



COURT FILE NUMBER B-150741
VANCOUVER REGISTRY

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN THE BANKRUPTCY AND INSOLVENCY

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL
OF APOLLO GROUP MANAGEMENT LTD.**

FOURTH REPORT OF THE PROPOSAL TRUSTEE

JANUARY 29, 2016

INTRODUCTION

1. On July 23, 2015, Apollo Group Management Ltd. (“**Apollo**” or the “**Company**”) filed a Notice of Intention to File a Proposal (“**NOI**”) pursuant to Part III, Division I of the Bankruptcy and Insolvency Act, R.S.C. 1985, c. B-3, as amended (the “**BIA**”). FTI Consulting Canada Inc. (“**FTI**”) was appointed as the Trustee (the “**Proposal Trustee**”) under the NOI.
2. The Proposal Trustee has previously filed three reports with the Court as follows:
 - (a) The First Report dated August 14, 2015 (the “**First Report**”);
 - (b) The Second Report dated September 23, 2015 (the “**Second Report**”); and
 - (c) The Third Report dated November 10, 2015 (the “**Third Report**”).
3. The primary purpose of these reports was to provide an update to the Court on various matters in these proceedings, comment on the Company’s request for an extension of the stay of proceedings and to support Court approval of the proposal the Company filed on December 22, 2015 (the “**Proposal**”) which was unanimously passed by the Company’s creditors on January 12, 2016.
4. The reports of the Proposal Trustee and other information in respect of these proceedings are posted on the Proposal Trustee’s website at <http://cfcanda.fticonsulting.com/ApolloGroupManagementLtd/>.

PURPOSE

5. The purpose of this report, the fourth report of the Proposal Trustee (the “**Fourth Report**”), is to provide the Court with:
 - (a) An update on the activities of the Company since the filing of the Third Report; and

- (b) The Proposal Trustee's comments on the Company's request to this Honourable Court to approve an agreement of purchase and sale of substantially all of the Company's assets.

TERMS OF REFERENCE

- 6. In preparing this report, the Proposal Trustee has relied upon unaudited financial information, other information available to the Proposal Trustee and, where appropriate, the Company's books and records and discussions with various parties (collectively, the "**Information**").
- 7. Except as described in this Fourth Report:
 - (a) The Proposal Trustee has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Generally Accepted Assurance Standards pursuant to the Chartered Professional Accountants of Canada Handbook; and
 - (b) The Proposal Trustee has not examined or reviewed financial forecasts and projections referred to in this report in a manner that would comply with the procedures described in the Chartered Professional Accountants of Canada Handbook.
- 8. Future oriented financial information reported or relied on in preparing this report is based on assumptions regarding future events; actual results may vary from forecast and such variations may be material.
- 9. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars.
- 10. Defined terms have the meaning ascribed to them in this report or in prior reports filed by the Proposal Trustee.

UPDATE ON THE COMPANY'S ACTIVITIES

11. On November 18, 2015, the Court granted an Order to extend the Company's stay of proceedings and the time for filing a proposal to December 22, 2015.
12. On December 22, 2015, the Company filed the Proposal.
13. As noted in prior reports to this Court by the Proposal Trustee, the Company entered into a Purchase and Sale Agreement on July 15, 2015 (the "**Sale Agreement**") for the sale of the Cranberry Farm (the "**Sale Transaction**"). The Company's intention is to use the proceeds from closing of the Sale Transaction to fund the Proposal.
14. The substantive terms of the Proposal are as follows:
 - (a) Proceeds from the closing of the Sale Transaction will be made available to the Proposal Trustee for payments (the "**Proposal Funds**") as follows:
 - i. Any Crown Claims relating to amounts withheld from employees pursuant to the provisions of the Income Tax Act, Canada Pension Plan or Employment Insurance Act that were unremitted as at the date of the NOI are to be paid within six months following the date of Court approval of the Proposal;
 - ii. Employees and former employees will be paid their priority claim for unpaid salaries and wages up to a maximum amount of \$2,000 per employee (the "**Employee Priority Claims**") as required by the BIA;
 - iii. Any other claims given priority by subsection 136(1) of the BIA ("**Other Priority Claims**") will be paid in full; and
 - iv. Payment in full of the claims of Unsecured Creditors.

- (b) Upon payment of the amounts described above, the claims of the Unsecured Creditors, Employee Priority Claims and Other Priority Claims shall be released as against the Company and its directors and officers.
- 15. It is a condition precedent to the Proposal becoming effective that the Sale Transaction shall have closed.
- 16. Pursuant to section 147 of the BIA, payments of the Proposal Funds are subject to the levy of 5% payable to the Superintendent of Bankruptcy.
- 17. As noted in the Third Report, the Company commenced its harvest in late September 2015 and completed it during October 2015. Since the conclusion of the harvest the Company's operations have been minimal as expected from the seasonal nature of its business.

THE SALE TRANSACTION

- 18. As noted above, the Company entered into the Sale Agreement on July 15, 2015, the terms of which are summarized as follows:
 - (a) D.R. Barnston Holdings Ltd. (the "**Purchaser**") will acquire the Cranberry Farm in addition to all of the Company's buildings, equipment, permits and contracts required to operate the business;
 - (b) The purchase price is \$24,875,000;
 - (c) A deposit of \$500,000 was provided (the "**Deposit**");
 - (d) The Company retains its interest in the 2015 crop yield and is entitled to collect the related account receivable, subject to the rights of its secured creditors; and
 - (e) The closing date of the Sale Transaction is February 11, 2016.

19. As noted in the Proposal Trustee's Second Report, the Company negotiated the release of the Deposit to fund payments of interest and principal for its secured creditors during these proceedings.
20. As the Sale Agreement had been entered into by the Company prior to filing the NOI, the Proposal Trustee enquired of management as to the process undertaken by the Company that resulted in the execution of the Sale Agreement.
21. Based on discussions with management, the process leading to the Sale Agreement consisted of the following:
 - (a) The Company engaged the services of Cushman & Wakefield ("**Cushman**") in July 2014 to act as a broker for the sale of the Cranberry Farm;
 - (b) Cushman prepared an Investment Offering Summary regarding the Cranberry Farm which included information such as:
 - (i) The size of the Cranberry Farm;
 - (ii) The historical harvest production levels as well as 2014 projections;
 - (iii) The 2014 gross revenue and EBITDA projections; and
 - (iv) Aerial photos of the property identifying its location on Barnston Island.
 - (c) The Cranberry Farm was listed for sale by Cushman on the multiple listing service with a list price based on recent per acre comparable sales for Pool A Ocean Spray cranberry farms and an appraisal report (as detailed below);

- (d) Cushman approached all of the known farmers who the Company and Cushman thought might have an interest in the Cranberry Farm;
 - (e) Due to the restrictive size of the market and the rapid flow of information among industry participants, the Company believes that several parties that originally expressed interest in the Cranberry Farm, backed away when those parties heard rumours that the Company may be experiencing some financial challenges and thought that they might be able to acquire the property at more attractive pricing;
 - (f) The Company eventually entered into discussions with the Purchaser who formerly owned one of the land parcels constituting the Cranberry Farm through a related company, and was therefore familiar with the Cranberry Farm. The Purchaser and Apollo commenced negotiations in early 2015 and concluded those negotiations in July 2015 when they signed the Sale Agreement (attached as Appendix A).
22. The Company engaged the services of Garnett Wilson Realty Advisors Ltd. in December 2013 to prepare an appraisal of the Cranberry Farm for the purpose of supporting Apollo's efforts to seek financing (the "**Garnett Appraisal**").
23. The Garnett Appraisal estimated the value of the Cranberry Farm at \$31 million as of December 1, 2013. The Garnett Appraisal has not been included as an appendix to the Fourth Report, however legal counsel for the Proposal Trustee has been provided with a copy should this Honourable Court wish to review it.
24. Although the purchase price in the Sale Agreement is less than the amount indicated in the Garnett Appraisal, the Proposal Trustee is of the view that appraisals are an indicator of potential value and that the process executed by Cushman and the Company is more reflective of the Cranberry Farm's fair market value given the limited buyer pool for this type of asset and the Company's weakened negotiating position resulting from its financial challenges.

25. The Proposal Trustee also considered whether the Sale Transaction would be more beneficial to the creditors than a sale under a bankruptcy scenario.
26. While there is a possibility that the Sale Transaction could still be closed in a bankruptcy, the Proposal Trustee is of the view that a bankruptcy could introduce a level of uncertainty with respect to the Sale Transaction that might negatively affect the recovery for the creditors.
27. If the Sale Transaction were closed by a trustee in bankruptcy, the payments to Unsecured Creditors would be the same (ie. payment in full).
28. As a result, the Proposal Trustee supports the Company's application to this Honourable Court for an Order approving the Sale Transaction.
29. The Proposal is to be funded from the closing proceeds received from the Sale Transaction. Upon the closing of the Sale Transaction, the Proposal provides for payment in full to the unsecured creditors.
30. The Proposal was unanimously accepted by the creditors at the Company's meeting of creditors held on January 12, 2016. The approval of the Proposal by this Honourable Court is being sought concurrently with the approval of the Sale Transaction.

THE CLAIM OF OPUS CRANBERRIES CORPORATION

31. It has recently come to the attention of the Proposal Trustee that the former owner of one of the parcels comprising the Cranberry Farm ("**Lot 1**"), Opus Cranberries Corporation ("**Opus**"), has a contingent claim against Apollo pursuant to a Continuing Carried Interest Agreement (the "**CCIA**").
32. As security for Apollo's obligation under the CCIA, Opus was granted a mortgage over Lot 1.

