100 common shares without par value	<u>\$ 100</u>

8. RELATED PARTY TRANSACTIONS

Amounts due from/to related parties represent inter-company advances from and to companies that are related through common shareholders and directors. These amounts are non-interest bearing and have no fixed terms of repayment.

Due from 1366043 B.C. Ltd. - \$100,000.00