33. Under the terms of the CCIA, if Apollo sold Lot 1 within a twenty year period from the date of the original purchase by Apollo (being March 1, 2010), then Opus would be entitled to additional consideration of 25% of the subsequent purchase price of Lot 1 that is in excess of \$3.2 million (the “**Opus CCIA Claim**”).
34. As the Sale Transaction is within the twenty year period specified in the CCIA, it appears that a claim from Opus will arise on the closing of the Sale Transaction.
35. Pursuant to paragraph 2.5 of the Sale Agreement, \$375,000 of the purchase price is allocated to chattels. However, there is no further allocation to either Apollo’s shares in Ocean Spray or to the individual land parcels that comprise the Cranberry Farm.
36. Accordingly, the Purchaser and Apollo entered into a separate agreement on January 21, 2016 allocating the purchase price (the “**Allocation Agreement**”) to the Ocean Spray shares and the individual land parcels (attached as Appendix B).
37. The Allocation Agreement allocates a value of \$3,780,000 to Lot 1 which is equivalent to \$70,000 per acre.
38. In the event Opus opposes the allocation of the purchase price as indicated in the Allocation Agreement, the Proposal Trustee has calculated the maximum potential Opus CCIA Claim based on the mathematical per acre average of the purchase price that might be asserted by Opus as follows:
- (a) \$24,500,000 divided by 271 planted acres equals \$90,406 per acre;
 - (b) \$90,406 multiplied by the 54 acres relating to Lot 1 equals \$4,881,924;
 - (c) \$4,881,924 minus the threshold value of \$3,200,000 equals \$1,681,924;

- (d) Multiplied by 25% equals \$420,481.
39. The Proposal Trustee understands from Apollo that Lot 1 has traditionally been valued at a lower amount per acre than other acreage in the Cranberry Farm and that Apollo's legal counsel has forwarded the Allocation Agreement to Opus' legal counsel. However, at the time of drafting this report, Opus has not advised Apollo if it accepts the terms of the Allocation Agreement for the purpose of calculating the Opus CCIA Claim.
40. The following table calculates the residual proceeds expected after closing of the Sale Transaction and paying the estimated claims of the secured creditors and unsecured creditors of Apollo, but before the payment of the Opus CCIA Claim:

	Projected balance February 11, 2016
Cash Receipts	
Sale Proceeds	24,875,000
Less: Deposit already received	(500,000)
Total Receipts	24,375,000
Cash Disbursements	
Farm Credit Canada	17,305,000
First West Credit Union	3,100,000
HSBC	650,000
DB Barnston Investment LP	1,300,000
Unsecured Creditors	1,305,000
Total - Operating Disbursements	23,660,000
Surplus of Sale Proceeds	715,000

41. The Proposal Trustee has been informed that there is approximately \$2,000 outstanding relating to unpaid property taxes. The unpaid property taxes and other usual closing adjustments have not been considered in this analysis as they are unlikely to be material and the assumption is that they can be paid from the Company's operating cash flow.

42. Accordingly, there appears to be \$715,000 of surplus funds from the sale proceeds in the Sale Transaction without factoring in the Opus CCIA Claim. This surplus would be sufficient to satisfy Opus' CCIA Claim (\$420,481) in the event Opus doesn't accept the allocation to Lot 1 as indicated in the Allocation Agreement and seeks an allocation with all acreage valued at an equal amount of \$90,406 per acre.
43. Indeed, even if Opus asserted and was able to substantiate the Lot 1 value as high as \$112,000 per acre, the sale proceeds should be sufficient to satisfy the Opus CCIA Claim.
44. If the Company is not able to reach agreement with Opus on the allocation of the purchase price to Lot 1 prior to the closing of the Sale Transaction, then the Proposal Trustee suggests that the Sale Transaction close with an agreed amount of the proceeds to be held in trust by Apollo's legal counsel pending the resolution of this issue so as to allow the Sale Transaction to close. This should allow the Proposal to proceed despite any dispute which arises over the Opus CCIA Claim.

SUMMARY OF RECEIPTS AND DISBURSEMENTS

45. The following table indicates the actual cash receipts and disbursements for the period from November 1, 2015 to January 24, 2016:

	Actual
Opening Cash (Canadian Dollar)	<u>203,161</u>
Cash Receipts	
Interim Financing	32,000
Collections on AR	<u>398,008</u>
Total - Operating Receipts	<u>430,008</u>
Cash Disbursements	
Interest and Principal Payments to Secured Creditor	200,662
Operating Costs	<u>82,648</u>
Professional Fees	43,401
Management Fees	<u>258,500</u>
Total - Operating Disbursements	<u>585,211</u>
Net Change in Cash from Operations	<u>(155,203)</u>
Ending cash (Canadian Dollar)	<u><u>47,958</u></u>

46. As noted, the Company currently has a cash balance of approximately \$48,000. However, the Company has a \$72,000 payment due to HSBC pursuant to the terms of a forbearance agreement, as well as an interest payment due to First West Credit Union of approximately \$34,000, both payable on or before January 31, 2016.
47. The Company has confirmed that it will arrange for advances to be made from related companies to Apollo in order to cover the cash shortfall for the aforementioned payments to be made.

All of which is respectfully submitted this 29th day of January, 2016.

FTI Consulting Canada Inc.,
in its capacity as Proposal Trustee under a NOI
filed by Apollo Group Management Ltd.



Name: Craig Munro
Title: Managing Director,
FTI Consulting Canada Inc.

APPENDIX A

PURCHASE AND SALE AGREEMENT

THIS AGREEMENT dated as of the 15th day of July, 2015.

BETWEEN:

APOLLO GROUP MANAGEMENT LTD., a company duly incorporated under the laws of British Columbia and having an office at #1910 – 1177 West Hastings Street, Vancouver, British Columbia V6E 2K3

(the "Vendor")

AND:

D.R. BARNSTON HOLDINGS LTD., a company duly incorporated under the laws of British Columbia and having an office at Suite 404 – 999 Canada Place, Vancouver, British Columbia V6C 3E2

(the "Purchaser")

WHEREAS:

- A. The Vendor is the legal and beneficial owner of the Purchased Assets (as defined herein); and
- B. The Vendor has agreed to sell and the Purchaser has agreed to purchase all of the Vendor's right, title, and interest in and to the Purchased Assets, on the terms and conditions set out in this Agreement.

NOW THEREFORE, in consideration of the mutual covenants and agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. Definitions

The Parties agree that the following terms shall have the following meanings in this Agreement:

- (1) [Intentionally Deleted]
- (2) "2016 Crop Yield" means all agricultural products harvested from the Land, including without limitation, cranberries, commencing on January 1, 2016 and continuing until the Closing Date, any payments, credit or other form of consideration received, arising from the sale of such agricultural products.
- (3) "Accounting Standards" means the accounting standards that the Canadian Institute of Chartered Accountants ("CICA") has determined are applicable to the Vendor, based on the nature of the Vendor, and, if CICA has determined that the Vendor may choose between two sets of standards, then it means the set of standards the Vendor has chosen to have apply to it.

- (4) "Approved Contracts" means the Vendor's interest in the Management Agreement.
- (5) "Buildings" means the cranberry commercial buildings, including without limitation all water intake pump stations, and all other improvements located on the Land.
- (6) "Business" means the business carried on by the Vendor in respect of the Property and all activities incidental thereto.
- (7) "Chattels" means the machinery, equipment, furnishings, and fixtures used in connection with the Property which are owned by the Vendor and are presently located on the Property, including, without limitation, those items listed in Schedule A to this Agreement.
- (8) "Closing Date" means February 11, 2016, or such other date as may be agreed to in writing by the Vendor and the Purchaser.
- (9) "Current Obligations" means all current liabilities of the Vendor in respect of the Business as at the date of this Agreement, including without limitation the obligations set forth in Schedule B.
- (10) "Deposit" means the sum of \$500,000.
- (11) "Encumbrance" means, whether or not registered or registrable or recorded or recordable, and regardless of how created or arising:
 - (i) a mortgage, assignment of rent, lien (arising by statute or otherwise), encumbrance, adverse claim, charge, execution, title defect, security interest, hypothec or pledge, whether fixed or floating, against assets or property (whether real, personal, mixed, tangible or intangible), hire-purchase agreement, conditional sales contract, title retention agreement, equipment trust or financing lease, and a subordination to any right or claim of others in respect thereof;
 - (ii) a claim, interest or estate against or in assets or property (whether real, personal, mixed, tangible or intangible), including, without limitation, an easement, right-of-way, servitude or other similar right in property granted to or reserved or taken by any Person;
 - (iii) an option or other right to acquire, or to acquire any interest in, any assets or property (whether real, personal, mixed, tangible or intangible);
 - (iv) any other encumbrance of whatsoever nature and kind against assets or property (whether real, personal, mixed, tangible or intangible); and
 - (v) any agreement to create, or right capable of becoming, any of the foregoing.
- (12) "Escrow Agent" means Digby Leigh & Company, or such other escrow agent as may be appointed by the Vendor and the Purchaser.
- (13) "Escrow Agreement" means an escrow agreement to be entered into by the Vendor, the Purchaser and the Escrow Agent.

- (14) "Financial Statements" means the Vendor's financial statements in respect of the operations of the Business, the notes thereto and supporting schedules, consisting of statements of income and expenses and cash flow for the last fiscal year, a copy of each of which is included in Schedule C.
- (15) "Goodwill" means all of the goodwill associated with the Business.
- (16) "Land" means the land situated on Barnston Island, British Columbia, described as set forth in Schedule D to this Agreement.
- (17) "Management Agreement" means the farm management agreement between the Vendor and the Manager dated December 18, 2009, together with addenda dated December 31, 2013 and February 1, 2014 and any other amendments in relation thereto.
- (18) "Manager" means Peter Dhillon, an individual residing at 5700 Dhillon Way, Richmond, British Columbia V6V 2A2.
- (19) "Material Loss" means any loss or damage to the Buildings or the Chattels occurring prior to the passing of risk which cannot be substantially repaired or replaced within 60 days.
- (20) "Mortgages" means the Encumbrances listed in Schedule E to this Agreement, to be discharged on or before the Closing Date.
- (21) "Ocean Spray" means Ocean Spray Cranberries, Inc., a cooperative duly incorporated under the laws of Delaware.
- (22) "Ocean Spray Agreement" means the cooperative marketing agreement dated March 26, 2010 between Ocean Spray and the Vendor.
- (23) "Ocean Spray Shares" means all the shares owned by the Vendor in Ocean Spray, including without limitation the _____ Pool A common shares in the capital of Ocean Spray Cranberries, Inc. registered in the name of the Vendor represented by share certificate number _____. [the Vendor shall provide a full description of by July 22, 2015]
- (24) "Parties" means the Vendor and the Purchaser, and "Party" means any one of the Parties.
- (25) "Permitted Encumbrances" means all Encumbrances listed in Schedule F to this Agreement.
- (26) "Person" means an individual, legal personal representative, corporation, body corporate, firm, partnership, trust, trustee, syndicate, joint venture, unincorporated organization or governmental authority.
- (27) "Project Documents" means all permits, licences, plans, books, records, and other documents relating to the operation of the Property which are in the possession or control of the Vendor (whether in electronic or hard copy format).
- (28) "Property" means the Land and Buildings, or any part thereof.

- (29) "Purchase Price" means the sum of \$24,875,000.
- (30) "Purchased Assets" has the meaning ascribed to it in paragraph 2.1.
- (31) "Water Licences" means all water licences held by the Vendor in relation to the Business, including without limitation Lease No. SUR345-02400F-001 and any amendments in relation thereto and all diversion structures, reservoirs, pumps, pipes, culverts and sprinkler systems.

2. Purchase and Sale

2.1 The Purchased Assets

The Purchaser agrees to purchase from the Vendor, and the Vendor agrees to sell to the Purchaser, on and subject to the terms and conditions contained in this Agreement, the following:

- (1) a good and marketable freehold title to the Property;
- (2) a good and marketable title to the Chattels;
- (3) the Approved Contracts;
- (4) the Water Licences;
- (5) the Goodwill;
- (6) the Project Documents;
- (7) all of the Vendor's right, title and interest in and to the 2016 Crop Yield from January 1, 2016 up to and including the Closing Date; and
- (8) a good and marketable title to the Ocean Spray Shares;

(collectively, the "Purchased Assets")

free and clear of all Encumbrances, except for the Permitted Encumbrances.

2.2 The Purchase Price

The Purchase Price payable by the Purchaser to the Vendor for the Purchased Assets shall be subject to the adjustments described in paragraph 2.5 and shall be exclusive of GST/PST.

2.3 Payment of the Purchase Price

The Purchase Price shall be paid as follows:

- (1) the Deposit shall be delivered by the Purchaser to the Escrow Agent on or before the second business day following the execution of this Agreement by the Vendor, to be held in accordance with paragraph 2.4; and

- (2) the balance of the Purchase Price, subject to the adjustments described in paragraph 2.6, shall be payable by the Purchaser to the Vendor on the Closing Date in accordance with paragraph 8.

2.4 Deposit held in Escrow

The Purchaser and the Vendor agree that the Deposit will be held and released by the Escrow Agent in accordance with the Escrow Agreement. The Escrow Agreement shall permit the Escrow Agent to release all or a portion of the Deposit prior to the Closing Date to be utilized to pay the Current Obligations and any other obligations in respect of the operation of the Business, pursuant to written direction from the Vendor and the Purchaser and in accordance with the terms and conditions of the Escrow Agreement. The Escrow Agreement shall contain such provisions as are customary for such type of agreement. The Vendor and the Purchaser shall use best efforts to enter into the Escrow Agreement as soon as practicable, but in no event later than two business days after the signing of this Agreement by the Vendor. If the Deposit is delivered to the Escrow Agent prior to the entering into of the Escrow Agreement by the parties thereto, the Escrow Agent shall be instructed to hold the Deposit in trust for the Vendor but not release the Deposit unless and until the Escrow Agreement has been entered into.

2.5 Allocation of the Purchase Price

The Chattels shall be allocated as \$375,000 of the Purchase Price. The Vendor and the Purchaser shall use good faith efforts to agree upon an allocation of the remaining aspects of the Purchase Price before the Closing Date.

2.6 Adjustments

All adjustments with respect to:

- (1) payments under the Approved Contracts; and
- (2) taxes, including all property, water and dyking taxes, utilities and licences,

and all other items normally adjusted between a vendor and purchaser on the sale of similar commercial property and business shall be made with respect to the Purchased Assets to and including the Closing Date (except for interest on any Mortgages of the Vendor to be discharged). The Purchaser will receive all income and pay all expenses relating to the Purchased Assets from and including the Closing Date. For greater certainty, the parties agree that notwithstanding the transfer of the Ocean Spray Shares to the Purchaser, the Vendor shall be entitled to receive all receivables from Ocean Spray in respect of crops prior to 2016, and the Purchaser covenants to do all things reasonably necessary to facilitate payments being made directly to the Vendor by Ocean Spray; and to the extent that any such payments are made to the Purchaser, the Purchaser will immediately pay such amounts to the Vendor. Taxes will be adjusted on the basis that current year taxes will be 10% higher than the previous years' taxes but the Parties will readjust ten days after determination of the actual current year taxes. The current year advance taxes together with the late payment penalty (if any) shall either be paid by the Vendor or credited to the Purchaser.

2.7 Deficiencies

To the extent that there are any liens or claims registered or otherwise asserted against the Purchased Assets (including those which arise under any statute, regulation, or law) or any part of the Purchased Assets on the Closing Date, other than the Permitted Encumbrances, which, in the opinion of the Purchaser affect the Vendor's title to the Purchased Assets, the Purchaser will have the right (but not the obligation) to deduct from the Purchase Price an amount sufficient to satisfy all such liens and claims and is irrevocably authorized by the Vendor to pay any such liens or claims, or, in the case of a builder's lien or claims, to pay monies into Court to have them removed from title. The rights of the Purchaser under this paragraph are in addition to and not in substitution for any and all other rights of the Purchaser under this Agreement.

3. Representations and Warranties

3.1 Vendor's Representations and Warranties

The Vendor represents and warrants to the Purchaser, with the intent that the Purchaser will rely on them in entering into this Agreement and in concluding the purchase and sale contemplated in this Agreement, that as of the date of this Agreement (unless otherwise specified):

- (1) Status of the Vendor
 - (a) the Vendor is a corporation duly incorporated and existing under the laws of British Columbia, has the power and authority to enter into this Agreement and to carry out the transactions contemplated by this Agreement, all of which have been duly and validly authorized by all requisite proceedings and that this Agreement constitutes a legal, valid, and binding obligation of the Vendor in accordance with its terms;
 - (b) the Vendor is the registered and beneficial owner of the Purchased Assets;
 - (c) on the Closing Date the Vendor will not have any indebtedness to any person, business, company, or governmental authority, which by operation of law or otherwise then constitutes a lien, charge or encumbrance on the Purchased Assets or which could affect the right of the Purchaser to own, occupy, and obtain revenue from the Purchased Assets except for the Permitted Encumbrances and the Mortgages;
 - (d) other than the current claims and proceedings (the "Current Claims") which are the subject of a formal mediation process of which David Emri, a principal of the Purchaser, is aware, there is no claim or litigation pending or, to the knowledge of the Vendor, threatened with respect to the Vendor, the Purchased Assets, or the occupancy or use of the Purchased Assets by the Vendor which could affect the right of the Purchaser to own, occupy, and obtain revenue from the Purchased Assets or the ability of the Vendor to perform its obligations under this Agreement;
 - (e) neither the execution of this Agreement nor its performance by the Vendor will result in a breach by the Vendor of any term or provision or constitute a default

under any indenture, mortgage, deed of trust, or any other agreement to which it is bound;

- (f) the Vendor is not a non-resident in Canada within the meaning of the *Income Tax Act* (Canada); and
- (g) the Vendor is a registrant for the purposes of Part IX of the *Excise Tax Act* (Canada), and the Vendor's registration number is 100234202RT0001, and for the purposes of the *Excise Tax Act* (Canada) the Purchased Assets constitute a business or part of a business and represent all or substantially all of the property that can reasonably be regarded as being necessary for the Purchaser to be capable of carrying on the Business or part of the Business as a business.

(2) Title to the Purchased Assets

- (a) on the Closing Date, the Vendor will have good and marketable title to the Purchased Assets free and clear of all Encumbrances, except for the Mortgages and the Permitted Encumbrances; and
- (b) no lien under the *Builders Lien Act* (British Columbia) exists or is claimed with respect to the Purchased Assets nor any part of the Property.

(3) The Buildings

- (a) neither the Buildings nor their use violates any zoning or other by-law, law, ordinance, or regulation applicable to it and the Vendor has not received any notice of any impending or intended rezoning of the Property;
- (b) there are no work orders or inspector's orders or notices threatening the work orders or inspector's orders that are outstanding from any governmental authority requiring repairs, alterations, modifications or demolition of any of the Buildings or any part of the Buildings;
- (c) the Buildings are wholly within the boundaries of the Land and the location and existence of the Buildings does not infringe the provisions of any easement, right of way, or encumbrance registered against or otherwise affecting the Property and there are no improvements on any adjoining lands, whether public or private, that encroach on the Land;
- (d) the Buildings, including without limitation all heating, ventilation, plumbing, drainage, air conditioning, and electrical systems:
 - (i) has been constructed and maintained in a good and workmanlike manner, in accordance with all by-laws, codes and regulations applicable on the Closing Date, and is structurally sound;
 - (ii) is fully operational and without material defect, reasonable wear and tear excepted; and
 - (iii) is suitable for the purposes for which it was designed; and

- (e) there is not now and has never been any urea formaldehyde insulation or asbestos in any of the Buildings or any hazardous or toxic wastes in any of the Buildings or the Land.

(4) The Mortgages

except as reflected in the Current Claims,

- (a) the Vendor is not in default under any of the covenants and agreements contained in any of the Mortgages;
- (b) each of the Mortgages is valid, subsisting and in good standing; and
- (c) no security collateral or supplementary to any of the Mortgages has been granted by the Vendor to any party under any of the Mortgages.

(5) The Approved Contracts

- (a) on the Closing Date, the Approved Contracts will be the only contracts, agreements or obligations in existence with respect to the Property and there are no other contracts, agreements or obligations of a material nature which relate to any of the Purchased Assets and which are or will be binding upon the Purchaser, except as contemplated herein or as expressly approved in writing by the Purchaser;
- (b) none of the Approved Contracts will have been amended after the date of this Agreement unless and to the extent approved in writing by the Purchaser and each of the Approved Contracts contains the entire agreement between the parties identified therein;
- (c) each of the Approved Contracts is assignable by the Vendor to the Purchaser; and
- (d) none of the parties to any of the Approved Contracts is in default under any of the covenants and agreements contained in the Approved Contracts, as applicable.

(6) The Chattels

The Chattels will, on the Closing Date:

- (a) be free and clear of all claims, liens, charges, and encumbrances;
- (b) be assignable by the Vendor to the Purchaser;
- (c) have been maintained in a manner which a prudent owner of such property would adopt, subject to normal wear and tear;

- (d) be fully operational in all material respects and free of all material defects, normal wear and tear excepted; and
 - (e) be sufficient to carry on the Business in its ordinary course;
- (7) Property Taxes
- (a) there are no local improvement charges or special levies against the Property nor has the Vendor received any notice of any such proposed local improvement charges or special levies; and
 - (b) all municipal taxes, dyking taxes, rates, levies, and assessments with respect to the Property are paid in full or will be adjusted as provided in paragraph 2.5 and there is no pending appeal or other proceedings in existence with respect to any such taxes, rates, levies, and assessment.
- (8) Cranberry Business
- (a) Permits: The Vendor holds all permits, licences, registrations, consents, authorizations, approvals, privileges, waivers, exemptions, orders, certificates, rulings, agreements and other concessions from, of or with governmental authorities required to carry on the Business as now being carried on, and to hold, operate and use the Purchased Assets as now being held, operated and used, by the Vendor, and all of the foregoing are validly issued, are in full force and effect, are in good standing, are being complied with in all material respects and are listed in Schedule G; and no notice of breach or default or defect in respect of any of their terms has been received by the Vendor and there are no proceedings in progress, pending or threatened which could result in the cancellation, revocation, suspension or adverse alteration of any of them; and the Vendor is not aware of any matters or state of facts which could give rise to any such notice or proceeding; and, save as specifically set out in Schedule G, subject to obtaining the required consents as set out in Schedule H, they all are freely assignable to the Purchaser.
 - (b) Compliance with Laws: Except as expressly disclosed in this Agreement, the Vendor is operating and using the Purchased Assets, and is conducting the Business, in compliance with all applicable laws, statutes, by-laws, decrees, rulings, orders, judgments and regulations of each jurisdiction in which the Purchased Assets are located or in which it conducts the Business, and of all governmental authorities of each such jurisdiction, including, without limitation, any land use or zoning by-law or regulation, development restriction or plan, building restriction or code.
 - (c) Jurisdictions in which Business Is Carried On: The Vendor does not carry on the Business, and none of the Purchased Assets are situated, in any jurisdiction other than British Columbia where the nature or conduct of its business carried on in, or the nature of those of the Purchased Assets situate in, such jurisdiction would require registration, qualification or licensing of the Vendor in such jurisdiction.

(9) Financial

- (a) **Financial Statements:** The Financial Statements present fairly and correctly in all material respects the financial position, assets and liabilities (whether accrued, absolute, contingent or otherwise) of the Business as at the end of the last fiscal year and the results of its operations and its cash flows are in accordance with the Accounting Standards.
- (b) **No Material Change:** Since the end of the last fiscal year:
- (i) there has been no material damage, destruction, loss or other event, from any cause whatsoever, whether or not covered by insurance, of, to or affecting any of the Purchased Assets or any material adverse change in the condition of any of the Purchased Assets or in the organization, operations, affairs, business, properties, prospects or financial condition or position of the Business, including, without limitation, changes arising as a result of any legislative or regulatory change, or revocation of any of the Project Documents or of any right of the Vendor to carry on business;
 - (ii) there has been no event, condition or development, or threatened or probable event, condition or development of which the Vendor is aware, which has materially and adversely affected, or will materially and adversely affect, the Purchased Assets or the Business;
 - (iii) the Business has been carried on in the ordinary course;
 - (iv) no event has occurred which might lead to a reduction in the value of the Goodwill; and
 - (v) the Vendor has not, in connection with the Business or the Purchased Assets, directly or indirectly:
 - A. incurred any liability or obligation (absolute or contingent) except for current liabilities incurred in the ordinary course of business, all of which as to their nature and amount are consistent with the Business as carried on as at July 15, 2015;
 - B. had any of the Purchased Assets become subject to an Encumbrance, other than the Mortgages and the Permitted Encumbrances, whether or not created or permitted by the Vendor;
 - C. sold, transferred, assigned, leased or otherwise disposed of any of the Purchased Assets or cancelled or released any debts or claims, except, in each case, in the ordinary course of business;
 - D. waived or cancelled any rights of substantial value;

- E. entered into, varied, amended, terminated or cancelled any instrument, commitment, lease, indenture, contract or agreement, or entered into any transaction, other than in the ordinary course of business;
 - F. used any funds other than in the ordinary course of business;
 - G. made any capital expenditure or entered into any lease with a capitalized value, in either case, of more than \$100,000;
 - H. directly or indirectly, engaged in or entered into any transaction or made any disbursement or assumed or incurred any liability or obligation or made any commitment to make any expenditure which might materially and adversely affect any of the Purchased Assets or the organization, operations, affairs, business, properties, prospects or financial condition or position of the Business;
 - I. failed to replenish its inventories and supplies in the ordinary course of business; or
 - J. agreed to do any of the foregoing.
- (c) **Books and Records:** The books and records, as referenced in the definition of Project Documents, fairly and correctly set out and disclose in all material respects the financial position and condition, and all revenues, expenses and results of operations, of the Business and all material financial transactions of the Vendor relating to any of the Purchased Assets or the Business have been accurately recorded in the books and records, all of which are under the exclusive ownership and direct control of the Vendor (including all means of access thereto and therefrom) and the Vendor has original or true copies of all such books and records in its possession.
- (d) **Liabilities:** The Business has no debts or liabilities (whether accrued, contingent, absolute or otherwise and whether or not determined or determinable) including, without limitation, liabilities relating to income and other taxes, except:
- (i) liabilities disclosed on, reflected in or provided for in the Financial Statements;
 - (ii) liabilities disclosed in this Agreement;
 - (iii) liabilities incurred in the ordinary course of business since the end of the last fiscal year end; and
 - (iv) the Current Obligations.
- (e) **Product Warranties:** Schedule I contains a complete list of all express written warranties given to purchasers of products sold by the Vendor in connection with the Business.

- (f) Accounts Receivable: All accounts receivable recorded on the books of the Business are valid, due and payable; no right of set-off or counterclaim exists with respect to those accounts receivable; and subject to reserves determined as hereinafter described, all those accounts receivable are fully collectible. The reserves taken for doubtful or bad accounts as shown on the Financial Statements and in the books of the Business have been determined on a basis consistent with past practice of the Vendor and consistent with the accounting procedures used by the Vendor in previous fiscal periods. There is no circumstance of which the Vendor is aware that would indicate that such reserves are not adequate.
- (g) Guarantees/Indemnities: The Vendor has not guaranteed or indemnified, or agreed to guarantee or indemnify, or agreed to any other like commitment, in respect of any debt, liability or other obligation of any customer or supplier of the Business.

(10) Environmental

The Vendor is not in breach of any order, decree, statute, by-law, regulation, covenant, restriction, plan or permit, regulating the discharge of materials into the environment and the storage, treatment and disposal of waste or otherwise relating to the protection of the environment and the health and safety of persons no, after making due inquiry of its directors, officers, employees and contractors, is the Vendor aware of any environmental issues related to the Land. For greater certainty, the Purchased Assets have not been used in a manner which does or will give rise to any obligation of restoration or removal or any liability for the costs of restoration or removal or for the payment of damages to any third party. There are no underground storage tanks on the Land nor are there located on them any toxic chemicals, hazardous materials, waste or noxious or dangerous substances which are designated toxic or hazardous substances in applicable federal, provincial or municipal laws, by-laws and regulations relating to environmental matters, including asbestos, polychlorinated biphenyls (PCBs), urea formaldehyde, radon gas or radioactive decay products of radon, whether or not they are so designated.

(11) General

- (a) neither the Property, nor any part of the Property, has been expropriated or condemned, nor has the Vendor received any notice of any proposed expropriation or condemnation;
- (b) the Vendor has no employees as of the date hereof and no employees are employed in connection with the operation of the Business; and
- (c) there are no collective agreements or proceedings under the *Labour Relations Code* (British Columbia) involving the Vendor which would become an obligation of or be binding upon the Purchaser.

3.2 Survival of Vendor's Representations and Warranties

The representations and warranties contained in paragraph 3.1 shall survive the Closing Date and shall continue in full force and effect for the benefit of the Purchaser for a period of five years after the Closing Date notwithstanding any independent inquiry or investigation by the Purchaser or the waiver by the Purchaser of any condition set out in this Agreement, the subject matter of which is contained in a representation or warranty in this Agreement.

3.3 Purchaser's Representations and Warranties

The Purchaser hereby represents and warrants to the Vendor as of the date of this Agreement:

- (1) the Purchaser is a body corporate duly incorporated and existing under the laws of British Columbia and duly qualified to purchase and own the Purchased Assets and the Purchaser has full power, authority and capacity to enter into this Agreement and carry out the transactions contemplated herein;
- (2) there is no action or proceeding pending or to the Purchaser's knowledge threatened against the Purchaser before any court, arbiter, arbitration panel, administrative tribunal or agency which, if decided adversely to the Purchaser, might materially affect the Purchaser's ability to perform its obligations hereunder; and
- (3) neither the Purchaser entering into this Agreement nor the performance of its terms will result in the breach of or constitute a default under any term or provision of any indenture, mortgage, deed of trust or other agreement to which the Purchaser is bound or subject.

4. Covenants

4.1 Vendor's Covenants

The Vendor covenants with the Purchaser to:

- (1) permit the Purchaser and its representatives to enter onto the Land and carry out such inspections, tests, studies, appraisals, surveys and investigations of the Land and the Buildings as the Purchaser may reasonably require;
- (2) from the date of this Agreement until the Closing Date, use its best efforts to preserve the Purchased Assets intact as a prudent owner would;
- (3) use its best efforts to obtain payment in full for the 2016 Crop Yield and, as requested by the Purchaser, do all things as the Purchaser may request in order to assist the Purchaser with obtaining payment in respect thereof;
- (4) cause the Property and the Chattels to be maintained and repaired in the present condition, reasonable wear and tear excepted, and with all reasonable due diligence to effect replacements to the Property and the Chattels as may be required before the Closing Date to protect and safeguard the Purchased Assets in the manner of a prudent owner or as the Vendor may be directed by the Manager;

- (5) not to undertake any activities in respect of the Property and the Chattels that would be contrary to the operation of a cranberry farm and to act in accordance with the recommendations of the Manager;
- (6) maintain insurance coverage with respect to the Property and the Chattels in full force and effect until completion of the closing under paragraph 8, in such amounts and on such terms as would a prudent owner and in accordance with the Vendor's obligations under the Mortgages;
- (7) deliver originals or true copies of the Project Documents to the Purchaser on or before the Closing Date;
- (8) not enter into or amend any contract, lease or agreement with respect to the Property including, without limitation the Approved Contracts, before the Closing Date without the prior written approval of the Purchaser;
- (9) maintain the Approved Contracts and Mortgages with respect to the Property in good standing;
- (10) provide the Purchaser with continuing access to all records and other documents relating to the Purchased Assets in the possession or control of the Vendor which are not delivered to the Purchaser on or before the Closing Date;
- (11) grant authorizations reasonably required by Purchaser to authorize municipal and statutory authorities to release information confirming compliance with laws, by-laws and other statutory and government regulations and with respect to potential statutory liens;
- (12) maintain present levels of consumable supplies and spare parts on the Property until the Closing Date;
- (13) pay when due any indebtedness of the Vendor to any governmental authority which, by operation of law or otherwise, becomes a lien, charge, or encumbrance on the Property from and after the Closing Date, including without limitation, corporation capital taxes and workers' compensation payments;
- (14) not modify, amend, or cancel any of the Permitted Encumbrances without the prior written approval of the Purchaser;
- (15) deliver to the Purchaser any payments received in respect of the 2016 Crop Yield; and
- (16) provide any necessary consents to the Manager to enable the Manager to provide any information requested by the Purchaser in relation to the Business.

4.2 Survival of Covenants

The covenants contained in paragraphs 4.1(3), (10), (13), (14) and (15) shall survive the Closing Date and will continue in full force and effect for the benefit of the Purchaser.

5. Termination by Purchaser

The Purchaser may terminate this Agreement at any time up to, and including the Closing Date, upon providing written notice of such termination to the Vendor. The Parties agree that upon the termination of this Agreement under this paragraph, the Vendor and the Purchaser shall, in the manner provided in the Escrow Agreement, direct the Escrow Agent to deliver the remaining balance of the Deposit, where the remaining balance of the Deposit is determined as of the date that such direction is received by the Escrow Agent, to the Vendor. The Parties hereby agree that upon termination of this Agreement by the Purchaser, the delivery of the remaining balance of the Deposit to the Vendor shall satisfy all of the obligations that the Purchaser has under this Agreement and that upon the receipt of such payment the Vendor shall not have any action, cause of action, demand or claim against the Purchaser or any other Person as a consequence of this Agreement or the termination of this Agreement, whether such claim arises pursuant to any applicable legislation, this Agreement or otherwise at law.

6. Risk/Possession and Termination

6.1 The Passing of Risk

The Purchased Assets shall be at the risk of the Vendor until completion of the closing, under paragraph 8.

6.2 Material Loss or Damage

If there is any Material Loss prior to the passing of risk as stated in paragraph 6.1, the Purchaser will, within seven days following such loss or damage, by notice in writing at its option either:

- (1) terminate this Agreement and neither Party shall be under any further obligation to the other; or
- (2) elect to complete the purchase, in which case the proceeds and the right to receive the proceeds of all insurance will be assigned by the Vendor to the Purchaser on the Closing Date.

In the absence of delivery of such notice, the Purchaser will be deemed to have elected to complete the purchase.

6.3 Repair of Damage

The Vendor will diligently repair at its sole expense any damage caused to the Buildings and/or the Chattels while the Buildings and/or the Chattels are at the risk of the Vendor. Subject to paragraph 6.2, the amount of any insurance proceeds for damage will be assigned to the Purchaser on the Closing Date, and applied on account of such repair. In addition, the Vendor will provide such security to the Purchaser on the Closing Date as may be reasonably requested by the Purchaser in order to ensure that such damage will be repaired and/or replaced and paid for in full.

6.4 Possession

The Vendor will deliver vacant possession (except as allowed under the Management Agreement) of the Purchased Assets to the Purchaser on the Closing Date, free and clear from all Encumbrance, except for the Permitted Encumbrances, upon completion of the sale and purchase of the Purchased Assets.

7. Vendor's Indemnity

7.1 Indemnity

The Vendor hereby agrees to indemnify the Purchaser against, and save it harmless from, any loss, cost or damage of any nature whatsoever sustained by the Purchaser directly or indirectly by reason of a breach, inaccuracy or incompleteness of any of the warranties, representations or covenants of the Vendor set forth in this Agreement or in or under any documents, instruments, certificates and agreements delivered pursuant to this Agreement for a period of 5 years from the Closing Date. The Vendor acknowledges and agrees that the Purchaser has entered into this Agreement relying on such warranties, representations and covenants set out in this Agreement and in or under any documents, instruments, certificates and agreements delivered pursuant to this Agreement. This provision shall survive the Closing Date.

7.2 \$200,000 Holdback

The sum of \$200,000 (the "Holdback") will be held back from the sale proceeds otherwise payable by the Purchaser to the Vendor on the Closing Date and will be retained by the Purchaser after the Closing Date as a holdback in respect of any liability of the Vendor under paragraph 7.1 as set forth hereto:

- (1) if the Purchaser has a claim or in good faith believes it may have a claim and on or before one year after the Closing Date gives notice of such claim, the Purchaser will be entitled to retain such amount from the Holdback as the Purchaser reasonably considers to be necessary to satisfy the amount of the claim;
- (2) the Purchaser will be entitled to retain the amount set forth in paragraph 7.2(1) until the validity and amount of the claim is determined by agreement of the Purchaser and the Vendor or, if the claim cannot be settled within 14 days of notice, the matter will be referred to an arbitrator under the *Commercial Arbitration Act* (British Columbia) to be determined. The Purchaser will select three arbitrators with commercial experience and the Vendor may within seven days of receiving three names, select one. If the Vendor fails to select an arbitrator, the Purchaser may select any one of the three arbitrators. All costs of the arbitration will be evenly split between the Vendor and the Purchaser, unless the arbitrator decides otherwise; and
- (3) if no claims against the Vendor arise under paragraph 7.1 within one year of the Closing Date, the Purchaser shall release the entire Holdback in accordance with this paragraph 7.2 to the Vendor.

8. Closing Procedure

8.1 The Closing

The closing of the purchase and sale of the Purchased Assets will occur at 12:00 noon (Vancouver time) on the Closing Date. In the event of Material Loss under paragraph 6.2, the Closing Date will be deferred for seven days. Closing will take place at the offices of Digby Leigh & Company, 201-3053 Edgemont Boulevard, North Vancouver, British Columbia, or at such other place as the Parties may mutually agree.

8.2 Vendor's Documents

On the Closing Date, the Vendor will deliver to the Purchaser the following:

- (1) a duly executed registrable Form A—Freehold Transfer (the “Transfer”) transferring the Property to the Purchaser free and clear of all liens, charges, and encumbrances except for the Permitted Encumbrances;
- (2) subject to paragraph 4.1(7), to the extent not previously delivered, originals (and when originals are not available, true copies) of all Project Documents, all Chattels and all keys, including master keys;
- (3) a duly executed bill of sale, transferring the Chattels to the Purchaser free and clear of all liens, charges, and encumbrances except for the Permitted Encumbrances;
- (4) the Vendor's statement of adjustments;
- (5) an assignment of all of the Vendor's rights under any and all warranties, guarantees, or contractual obligations, in form and substance satisfactory to the Purchaser, acting reasonably, which entitle the Vendor to any rights against a contractor or supplier engaged in the repairs, maintenance, renovations, and modifications of the Property or any part of the Property or any of the Chattels, insofar as those rights can be assigned, together with the right to use the Vendor's name to enforce any such unassignable warranties, guarantees, or contractual obligations, and to obtain all benefits from any legal proceedings initiated by it in the name of the Vendor with respect of the Property;
- (6) direction to Ocean Spray causing all of the Vendor's rights to the 2016 Crop Yield to be forwarded to the Purchaser;
- (7) a certified copy of a resolution of the directors of the Vendor authorizing the execution and implementation of this Agreement and the transactions contemplated in it;
- (8) a certified copy of a special resolution of the shareholders of the Vendor approving the sale of all, or substantially all, of the assets of the Vendor;
- (9) a statutory declaration of a senior officer of the Vendor stating that the Vendor is not a non-resident in Canada within the meaning of the *Income Tax Act* (Canada);

- (10) duly executed estoppel certificates (including consents to assignment where required) from the other parties to the Approved Contracts, in form and substance satisfactory to the Purchaser, acting reasonably;
- (11) assignments of the Approved Contracts, in form and substance satisfactory to the Purchaser, acting reasonably, including provision for continued responsibility of the Vendor for liabilities and defaults incurred or committed before the Closing Date and an indemnity by the Vendor in favour of the Purchaser with respect to the Approved Contracts and with respect to any contracts not assumed by the Purchaser;
- (12) assignment of the Water Licences and any necessary consents in relation thereto;
- (13) agreement with Ocean Spray terminating the Ocean Spray Agreement in form and substance satisfactory to the Purchaser, acting reasonably, duly executed by Ocean Spray and the Vendor;
- (14) an assignment of any licences or permits required in connection with the operation of the Purchased Assets;
- (15) an opinion from the solicitor for the Vendor to the effect that the Vendor is duly incorporated and in good standing with the Registrar of Companies of British Columbia and has sufficient power, authority and capacity to enter into this Agreement and to carry out the transaction contemplated herein, all of which have been duly and validly authorized by all necessary corporate proceedings, in form and substance satisfactory to the Purchaser, acting reasonably;
- (16) a certificate of a responsible officer of the Vendor dated the Closing Date, that certifies that to the best of his or her knowledge, information and belief, that each of the representations and warranties of the Vendor set out herein is true and accurate on the Closing Date and that the Vendor has complied with each of the covenants set out herein, except as disclosed therein;
- (17) duly executed election under section 167 of the *Excise Tax Act*; and
- (18) such other documents and assurances as may be reasonably required by the Purchaser to give full effect to the intent and meaning of this Agreement.

8.3 Purchaser's Documents

On the Closing Date, the Purchaser will deliver to the Vendor the duly executed election under section 167 of the *Excise Tax Act* (Canada).

8.4 Preparation of Closing Documents

The closing documents contemplated in paragraph 8.2 will be prepared by the Purchaser's solicitors (to the extent that preparation is required) and delivered to the Vendor's counsel at least five days before the Closing Date. The closing documents contemplated in paragraph 8.3 will be prepared by the Vendor's solicitors (to the extent that preparation is required) and delivered to the Purchaser's counsel at least five days before the Closing Date.

8.5 Payment in Trust

On or before the Closing Date the Purchaser will pay to the Purchaser's solicitors in trust the amount due to the Vendor under paragraph 2.3, as adjusted under paragraph 2.5, less the amount to be advanced to the Purchaser on the Closing Date under any mortgage financing arranged by the Purchaser.

8.6 Registration

Forthwith following the payment in paragraph 8.5 and after receipt by the Purchaser's solicitors of the documents and items referred to in paragraph 8.2 and receipt by the Vendor's solicitors of the documents referred to in paragraph 8.3, the Purchaser will cause the Purchaser's solicitors to file the Transfer in the appropriate land title office concurrently with any security documents applicable to any mortgage financing arranged by the Purchaser in connection with the purchase of the Purchased Assets.

8.7 Closing

Forthwith following the filing referred to in paragraph 8.6 and upon the Purchaser's solicitors being satisfied as to the Purchaser's title to the Land after conducting a post filing for registration check of the property index disclosing only the following:

- (1) the existing title number(s) to the Land;
- (2) Permitted Encumbrances;
- (3) pending number assigned to the Transfer;
- (4) any financial encumbrances to be discharged by the Vendor under paragraph 8.9;
- (5) pending numbers assigned to any security documents applicable to any mortgage or other financing arranged by the Purchaser in connection with the purchase of the Purchased Assets; and
- (6) any other charges granted by the Purchaser,

the Purchaser will cause the Purchaser's solicitors, forthwith upon receipt by them of the proceeds of any mortgage or other financing arranged by the Purchaser in connection with the purchase of the Purchased Assets, to deliver to the Vendor's solicitors a trust cheque for the amount due to the Vendor under paragraph 2.3, as adjusted under paragraph 2.5, and to release the items referred to in paragraph 8.3 to the Vendor and concurrently therewith the documents and items referred to in paragraph 8.2 will be released to the Purchaser.

8.8 Concurrent Requirements

It is a condition of this Agreement that all requirements of this paragraph 8 are concurrent requirements and it is specifically agreed that nothing will be completed on the Closing Date until everything required to be paid, executed and delivered on the Closing Date has been so paid, executed and delivered and until the Purchaser's solicitors have satisfied themselves as to the Purchaser's title under paragraph 8.7.

8.9 Discharge of Vendor's Encumbrances

The Purchaser acknowledges and agrees that the Land is subject to the Mortgages which are required to be discharged by the Vendor, the Vendor will not be required to clear title before the receipt of the net sales proceeds but will be obligated to do so within a reasonable time following closing and the Purchaser will pay or cause its solicitors to pay the balance of the adjusted Purchase Price to the Vendor's solicitors in trust on their undertaking to discharge the Mortgages.

8.10 Election

If on the Closing Date any of the representations or warranties made by the Vendor are untrue in any material respect or the Vendor is in default in any material respect under any of the covenants and agreements to be observed or performed by the Vendor under this Agreement, the Purchaser may elect not to complete the purchase of the Purchased Assets under this Agreement or to complete the purchase of the Purchased Assets this Agreement, in either case without prejudice to any rights or remedies the Purchaser may have in respect of the Vendor's breach or default.

9. Miscellaneous

9.1 Time

Time will be of the essence of this Agreement and the transactions contemplated in this Agreement notwithstanding the extension of any of the dates under this Agreement.

9.2 Tender

Any tender of documents or money may be made upon the Party being tendered or upon its solicitors, and money may be tendered by certified cheque, solicitor's trust cheque, bank draft or wire transfer.

9.3 Relationship of the Parties

Nothing in this Agreement will be construed so as to make the Purchaser a partner of the Vendor or an owner of the Purchased Assets for any purpose, including the *Builders Lien Act* (British Columbia), until the Closing Date, and the Vendor will indemnify and save the Purchaser harmless from any and all costs, expenses, damages, claims, or liabilities which may be incurred with respect to the Purchased Assets before the Closing Date which the Purchaser is not obligated to assume under this Agreement, and this provision will survive the Closing Date or the termination of this Agreement.

9.4 Notice

Any notice required or permitted to be given under this Agreement shall be in writing and will be deemed to have been sufficiently given if delivered personally, sent by facsimile or electronic mail, or in five business days if sent by prepaid registered mail as follows:

(1) to the Purchaser at:

{9194-002-00348700-1}
CW8463563.3

D.R. Barnston Holdings Ltd.
Suite 404 – 999 Canada Place
Vancouver, BC V6C 3E2

Attention: David Emri
Email: david@emrigroup.com

with a copy, for information purposes only, to:

Digby Leigh & Company
201 – 3053 Edgemont Boulevard
North Vancouver, BC V7R 2N5

Attention: Digby Leigh
Facsimile: (604) 903-8625
Email: dleigh@leighco.ca

(2) to the Vendor at:

Apollo Group Management Ltd.
#1910 – 1177 West Hastings Street
Vancouver, BC V6E 2K3

Attention: Alex Tsakumis
Facsimile: (604) 270-8039
Email: abtsakumis@eptaproperties.com

with a copy, for information purposes only, to:

Clark Wilson LLP
900 – 885 West Georgia Street
Vancouver, BC V6C 3H1

Attention: Darren Donnelly
Facsimile: (604) 643-3115
Email: ddonnelly@cwilson.com

provided that any Party will be entitled to designate another address by giving notice of it to the other Parties in accordance with the terms of this Agreement.

9.5 Further Assurances

Each of the Parties will, at the expense of the requesting Party, execute and deliver all such further documents and do such further acts and things as the requesting Party may reasonably request from time to time to give full effect to this Agreement.

9.6 Assignment

The Purchaser may assign its interest in this Agreement to any other person (including a corporation or partnership formed for such purpose) without the consent of the Vendor, provided that the Purchaser will provide the Vendor with written notice of an assignment of this Agreement within five days of such assignment.

9.7 Non-merger

None of the provisions of this Agreement will merge in the transfer of the Property or any other document delivered on the Closing Date, and the provisions of this Agreement shall survive the Closing Date.

9.8 Certificates

Wherever this Agreement provides for a certificate of a responsible officer of the Vendor or the Purchaser, that certificate will state that the officer has made reasonable and prudent inquiries to determine the accuracy of the matter certified and that certificate will be deemed to constitute a representation and warranty or a covenant, as the case may be, by the Party whose officer signed the certificate.

9.9 Payment of Fees

Each Party will pay its own legal fees. The Purchaser will be responsible for all registration fees payable in connection with registration of the transfer of land referred to in paragraph 8.2(1) but the Vendor will be responsible for the costs of clearing title of any financial or other encumbrances.

9.10 Commission

The Vendor agrees that it is the Vendor's responsibility to pay any commission payable as a result of the purchase and sale of the Purchased Assets (including, without limitation, any commission payable to Bill Randall of Cushman & Wakefield Ltd.), and agrees to indemnify the Purchaser with respect to all commissions in connection with the transaction and agrees that such commission will be paid out of the Purchase Price on the Closing Date.

9.11 Tax

The Purchase Price does not include goods and services tax imposed under Part IX of the *Excise Tax Act* (Canada) ("GST") or sales tax imposed under the *Provincial Sales Tax Act* (British Columbia) ("PST"). On the Closing Date, the Purchaser will pay to the Vendor, in addition to the Purchase Price, the amount of PST payable in respect of the transactions contemplated in this Agreement and the Vendor and Purchaser will elect under section 167 of the *Excise Tax Act*.

9.12 Binding Effect

This Agreement will enure to the benefit of and be binding upon the Parties, their respective heirs, executors, administrators, and other legal representatives and, to the extent permitted in this Agreement, their respective successors and assigns.

9.13 Extended Meanings

Words importing the singular number include the plural and vice versa, and words importing the masculine gender include the feminine and neuter genders.

9.14 Headings

The headings are for convenience of reference only and will not affect the construction or interpretation of this Agreement.

9.15 Applicable Law

This Agreement will be interpreted in accordance with the laws of British Columbia and the federal laws of Canada applicable in British Columbia. The courts of British Columbia will have non-exclusive jurisdiction to entertain and determine all claims and disputes arising out of or in any way connected with this Agreement.

9.16 Entire Agreement

This Agreement constitutes the entire agreement between the Parties with respect to the subject matter of the Agreement, and contains all of the representations, warranties, covenants and agreements of the respective Parties, and may not be amended or modified except by an instrument in writing executed by all Parties. This Agreement supersedes all prior agreements, memoranda, and negotiations between the Parties.

9.17 Agreement

References to "this Agreement" means this Agreement. If any provision of this Agreement or any part thereof is found or determined to be invalid it will be severable and severed from this Agreement and the remainder of this Agreement will be construed as if such invalid provision or part had been deleted from this Agreement.

9.18 Schedules

The Schedules, as may be amended and supplemented and in effect from time to time, attached to this Agreement form part of this Agreement. The following are Schedules to this Agreement, each of which is an integral part hereof:

Schedule A	Chattels
Schedule B	Current Obligations
Schedule C	Financial Statements
Schedule D	Land
Schedule E	Mortgages
Schedule F	Permitted Encumbrances
Schedule G	Permits
Schedule H	Consents
Schedule I	Product Warranties

9.19 Execution

This Agreement may be executed in any number of original counterparts and transmitted by facsimile or electronic mail, and if so executed and transmitted this Agreement will be for all purposes as effective as if the Parties had delivered an executed original Agreement and, notwithstanding the dates of execution of any counterparts, will be deemed to be dated the reference date set out above.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the day and year written on the first page of this Agreement.

APOLLO GROUP MANAGEMENT LTD.

Per: 

Name: ALEX TSAKUMIS
Title:

D.R. BARNSTON HOLDINGS LTD.

Per: 

Name:
Title:

SCHEDULE A

Chattels

Schedule of Mobile Farm Equipment

Hitachi EX200LC Excavator w/ Buckets	61529
Komatsu D31P Dozer	34907
Cranberry Harvest Pump w/ Cummins Diesel Engine	OCBPVII
2000 JD 6405 Tractor w/ 640 Loader	LO6405M296640
1999 JD 6300 Tractor c/w 640 Loader & Att.	LO6300X105876
1999 JD 6300 Tractor c/w 640 Loader	LO6300X146549
1998 6 x 4 JD Gator Diesel w/ Chem. Sprayer	W006x40007728
2005 JD HPX Gator	MOHP40X032223
1995 Morooka Co. MST Tracked Dump 2500C	25340
Camel Jet Velocity Drain Cleaner – Model RJ 0635	89940325
2 – 4 Wheel Trailers	
Beeline Airflow Fertilizer Distributor Model 2016	B429632
Beeline Airflow Fertilizer Distributor Model 2016	B418630
Bomford Side-arm Mower, HD1100LW	14737A
Pumpex 46HP – 575 Volt – Subm, Pump c/w Screen	300200394
Pumpex 24HP – 575 Volt – Subm, Pump c/w Screen	30200348
3 – 40' Steel Cranberry Divry Containers	
1 – Walk Behind Pruner Head	
Crystafolli PTO Pump on Wheels, L16-C	14745
Sprayer – Pull Type w/ 5HP Motor	Shop-Built
3 – Weedwipers, Self Propelled	
2 – BCS 725 w/ 30" Tiller/Cutter	72608
6 Aluminum Walk Behind Beaters w/ Attach.	Ubuilt 2010
Honda Utility Pump 4"	

Misc. Owned Tools & Misc. Equipment

Misc. Owned Tools & Misc. Equipment	
Survey & Laser Instruments	
Survey Rcvr Bullseye 12 Mach	120119
Miller 252 Welder and Miller Spoolmatic 30A	LJ460099B
Shop Tools & Tool Boxes	
Air Compressor – Electric	
Honda Portable Air Comp.	
Honda Pressure Washer	
Generator/Welder – Redi-arc GX270	
Wiper, Plasma-cutter	
Cutting Torch	
Harvest Booms, Wood	2,000 Feet
Harvest Booms, Flexible	1,000 Feet

SCHEDULE B
Current Obligations

8:18 AM
07/15/15

Apollo Group Management Ltd.
Unpaid Bills Detail
As of July 15, 2015

	Type	Date	Num	Due Date	Aging	Open Balance
ACME Protective Systems Limited						
	BD	02/18/2015	RC00098750	03/23/2015	109	68.04
	DE	06/16/2015	RC00105935	06/22/2015	20	88.04
Total ACME Protective Systems Limited						156.08
Aero Proctive Systems						
	BR	06/09/2015	935970	06/10/2015	26	887.00
	BU	06/09/2015	885909	06/10/2015	26	3,048.00
	BI	06/24/2015		07/09/2015	0	6,825.00
Total Aero Proctive Systems						11,760.00
B.C. Cranberry Growers Association						
	BI	02/19/2015	2015-057	03/01/2015	139	2,105.67
Total B.C. Cranberry Growers Association						2,105.67
B.C. Hydro						
	BI	06/28/2015	7491109	07/09/2015	8	1,509.26
	BI	06/28/2015	7491108	07/09/2015	9	12.04
	BI	06/24/2015	7491101	07/09/2015	9	39.84
	BI	06/28/2015	7491097	07/09/2015	0	732.22
	BI	06/28/2015	7491106	07/09/2015	9	255.15
	BI	07/06/2015	7491108	07/16/2015		2,513.70
Total B.C. Hydro						5,062.20
Barnet Island Drying District						
	BN	06/05/2015	108	06/16/2015	30	38.00
	BN	06/05/2015	107	06/16/2015	30	3,120.28
Total Barnet Island Drying District						3,158.28
Bell Canada						
	BI	04/02/2015	206603801	04/12/2015	84	73.87
	BI	04/19/2015	206603800	05/10/2015	86	78.43
	BI	08/02/2015	206603801	08/12/2015	33	75.81
	BI	07/02/2015	206603801	07/12/2015	3	75.01
Total Bell Canada						301.02
Canadian Spring						
	BN	06/02/2015	8915189009	06/12/2015	33	89.88
	BN	06/29/2015	8915571853	07/09/2015	6	4.39
Total Canadian Spring						94.04
Caspio Apalaris Inc.						
	BN	06/25/2015	8015	07/05/2015	10	24,000.00
Total Caspio Apalaris Inc.						24,000.00
Clark Wilson LLP						
	BN	02/17/2015	1988470	02/27/2015	138	6,387.20
	BN	02/17/2015	1988480	02/27/2015	138	925.73
	BN	03/11/2015	1988977	03/21/2015	116	693.81
	BN	03/18/2015	1989740	03/28/2015	109	18,008.21
	BN	04/28/2015	1972572	05/08/2015	69	8,812.40
	BN	06/16/2015	1974963	06/26/2015	51	10,012.89
	BN	06/17/2015	1975592	06/27/2015	18	8,959.51
Total Clark Wilson LLP						52,178.74
Curide Repair Service						
	BN	11/16/2014	1638	11/26/2014	232	338.00
Total Curide Repair Service						338.00
Evergreen Labour Supply Ltd.						
	BN	06/24/2015	1180	07/04/2015	11	5,880.00
Total Evergreen Labour Supply Ltd.						5,880.00
KPMG LLP						
	BN	03/20/2015	8000506270	03/30/2015	107	5,250.00
	BN	06/12/2015	8000651990	06/22/2015	54	10,508.00
Total KPMG LLP						15,758.00
L. Rose Engineering Ltd.						
	BN	11/10/2014	1868	11/20/2014	237	2,520.00
Total L. Rose Engineering Ltd.						2,520.00
Linde Canada Limited						
	BN	12/03/2014	61051820	12/13/2014	214	13.88
	BN	01/09/2015	61232302	01/19/2015	178	13.88
	BN	02/09/2015	61410031	02/19/2015	148	14.01
	BN	03/10/2015	61583117	03/20/2015	117	14.01
	BN	04/07/2015	61772941	04/17/2015	88	14.01
	BN	05/04/2015	61881103	05/14/2015	68	14.01
	BN	06/02/2015	62141383	06/12/2015	33	14.01
	BN	07/07/2015	62308005	07/17/2015		14.01
Total Linde Canada Limited						111.88

9:18 AM
07/12/15

Apollo Group Management Ltd.
Unpaid Bills Detail
As of July 15, 2015

	Type	Date	Num	Due Date	Aging	Open Balance
Lu-Lale MackInlag Ltd.	BR	05/30/2014	890882	05/09/2014	401	179.20
	BR	10/17/2014	890886	10/27/2014	281	179.20
Total Lu-Lale MackInlag Ltd.						358.40
Linnar Management	BI	08/01/2014	0723	08/18/2014	308	16.76
Total Linnar Management						16.76
Okanagan Fertilizer Ltd.	General Journal	03/11/2015				5,000.00
	General Journal	03/11/2015				5,700.59
Total Okanagan Fertilizer Ltd.						10,700.59
Pitt Meadows Farms LP	BI	10/17/2014	201400216	10/27/2014	281	4,473.00
	BI	12/02/2014	201400320	12/12/2014	212	18,602.60
Total Pitt Meadows Farms LP						24,075.60
Progressive Waste Solutions Canada Inc.	BI	05/15/2015	823-0001307008	05/23/2015	51	234.35
	BR	08/09/2015	823-0001316378	06/19/2015	28	231.39
Total Progressive Waste Solutions Canada Inc.						465.74
Riverside Wolding	BI	05/01/2014	14021	05/11/2014	430	2,520.00
	BI	05/12/2015	16027	06/22/2015	54	2,206.00
Total Riverside Wolding						4,726.00
Summit Water Services	BI	08/24/2015	2008	07/04/2015	11	421.00
Total Summit Water Services						421.00
Surveyor of Taxes	BR	05/27/2015	1173801831.00019	06/09/2015	39	259.04
	BR	05/27/2015	1173800990.00019	06/09/2015	39	102.03
	BR	05/27/2015	1173801827.00013	06/09/2015	39	484.29
	BR	05/27/2015	1173801825.00015	06/09/2015	39	503.61
Total Surveyor of Taxes						1,418.97
Telex	BI	08/04/2015	2377900418	05/14/2015	62	142.81
	BR	08/02/2015	2377900819	06/12/2015	33	139.88
	BI	07/03/2015	2377900818	07/13/2015	2	143.43
Total Telex						426.20
TerraLink Horticulture Inc.	Credit	07/06/2014	2014-083523-00			-367.00
	Credit	08/07/2014	2014-087201-00			-483.00
	BI	07/08/2014	2014-079004-00	07/18/2014	382	15,123.19
	BI	07/08/2014	2014-077042-00	07/18/2014	382	10,391.20
	BI	07/08/2014	2014-077834-00	07/18/2014	382	883.00
	BI	07/08/2014	2014-077727-00	07/18/2014	382	775.90
	BI	08/07/2014	2014-083703-00	08/17/2014	332	22,278.60
	BI	08/07/2014	2014-085714-00	08/17/2014	332	11,223.60
	BI	08/07/2014	2014-086748-00	08/17/2014	332	606.68
	BI	08/07/2014	2014-087162-00	08/17/2014	332	8,898.82
	BI	08/05/2014	2014-082507-00	08/15/2014	303	10,573.50
	BI	08/05/2014	2014-081025-00	08/15/2014	303	5,547.14
	BI	04/08/2015	2015-115588-00	04/18/2015	88	1,192.01
	BI	04/08/2015	2015-116667-00	04/18/2015	88	413.74
	BI	04/08/2015	2015-108462-00	04/18/2015	88	20,896.50
	BI	04/08/2015	2015-114134-00	04/18/2015	88	21,850.43
	BI	05/08/2015	2015-118991-00	05/18/2015	58	4,017.80
	BI	05/08/2015	2015-122805-00	05/18/2015	58	1,084.19
	BI	05/08/2015	2015-122838-00	05/18/2015	58	251.58
	BI	05/24/2015		06/09/2015	40	2,587.10
	BI	05/02/2015	2015-130187-00	06/12/2015	33	2,060.70
	BI	04/05/2015	2015-128842-00	04/18/2015	30	4,300.50
	BI	04/05/2015	2015-113053-00	04/15/2015	30	16,820.10
	BI	07/09/2015	2015-129727-00	07/19/2015		863.46
	BI	07/04/2015	2015-130187-00	07/19/2015		12,769.18
	BI	07/04/2015	2015-130318-00	07/19/2015		7,548.70
	BI	07/04/2015	2015-131235-00	07/19/2015		2,499.85
	BI	07/04/2015	2015-132842-00	07/19/2015		9,035.00
Total TerraLink Horticulture Inc.						199,971.72
Vancouver Fraser Port Authority	BI	02/28/2015	523475	03/10/2015	127	625.88
Total Vancouver Fraser Port Authority						625.88
TOTAL						449,158.28

SCHEDULE C

Financial Statements

[Vendor to provide as soon as practicable and in no event later than July 22, 2015]

SCHEDULE D

Land

Civic Address: 178 Dyke Road, Barnston Island, B.C., V4N 4R1

PIDs and Legal Descriptions:

(1) 008-928-584;

Lot 1 Section 10 Township 9 New Westminster District Plan 28083;

(2) 007-368-305;

Lot 2 Section 9 Township 9 New Westminster District Plan 74178;

(3) 007-368-348;

Lot 4 Section 9 Township 9 New Westminster District Plan 74178;

(4) 001-923-595;

Lot 14 District Lot 260 Group 1 and of the Fractional South West Quarter Section 9
Township 9 New Westminster District Plan 4078;

(5) 005-200-211;

Parcel "A" (Explanatory Plan 12672) of the West 5.925 Chains of the South Half
Section 10 Township 9 New Westminster District.

SCHEDULE E

Mortgages

(1) PID: 008-928-584

- i. Nature: MORTGAGE
Registration Number: CA2458291
Registration Date and Time: 2012-03-28 14:56
Registered Owner: FARM CREDIT CANADA

- ii. Nature: MORTGAGE
Registration Number: CA2458581
Registration Date and Time: 2012-03-28 16:15
Registered Owner: OPUS CRANBERRIES CORPORATION
INCORPORATION NO. A61102

- iii. Nature: PRIORITY AGREEMENT
Registration Number: CA2458658
Registration Date and Time: 2012-03-28 16:49
Remarks: GRANTING CA2458291 PRIORITY OVER
CA2458581

- iv. Nature: MORTGAGE
Registration Number: CA3711014
Registration Date and Time: 2014-05-06 11:42
Registered Owner: FIRST WEST CREDIT UNION
INTER ALIA

- v. Nature: ASSIGNMENT OF RENTS
Registration Number: CA3711015
Registration Date and Time: 2014-05-06 11:42
Registered Owner: FIRST WEST CREDIT UNION
Remarks: INTER ALIA

- vi. NOTICE OF INTEREST, BUILDERS LIEN ACT (S.3(2)), SEE CA2474027
FILED 2012-04-04

- vii. PERSONAL PROPERTY SECURITY ACT NOTICE, SEE CA2580090

(2) PID: 007-368-305

- i. Nature: MORTGAGE
Registration Number: CA853507
Registration Date and Time: 2008-07-16 14:41
Registered Owner: FARM CREDIT CANADA
INTER ALIA
MODIFIED BY CA1468041

- ii. Nature: MODIFICATION
Registration Number: CA1468041
Registration Date and Time: 2010-02-25 11:04
Remarks: INTER ALIA
MODIFICATION OF CA853507
- iii. Nature: MORTGAGE
Registration Number: CA3711014
Registration Date and Time: 2014-05-06 11:42
Registered Owner: FIRST WEST CREDIT UNION
INTER ALIA
- iv. Nature: ASSIGNMENT OF RENTS
Registration Number: CA3711015
Registration Date and Time: 2014-05-06 11:42
Registered Owner: FIRST WEST CREDIT UNION
Remarks: INTER ALIA
- v. PERSONAL PROPERTY SECURITY ACT NOTICE, SEE BB982867
- vi. PERSONAL PROPERTY SECURITY ACT NOTICE, SEE CA2580090

(3) PID: 007-368-348

- i. Nature: MORTGAGE
Registration Number: CA853507
Registration Date and Time: 2008-07-16 14:41
Registered Owner: FARM CREDIT CANADA
INTER ALIA
MODIFIED BY CA1468041
- ii. Nature: MODIFICATION
Registration Number: CA1468041
Registration Date and Time: 2010-02-25 11:04
Remarks: INTER ALIA
MODIFICATION OF CA853507
- iii. Nature: MORTGAGE
Registration Number: CA3711014
Registration Date and Time: 2014-05-06 11:42
Registered Owner: FIRST WEST CREDIT UNION
INTER ALIA
- iv. Nature: ASSIGNMENT OF RENTS
Registration Number: CA3711015
Registration Date and Time: 2014-05-06 11:42
Registered Owner: FIRST WEST CREDIT UNION
Remarks: INTER ALIA

- v. PERSONAL PROPERTY SECURITY ACT NOTICE, SEE BB982867
- vi. PERSONAL PROPERTY SECURITY ACT NOTICE, SEE CA2580090

(4) PID: 001-923-595

- i. Nature: MORTGAGE
Registration Number: CA3033147
Registration Date and Time: 2013-03-14 16:55
Registered Owner: FARM CREDIT CANADA
- ii. Nature: MORTGAGE
Registration Number: CA3033154
Registration Date and Time: 2013-03-14 17:07
Registered Owner: EMRI B.I. INVESTMENT CORP.
INCORPORATION NO. BC0769729
- iii. Nature: ASSIGNMENT OF RENTS
Registration Number: CA3033155
Registration Date and Time: 2013-03-14 17:07
Registered Owner: EMRI B.I. INVESTMENT CORP.
INCORPORATION NO. BC0769729
- iv. Nature: MORTGAGE
Registration Number: CA3711014
Registration Date and Time: 2014-05-06 11:42
Registered Owner: FIRST WEST CREDIT UNION
INTER ALIA
- v. Nature: ASSIGNMENT OF RENTS
Registration Number: CA3711015
Registration Date and Time: 2014-05-06 11:42
Registered Owner: FIRST WEST CREDIT UNION
Remarks: INTER ALIA
- vi. NOTICE OF INTEREST, BUILDERS LIEN ACT (S.3(2)), SEE CA3033137
FILED 2013-03-14

(5) PID: 005-200-211

- i. Nature: MORTGAGE
Registration Number: CA1049978
Registration Date and Time: 2009-02-27 12:34
Registered Owner: FARM CREDIT CANADA
INTER ALIA
- ii. Nature: ASSIGNMENT OF RENTS
Registration Number: CA1049979

- Registration Date and Time: 2009-02-27 12:34
Registered Owner: FARM CREDIT CANADA
Remarks: INTER ALIA
- iii. Nature: MORTGAGE
Registration Number: CA3711014
Registration Date and Time: 2014-05-06 11:42
Registered Owner: FIRST WEST CREDIT UNION
Remarks: INTER ALIA
- iv. Nature: ASSIGNMENT OF RENTS
Registration Number: CA3711015
Registration Date and Time: 2014-05-06 11:42
Registered Owner: FIRST WEST CREDIT UNION
Remarks: INTER ALIA
- v. PERSONAL PROPERTY SECURITY ACT NOTICE, SEE CA2580090

SCHEDULE F

Permitted Encumbrances

(1) Free and clear of all encumbrances except subsisting conditions, provisos, restrictions exceptions and reservations, including royalties, contained in the original grant or contained in any other grant or disposition from the Crown.

(2) PID: 008-928-584

- i. Easement BM329215 over (Plan LMP40284) Parcel D (Explanatory Plan 12671) of the West 5.925 Chains of the South Half Section 10, Township 9, New Westminster District;
- ii. Agricultural Land Commission Act; see Agricultural Land Reserve Plan No. 8 deposited July 30, 1974;
- iii. Zoning Regulation and Plan under the Aeronautics Act (Canada) filed August 22, 1977 under No. 53110.

(3) PID: 007-368-305

- i. Easement BL387587 over Part Plan LMP35790 of Lot 3 Plan 79178;
- ii. Agricultural Land Commission Act; see Agricultural Land Reserve Plan No. 8 deposited July 30, 1974;
- iii. Zoning Regulation and Plan under the Aeronautics Act (Canada) filed August 22, 1977 under Plan No. N86369 Plan No. 53110;
- iv. Nature: COVENANT
Registration Number: AA55641
Registration Date and Time: 1987-04-02 13:44
Registered Owner: HER MAJESTY THE QUEEN IN RIGHT OF
THE PROVINCE OF BRITISH COLUMBIA
Remarks: L.T.A. SECTION 215
INTER ALIA

(4) PID: 007-368-348

- i. Easement BL387587 over Part Plan LMP35790 of Lot 3 Plan 79178;
- ii. Agricultural Land Commission Act; see Agricultural Land Reserve Plan No. 8 deposited July 30, 1974;
- iii. Zoning Regulation and Plan under the Aeronautics Act (Canada) filed August 22, 1977 under No. N86369 Plan No. 53110;

iv. Nature: COVENANT
Registration Number: AA55641
Registration Date and Time: 1987-04-02 13:44
Registered Owner: HER MAJESTY THE QUEEN IN RIGHT OF
THE PROVINCE OF BRITISH COLUMBIA
Remarks: L.T.A. SECTION 215
INTER ALIA

(5) PID: 001-923-595

- i. Zoning Regulation and Plan under the Aeronautics Act (Canada) filed August 22, 1977 under No. N86369 Plan No. 53110;
- ii. Agricultural Land Commission Act; see Agricultural Land Reserve Plan No. 8 deposited July 30, 1974.

(6) PID: 005-200-211

- i. Agricultural Land Commission Act; see Agricultural Land Reserve Plan No. 8 deposited July 30, 1974;
- ii. Zoning Regulation and Plan under the Aeronautics Act (Canada) filed August 22, 1977 under No. N86369 Plan No. 53110.

SCHEDULE G

Permits

Nil

SCHEDULE H

Consents

Nil

SCHEDULE I
Product Warranties

Nil

APPENDIX B

AGREEMENT AS TO ALLOCATION OF THE PURCHASE PRICE

THIS AGREEMENT dated for reference the 21st day of January, 2016.

BETWEEN:

APOLLO GROUP MANAGEMENT LTD., a company duly incorporated under the laws of British Columbia and having an office at #1910 - 1177 West Hastings Street, Vancouver, British Columbia V6E 2K3

(the "Vendor")

AND:

D.R. BARNSTON HOLDINGS LTD., a company duly incorporated under the laws of British Columbia and having an office at Suite 404 - 999 Canada Place, Vancouver, British Columbia V6C 3E2

(the "Purchaser")

WHEREAS:

- A. By a Purchase and Sale Agreement dated as of the 15th day of July, 2015 (the "Purchase Agreement"), the Vendor agreed to sell to the Purchaser and the Purchaser agreed to purchase from the Vendor the Purchased Assets (as defined in the Purchase Agreement) pursuant to the terms and conditions set out in the Purchase Agreement; and
- B. Pursuant to Section 2.5 of the Purchase Agreement, the parties have agreed to further allocate the balance of the Purchase Price, in the sum of \$24,500,000.00 on the terms set forth below.

NOW THEREFORE in consideration of the mutual covenants herein and other good and valuable consideration (the receipt and sufficiency of which each party hereby acknowledges), the parties hereto covenant and agree as follows:

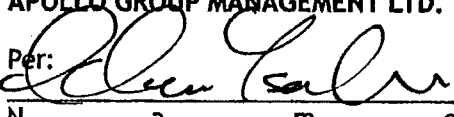
1. Unless otherwise defined in this Agreement, each capitalized term used herein has the meaning ascribed to it in the Purchase Agreement.
2. The Purchaser and the Vendor have agreed to allocate the balance of the Purchase Price, not allocated to the Chattels, in the sum of \$24,500,000, as follows:
 - (a) The sum of \$625,000 is allocated to the Ocean Spray Shares, being 18,071 shares in respect of the area known as Apollo 1" and 2,177 shares in respect of the area known as "Apollo 2".
 - (b) The aggregate sum of \$5.00, is allocated as to \$1.00 to each of the following:
 - (i) Approved Contracts;
 - (ii) Water Licenses;
 - (iii) Goodwill;

- (iv) Project Documents; and
 - (v) All of the Vendor's right, title and interest in and to the 2016 Crop Yield from January 1, 2016 up to and including the Closing Date.
- (c) The balance will be allocated amongst the legal parcels comprising the Property as follows:

Lot(s) as described in Schedule D of the Purchase Agreement	Approximate area, state of improvements	Allocated Amount
Parcel "A"	3 acres, unplanted	\$ 150,000
Lot 1	54 acres, relies on use of neighboring properties' drainage and water rights	\$ 3,780,000
Lots 2, 4 and 14	217 acres, fully operational	\$19,944,995

- 3. The Purchaser and the Vendor each covenant and agree to use the allocation set out in Section 2 of this Agreement as the basis for their respective reporting for income tax purposes with respect to the Purchased Assets.
- 4. This Agreement is binding on the parties and their respective heirs, administrators, personal representatives, successors and assigns, and if either of the parties assigns its interest in the Purchase Agreement to any other person such party shall cause the assignee to allocate the Purchase Price as provided herein.
- 5. This Agreement may be executed in counterpart and such counterparts together shall constitute a single instrument. Delivery of an executed counterpart of this Agreement by electronic means, including by facsimile transmission or by electronic delivery in portable document format (".pdf"), shall be equally effective as delivery of a manually executed counterpart hereof.

APOLLO GROUP MANAGEMENT LTD.

Per: 
Name: Alex Tsakumis
Title:

D.R. BARNSTON HOLDINGS LTD.

Per: 
Name:
Title: