Appendix “I”

(3 of 7)

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Evaluation

LEECH

Appraisals

File No. 16-1289

3801 Route 105
Northampton, N.B.

www.ara.ca

530 Main Street
Woodstock, NB, E7M 2C3

aleech@ara.ca
Tel (506) 328-3120
Fax (506) 328-2686

ARA
ATLANTIC REALTY ADVISORS
www.ara.ca

October 4, 2016

Ernst & Young Inc.
11 Englehart Street
Dieppe, NB
E1A 7Y7

File No. 16-1289

ATTENTION: MR. STEVEN MCLAUGHLIN

Dear Sir:

Re: Appraisal ---- Property of Grays Aqua Farms Ltd.
3801 Route 105
Northampton, New Brunswick

Pursuant to our recent discussions, we have personally undertaken certain investigations and analyses in order to prepare an appraisal report for the above captioned property in order to report to you an opinion of Market Value and Forced Sale Market Value as at September 13, 2016.

The property consists of about 10.63 acres (4.3 hectares) of land improved with an office/hatchery/warehouse building containing a construction area of about 19,521 square feet, along with a detached one storey shop of about 936 square feet, one storey control house of about 864 square feet, a feed building of 864 square feet, three head-house buildings at 576 square feet, 692 square feet and 256 square feet respectively, intake pump house, 192 square feet, along with 11 well houses at 100 square feet each and a tarp storage quonset.

LEECH
APPRAISALS

530 Main Street
Woodstock, NB E7M 2C3

tel:506.328.3120
fax:506.328.2686
www.leechappraisals.ca

The report has been prepared in conformity to the Canadian Uniform Standards of Professional Appraisal Practice (CUSPAP) and is subject to the various Assumptions and Limiting Conditions as set out.

Based upon our interpretation and analyses of data, as outlined in this report, along with a personal inspection of the property, it is our considered opinion the Market Value for the Leasehold Interest in this property, as at September 13, 2016, is:

FIVE HUNDRED FIFTY THOUSAND DOLLARS

($550,000)

Forced Sale Market Value Leasehold Interest as at September 13, 2016

TWO HUNDRED FORTY-EIGHT THOUSAND DOLLARS

($248,000)

Should further information be required or should you have any questions or comments arising from this appraisal, please contact the writer at your convenience.

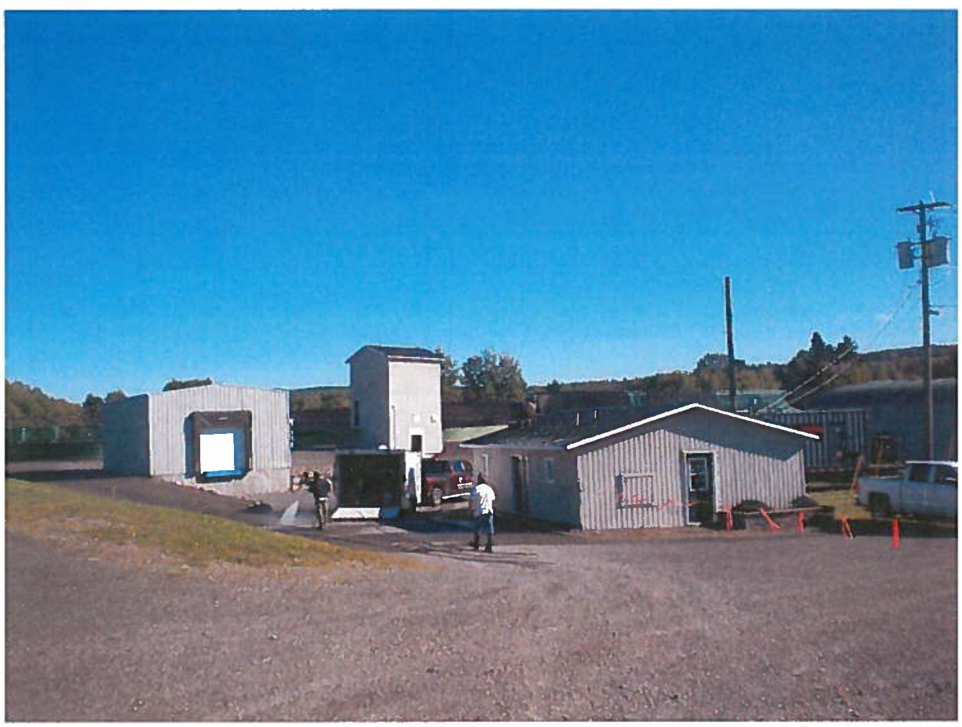
Respectfully submitted,

ATLANTIC REALTY ADVISORS
LEECH APPRAISAL
Per:

Andrew L. Leech, CRA
NBAREA No. 202960

Gerald W.McCoombs, AACI , P.App.
NBAREA No. 215160

PHOTOGRAPH SUBJECT PROPERTY



1.0 EXECUTIVE SUMMARY

1.1 Client: Ernst & Young Inc., as receiver

1.2 Owner: Gray's Aqua Farms Ltd.

1.3 Property Location: 3801 Route 105, Northampton, NB

1.4 Property Identification:

- 3801 Route 105, Northampton, Carleton County, NB
- PID 10241453
- Lot 03-01 Plan 16398209 Carleton County Registry Office Less Lot 14-01 Plan 33658650
- Lease 16796287, Carleton County Registry Office

1.5 Property Type: Commercial fish hatchery – under power of sale

1.6 Date of Appraisal: September 13, 2016

1.7 Date of Inspection: September 13, 2016

1.8 Interests Appraised: Leasehold Interest

1.9 Municipal Data:

- Zoning: South Central Carleton Zoning Plan- Rural and Resource 2
- Assessment and Taxes 2016: $477,900; $8,431.11

1.10 Property Characteristics:

- Site Details
  - Area: 10.63 acres (4.3 hectares)
  - Shape: Irregular
  - Topography: The site slopes westerly downward from Route 105 to the developed area, which has been filled, compacted and leveled.
  - Encumbrances: The site is accessed over a common right-of-way from Route 105 to the eastern boundary. There are no other encumbrances either identified on the survey plan or evident upon inspection that would otherwise impact the utility of the site.
  - Comments: The site has been developed along the river frontage to provide for the existing buildings including various graveled and paved parking and yard areas surrounding the buildings.

- Building Details
  - General: The site is improved with twenty (20) individual buildings including the hatchery, shop, three head houses, feed building, control building, intake building, Quonset storage and eleven well houses.
  - Hatchery: One and two storey building with construction area of 14,971 sq. ft. on the main level and 4,550 sq. ft on the second level. Wood frame with sheet metal roof and exterior, concrete foundation was constructed in 1992 with subsequent additions, including one in 2009.

- Shop: Built in 1992, a construction area of approximately 936 sq. ft., the building has a sheet metal exterior and interior and is heated with a suspended fan electric heater. Currently utilized as storage.
- Control Building: Built in 1992, with addition in 2000, this building houses the electrical control systems and back-up generators for the fish rearing tanks. Construction area of approximately 864 sq. ft.
- Head Houses: Three wood frame buildings, located at the tank farm and for water circulation systems.
- Feed Building: Wood frame building with metal exterior, two overhead doors, asphalt floor constructed in 2009 with an area of approximately 864 square feet.
- Well Houses: 11 wood frame , metal clad, metal roof well house buildings.
- Quonset: Arch hoop tarp storage building.
- River Intake Pump House: Wood frame , metal clad and metal roof

1.11 <u>Present Use:</u> Aquaculture nursery – currently under power of sale

1.12 <u>Highest and Best Use:</u>

- As Improved: Present Use based on demand

1.13 <u>Forced Sale Market Value</u>

- Value by Square Foot (building area): $248,000

1.14 Direct Comparison Approach

- Value by Square Foot (building area): $496,000

1.15 Value By Income Approach

- Value by Direct Capitalization: $550,000

1.16 Final Opinion of Market Value (Leasehold Interest)

FIVE HUNDRED FIFTY THOUSAND DOLLARS

($550,000)

2.0 ASSUMPTIONS AND LIMITING CONDITIONS

2.1 General

- This appraisal report has been prepared at the request of Mr. Steven McLaughlin, Ernst & Young Inc., for the exclusive and confidential use of Ernst & Young Inc. and for the specific purpose of indicating an opinion of Market Value for the property in preparation for the intended use of disposal of the asset. The property is currently under power of sale. All copyright is reserved to the author and this report is considered confidential by the author and Ernst & Young Inc. It is prohibited for any other party to rely on this appraisal without first obtaining written authorization from the author. Such reliance may require further assumptions and limiting conditions relevant to the parties identity, purpose and intended use.

- This report has been prepared on the assumption that no other party will rely on this appraisal for any other purpose and intended use and all liability to such third party is expressly denied.

- The opinion of market value herein pertains to the value of the leasehold interest. The property rights exclude mineral rights, if any.

- The opinion of market value is premised on a thorough and diligent examination and analyses of data gathered and obtained from numerous sources believed to be reliable. It was not possible to inspect the comparables completely and where necessary to rely on such information, the conclusions related thereto are subject to the correctness and verification of said data. Certain information has been accepted at face value where there was no reason to doubt its accuracy.

2.2 Assumptions

- The title to the property is good and marketable and the legal description obtained through Service NB is correct.

- No responsibility is assumed for legal issues, questions of survey or opinions of title. It is expected the use is legally conforming or non-conforming and may be continued by any purchaser.

- There are no encumbrances, encroachments, restrictions, covenants, leases, designations (historical or cultural) and there are no pledges, privileges, charges, liens, taxes or special assessments that may affect the appraisal other than as stated and described.

- There are no outstanding liabilities, except as expressly noted herein, pursuant to any agreement with a municipal or other government authority, to any contract or agreement pertaining to the ownership and operation of the property or to any lease or agreement to lease, which may affect the market value or saleability of the property or any portion thereof.

- Save and except for encumbrances as may be permitted, there are no easements, rights-of-way, building restrictions or other restrictions so affecting the property as to prevent or adversely affect its operation and market value.

- There is no action, suit, proceeding or investigation pending or threatened against the property or affecting the titular owners, at law, in equity or before or by any federal, provincial or municipal department, commission, board, bureau, agency or instrumentality that may adversely influence market value.

- The property complies in all material respects with the restrictive covenants affecting the site and has been built and is occupied and being operated in all material respects, in full compliance with all requirements of law, including all zoning, land use classifications, building, 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. It is further assumed there are no work orders or other notices or violations of law outstanding and there is no requirement of law preventing occupancy as described.

- Investigations have been undertaken in respect to matters that regulate the use of land, however, no inquiries have been placed with the fire department, building inspection, health department or any other government regulatory agency, unless such investigations are expressly represented. The property must comply with such regulations and non-compliance may affect market value.

- Any allocation of market value between land, buildings and other improvements or between other classifications of tangible or intangible assets applies only in regard to the purpose and intended use for the appraisal.

2.3 Limiting Conditions

- Plans and sketches provided through Service NB are included solely to aid in visualizing the configuration and boundaries of the land and are not to be construed as a legal survey. For certainty an up-to-date survey would be necessary.

- Drawings, photographs and diagrams are included solely for illustration and should not be relied upon in themselves.

- The data and statistical information were gathered from reliable sources and are believed to be correct, although not guaranteed for accuracy, even though every reasonable attempt has been made to verify authenticity. Where it was necessary to rely on heresay evidence or information supplied by others, no obligation is assumed by the author for its accuracy.

- The author has inspected, as far as possible, by observation the land, however, it was not possible to personally observe conditions beneath the soil, therefore, no representations are made herein as to these matters. The soil is considered to be stable. For certainty an up-to-date soil survey would be necessary.

- The author has inspected, as far as possible, by observation the buildings, however, it was not possible to personally observe hidden structural components or damage that would be reported as a matter of information with no guarantee of the amount, if any, implied. Mechanical (heating, air conditioning), electrical, plumbing or other systems and equipment are assumed to be in good working order.

- The existence of pollution or contamination or the conditions that may give rise to either including without limitation, asbestos, polychlorinated bephenyls, petroleum products, agricultural chemicals, molds, mildew or other environmental conditions were not called to the attention of the appraiser nor did the appraisers become aware of such during inspection. The appraiser(s) has (have) no knowledge of the existence of and are not qualified to test for or comment on such substances or conditions. The existence of pollutants or contaminants such as asbestos, mold/mildew, urea formaldehyde foam or other hazardous substances may affect the market value of the property. The opinion of market value is expressly predicated on the assumption the property is free and clear of such pollutants and conditions wither past, present or future that may be or have been a part of the property or in such proximity thereto that would cause a loss in market value. We expressly deny any legal liability relating to the effect of such environmental issues. Should the client or party relying on this report require information about such matters, they are cautioned to retain an expert qualified in such issues. For certainty an up-to-date environmental study would be necessary.

- The opinion of market value is predicated upon the condition the property would be sold on a cash basis to the vendor, although subject to any contractual agreements and encumbrances as may be noted. Other financial arrangements, good or cumbersome, may affect the price at which this property might sell in the open market.

- The opinion of market value does not necessarily represent the value of any underlying shares, since the value of shares may be affected by other considerations.

- Should it become necessary for the author to give testimony or appear in court or at any administrative proceeding relating to this appraisal, prior arrangements shall be made therefor, including provisions for additional compensation to permit adequate time for preparation and for any appearance that may be required. However, neither this nor any other of these Assumptions and Limiting Conditions is an attempt to limit the use that might be made of this report should it properly become evidence in a judicial proceeding. In such a case, it is acknowledged the judicial body will decide the use of this report, which best serves the administration of justice.

- The author has not inspected the premises for fire or smoke detection systems, carbon monoxide detectors or the condition of any such equipment, if present. The author accepts no liability whatsoever for the lack or condition of any such detection devices that may or may not be located on the property, nor does the appraiser warrant compliance of such equipment, if present.

- Whereas market conditions, including economic, social and political factors, change rapidly and on occasion, without notice or warning, the opinion of market value cannot necessarily be relied upon as of any other effective date without subsequent advice of the authors.

- The opinion of market value does not include consideration of any extraordinary financing, rental or income guarantees, special tax considerations or any other atypical benefits that may influence market value unless the effects of such special conditions and the extent of any special value that may arise therefrom, have been described and measured.

- The property has been valued on the basis that all rents referred to are being paid in full and when due and payable under the terms and conditions of the attendant leases, agreements to lease or other contractual agreements. Further, that all rents referred to represent the rental arrangements stipulated in the leases, agreements to lease or other contractual agreements pertaining to the tenants occupancy, to the extent that such rents have not been prepaid, abated, or inflated to reflect extraordinary circumstances, unless such conditions have been identified.

- The value expressed herein is in Canadian dollars.

- This report is only valid if it bears the original signature of the author.

2.4 Extraordinary Condition

- There are no reported/recognized environmental issues related to this property, however, no environmental study has been undertaken, therefore, the opinion of market value is based upon the fact the property meets all current environmental standards and regulations.

2.5 Conclusions

- The author reserves the right to review all calculations and if necessary, revise the opinion of market value in light of any new facts, trends or changing conditions existing at any date prior to or at the date of appraisal, which became apparent subsequent to the date of appraisal.

- This report has been prepared by Leech Appraisals. (LA), a member of Atlantic Realty Advisors (ARA), an association of independent appraisal firms. LA is not and shall not be deemed to be a partner of any other members of ARA and has no authority to incur any obligations on behalf of any other members. A member of ARA is not responsible for or subject to liability as a result of any work undertaken by or any act or omission of any other member of ARA.

- These Assumptions and Limiting Conditions shall be read with all changes in number and gender as may be appropriate or required by the context or particulars of this mandate.

3.0 CERTIFICATE OF APPRAISER

3.1 Certification – Andrew L. Leech and Gerald W. McCoombs

We certify that, to the best of our knowledge of 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/our personal, unbiased professional analyses, opinions and conclusions.
- We have no present or prospective interest in the property that is the subject of this report and have no personal interest or bias with respect to the parties involved.
- Our compensation or receipt of the assignment was not contingent upon the reporting of a predetermined or requested minimum value or direction in value that favours the cause of the client, the attainment of a stipulated result, occurrence of a subsequent event or approval of a loan.
- Our analyses, opinions and conclusions were developed and this report has been prepared in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Practice of the Appraisal Institute of Canada and the New Brunswick Association of Real Estate Appraisers and this report is subject to review by their duly authorized representatives.
- Andrew L Leech made a personal inspection of the property that is the subject of this report, on September 13, 2016 and all factors affecting value were considered.
- No one provided significant professional assistance to the author of this report.
- The Appraisal Institute of Canada and New Brunswick Association of Real Estate Appraisers have a Mandatory Recertification Program for designated members. As of the date of this report, Andrew L. Leech and Gerald W. McCoombs have fulfilled the requirements of the program.

- Based upon the data set out in this report, the opinion of market value for the leasehold interest, owned by Gray Aqua Farms Ltd., property located at 3801 Route 105 Northampton, Carleton County, NB as at September 13, 2016, has been concluded to be:

FIVE HUNDRED FIFTY THOUSAND DOLLARS

($550,000)

Forced Sale Market Value Leasehold Interest as at September 13, 2016

TWO HUNDRED FORTY-EIGHT THOUSAND DOLLARS

($248,000)

ATLANTIC REALTY ADVISORS
LEECH APPRAISALS
Per:

Andrew L. Leech, CRA
NBAREA No. 202960

Gerald W. McCoombs, AACI, P.App.
NBAREA No. 215160

October 4, 2016

4.0 INTRODUCTION

4.1 Terms of Reference

The terms of reference for this appraisal are set forth in discussions with Mr. Steven McLaughlin, Ernst & Young Inc., which requires the author to prepare an appraisal report for the real property described herein.

4.2 Scope

The scope of the appraisal encompasses those methods, procedures and investigations considered to be typical and appropriate for this type of property and the intended use for this report. The scope involved the following:

- A personal physical examination of the property was undertaken on September 13, 2016. The observations taken during the inspection were aided by the use of survey data.

- Site dimensions and areas were obtained from a plan of survey filed with Service NB. Building measurements were taken from on-site measurements as necessary.

- The general description of the area and neighbourhood is based upon personal knowledge, coupled with many years experience in this market, as well as observations concerning competitive properties and general physical make-up.

- Zoning and land use data was provided by the Western Valley Regional Service Commission (RSC12).

- Historical data was provided by the client and from the appraisers' files.

- In developing the opinion of market value, the data used were obtained from our company data bank.

- The final opinion of market value will be based upon the recognized techniques of valuation considered appropriate in relation to the nature of this assignment and type of property.

4.3 Identification

- 3801 Route 105, Northampton, Carleton County, NB
- Lot 03-01 Plan 16398209 Carleton County Registry Office Less Lot 14-01 Plan 33658650
- Service NB PID 10241453

4.4 Purpose

The "Purpose" for this appraisal is to provide an opinion of Market Value for the leasehold interest owned by Gray Aqua Company Ltd., in the property located at 3801 Route 105, Northampton, Carleton County, NB.

4.5 Intended Use

The "Intended Use" for this report is to provide Ernst & Young Inc. with an opinion of market value and forced sale value for the leasehold interest in order to assist in possible disposal of the asset. The property is currently in a mortgage default situation. The authors do understand the intended use for this report and hereby authorize the client to use the appraisal for such purposes.

4.6 Terms Various terms and definitions considered in this report include:

- Market Value: "The most probable price in terms of money which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently, knowledgeably and assuming the price is not affected by undue stimuli."

  This definition, of course, does imply certain specific conditions including:

  1. *Buyer and seller are typically motivated.*
  2. *Both parties are well informed or well advised and acting in what they consider their best interests;*
  3. *A reasonable time is allowed for exposure in the open market;*
  4. *Payment is made in terms of cash in Canadian dollars or in terms of financial arrangements comparable thereto; and*
  5. *The price represents the normal consideration for the property sold unaffected by special or creative financing sales concessions granted by anyone associated with the sale.*

- Leasehold Interest: The interest held by the lessee or tenant through a lease conveying the rights to use and occupancy for a stated term under certain conditions. This interest, of course, being owned by Grays Aqua Company Ltd.

- Leased Fee Interest: The interest held by the lessor or landlord. This interest, of course, being held by the Estate of Marjorie Slipp.

- Exposure Time: 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 of the effective date of appraisal. The overall concept of reasonable exposure encompass 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 appraisal and the level at which the asset is priced. The estimated length of exposure period necessary to achieve the opinion of Market Value as set out herein is considered to be eighteen (18) to twenty-four (24) months.

4.7 Date

The effective "Date" of the appraisal is September 13, 2016, the date of physical inspection.

4.8 Interest Appraised

The property "Interests" appraised are those of the Leasehold owner, which are those particular interests owned by Gray Aqua Farms Ltd., although subject to the various powers of government.

4.9 History

The property has been part of the Slipp family farm for many years and was leased by the Gray Aqua Farms Ltd. in 1992 and occupied as a fish farm since that time.

The property, nor the leasehold interest, has been offered for sale nor are there any current offers to purchase.

4.10 Lease Data

The site is under lease from the Estate of Marjorie Slipp et al to Gray Aqua Farms Ltd. The lease provides for a 20 year term at an annual rental of 1% of gross sales volume with a minimum rental of $25,000/per annum, which is absolute net to the lessor. The lease has a commencement date of July 1, 2002 and a date of lease of June 7, 2003. The lease does provide for a renewal option on the same terms and conditions, as well as, a right of first refusal to acquire the site should any bona fide offer be received by the lessor. The property is also subject to a current lease between the receiver and Kelly Cove Salmon Ltd., dated August 12, 2016. The lease has a stated rental rate of $12,500/month net to the landlord with an expiry or end date of July 31, 2017. This lease includes use of equipment and also has a purchase of salmon fry included as an additional provision.

4.11 Mortgage Data

The property is considered to be free and clear of any such financial encumbrance.

5.0 LOCATIONAL DATA

5.1 Area

The Town of Woodstock is situated on the west bank of the Saint John River, as well as along the Trans Canada Highway (Route 2) about 100 km northwest of the City of Fredericton and about the 18 km east of the Canada-USA Border crossing at Houlton, Maine, which is the starting point of US Route # I-95 a major north-south transportation link.

Woodstock was incorporated in 1865 and is the oldest incorporated town in New Brunswick. Currently the town encompasses an area of approximately 15.5 km^2 including the Connell Road amalgamation in 1991. Woodstock is known as the "Shire Town" and is the largest community in Carleton County, therefore, is looked at as the "Service Centre" for the Saint John River Valley.

A diverse economy including primary and secondary forms of business are located throughout the area.

Woodstock during the past 15 years, particularly the Connell Road strip commercial neighbourhood has witnessed a rapid expansion of its' tertiary base with various new developments including several fast food restaurants, smaller owner-occupied office and retail buildings, several new "big box" retail buildings and theatre.

5.2 Neighbourhood

The neighbourhood is commonly referred to as Northampton located approximately ten kilometres south of the Woodstock/ Grafton area along NB Route 105. Primary land use is timberland with scattered farms and residential dwellings. Many of the older farms, however, have grown over during the past 25 years with little or no activity or maintenance. The residential development has occurred steadily over the past 20 years and ranges from custom designed executive class to lower quality starter homes, with more recent new development tending toward the executive quality.

Northampton itself has seen little commercial development with the majority of commercial development occurring in the several small incorporated areas throughout the Carleton County in Woodstock, Hartland, Centreville and Florenceville, which have enjoyed relatively stable economic conditions over the years, related primarily to the presence of McCain Foods Ltd. Northampton is, however, also the location of the " Jolly Farmer" complex which includes a large greenhouse operation, retail and wholesale flower and plant sales as well as residential development for the corporate community.

Consequently, this neighbourhood can be reasonably expected to maintain its current development trends and activity into the foreseeable future, with no indicators pointing toward any significant redevelopment or changes in use. On-going development of a commercial/industrial nature, albeit likely to be quite slow, can be expected to occur primarily in the various incorporated areas as indicated.

6.0 MUNICIPAL DATA

6.1 Assessment

The assessment and taxation of all real property in New Brunswick is based upon the premise of **"Real and True Value"** as defined by the Assessment Act (Chapter A-14, Section 15), which states:

"... all real property shall be assessed at its real and true value as of January 1 of the year for which the assessment is made."

There is, however, no legislated relationship between this particular value and any corresponding level of market value, although Real and True Value has generally been considered to be synonymous with Market Value. Hence, there may be little relationship between the assessed value of a property for "ad valorem" tax purposes and any particular opinion of Market Value.

The subject property is identified by the Assessment Division of Service New Brunswick as follows:

PID	PAN	ASSESSMENT 2016	TAXES 2016
102441453	4869464	$477,900	$8,431.11

Assessment and tax levels are normally indexed on an annual basis, although generally in concert with market conditions. Consequently, it must be expected that assessment and tax levels may be adjusted annually. Also, it is common for real property under lease to be assessed to the lessee as the owner.

6.2 Zoning

The property is located in the Local Service District of Northampton within the South Central Carleton Planning Area which adopted a Ministerial Regulation (11-SCC-045-00) in April 2012. The subject property is located within an area designated as Rural and Resource which allows a variety of uses including the present warehouse/office use.

Zoning, therefore is not considered to have any adverse impact on these lands, however, any intended subdivision would be required to adhere to existing provincial standards. No consideration will be given to any such potential for subdivision in this report.

7.0 PHYSICAL AND FUNCTIONAL DATA

7.1 Site Details

The following brief description is based upon Service NB and survey data, along with our observations during the physical inspection.

- Boundaries – the site is located on the west side of Route 105 and bounded to the west by the Saint John River, to the east by other Slipp family farm lands and vacant lands owned by NB Power to the north and south.

- Shape/Dimensions/Area – the site is a somewhat irregular shaped parcel of land having an area of about 10.63 acres (4.3 hectares) which includes the Right of Way in Common lands.

- Topography – the site has been filled and leveled around the various buildings and to accommodate the fish tanks with a gentle slope toward the river. The entire site, however, is below road elevation.

- Ingress and Egress – the site has unrestricted ingress and egress from Route 105 along a graveled right-of-way in common with the Lessor and with a second parcel also under lease by a related company with good visibility both north and south.

- Parking – the site has been developed with gravel and paved parking areas surrounding the main buildings with an expanded parking area at the office/warehouse.

- Site Improvements – the site consists of open yard storage and parking space along with a level pad area to accommodate the fish tanks, a circulation pond and several well houses.

- Surrounding Land Use – adjacent and surrounding land uses include vacant forestland, scattered residential and farm dwellings.

- Services and Utilities – the property has several private drilled wells and a private septic system. Fire protection by a volunteer department in Woodstock and police protection provided by the Regional R.C.M.P. Route 105 is a 2 lane asphalt paved provincial arterial with open ditches. Electrical and telephone utilities are from overhead wires along Route 105.

- Encroachments – based upon our observations and review of survey data, there are no apparent encroachments. Consequently, we have assumed none exist.

- Encumbrances – the property is accessed over a common right-of-way as identified in Plan 36658650 Carleton County Registry. Otherwise, there are no encumbrances either identified on the survey plan or evident upon inspection that would impact the utility of this site. Aerial photography indicates the river intake pump house building may be on NB Power lands, however the facility manager felt confident it was on the subject lands, as a result we have for the purpose of the report considered it to be on the subject lands.
- Hazardous Factors – based upon our observations and to the "untrained eye", coupled with our discussions with Mr. Timothy Gray, there are no known or apparent hazardous factors. Consequently, we have assumed none exist.

7.2 **Building Details** - The following brief description is based upon our observations during the physical inspection. However, should the structural integrity of the buildings be a concern, a more detailed technical inspection should be undertaken.

- **Hatchery Building (Building 1)** – one and two storey, wood frame structure completed in 1992 with later additions in 2000 and 2009. It has metal roof, metal exterior and electric heat in the office area with warehouse heat provided by the heat pump. The office area has sheet vinyl and tile floors and gyproc walls and ceilings. The upper level consists of one - three piece bathroom, kitchen, lunch room, storage room, two private offices. The lower level includes the heat pump room, electrical room, a fish tank room and hatchery area. Irregular in shape the building totals 14,971 square feet on the main level and 4,550 square feet on the second floor.

- **Shop(Building 2)** - built in 1992, consists of 14 foot interior wall height, four foot poured concrete foundation (filled/compacted) with a concrete slab floor, fiberglass insulation. The building measures 26' x 36' for a ground floor area of 936 square feet construction, with mezzanine storage. The building has a metal roof cover and metal exterior, 200 ampere main entrance with circuit breaker panel, interior is sheet steel with suspended electrical fan heat and one overhead door.

- **Control Building(Building 6)** - built in 1992 with addition in 2000 consists of a poured concrete foundation with concrete footing and floor, 864 square feet construction wood frame with sheet metal roof and exterior with interior plywood. The building houses the main and back-up power systems for the fish tanks, as well as the heat pump and water circulation systems. Two rooms contain 900 hp. and 500 hp. diesel generators. Fuel storage in three tanks inside the building.

- **Head Houses** – There are three "Head Houses" for the tank farm and well distribution. Identified on the attached aerial as buildings 3, 4 and 7. **Building 3** measures 11.5' x 20', 24' x 16.5' (with basement) and 6' x 11'. It has a poured concrete foundation, with metal siding and roof. The 11.5' x 20' section was added to the building and is for chemical storage with one 6 foot overhead roll up door. **Building 4** is 16 ' x 16' with full basement and has a poured concrete foundation, metal siding and roof. **Building 7** is 24' x 24' with full basement similar construction to 3 and 4. This building was constructed in 2008

- **Feed Building (Building 5)** - constructed in 2009 this building is wood and steel frame, metal exterior and includes two overhead doors for loading and unloading of feed. The building is heated by a suspended forced fan electric fired heater. It measures 24' x 36' for an area of 864 square feet.

- **Quonset (Building 8)**- There is an Arch Dome tubular steel storage building with tarp exterior and roll up tarp doors at each end. The building does not have a foundation and has a gravel floor. The tarp is ripped in several spots. This building measures 23' x 39'.

- **Well Houses** – Eleven individual well houses for pump systems for each of the deep water wells. The buildings measure 10' x 10' and have concrete pad foundations, metal siding and roof cover with plywood interior. These buildings do each have a single baseboard electric heater.

- Condition - the buildings are relatively new and have received average maintenance , some minor repairs were noted throughout, considered regular maintenance.

7.3 Highest and Best Use

- General

  The projection of Highest and Best Use is perhaps the most fundamental important determination affecting the market value. Clearly, if the basis for the value estimate were in error, then it must follow that the final value may also be incorrect.

  The traditional concept of Highest and Best Use has been profit oriented. That is to say, one special "highest" use that produces or maximizes net income and profit. However, it is becoming more evident that many other factors may enter into this decision making process, the least of which may be the measure of profit.

It would be rare that one specific "highest" use would satisfy the concerns of the various neighbourhood, special interest or environmental groups and individuals which may now impact on the use of real estate. Therefore, it is more likely the concept of most "probable" use would more accurately reflect market behavior. That is not to say that other specific market forces such as location, adjacent land uses, demand, zoning would not continue to impact substantially on the use of the property.

Since Highest and Best Use, however, should be market driven, many of the previous factors are quite similar such that the "highest" use and most "probable" use may indeed be one and the same.

- Definition

  Highest and Best Use, therefore, may be defined as; *"the use, from among reasonably probable and legal alternative uses, found to be physically possible, appropriately supported, financially feasible and that results in the highest present land value, as of date of the appraisal".*

Property value, therefore, normally results from the use to which the property is put and will vary with the profitableness of that use. The concept of Highest and Best Use, therefore, is time related and generally representative of an opinion rather than fact in respect to analysis and judgement. Consequently, market value, as an extension of Highest and Best Use may well be considered the present worth of probable future events. Should the present use of a property be considered to represent this Highest and Best Use, that conclusion would imply such use will most probably continue to remain economic into the foreseeable future or for a clearly definitive period of time.

- Conclusion

  In general, once a site has been developed into a singular package, Highest and Best Use should relate to the most profitable use that can be made of the property. The existing use, therefore, should likely be expected to establish Highest and Best Use, since economic pressures would normally dictate that use. If the existing use is a legal conforming use in reasonable conformity to neighbouring properties and as long as the improvements contribute to the total property value, in excess of the value of the vacant lands, then it would appear reasonable for the property to continue in that use.

  The subject property has been developed with the existing buildings for in excess of 20 years, in a neighbourhood that has been progressively taking on a more significant commercial/industrial nature, although a substantial residential and farm component exists.

  The subject is improved with commercial/light industrial buildings used as a fish hatchery. The property is in a mortgage default situation; however, has a lease in place with a commercial fish hatchery operation. The area is rural in nature; however, some of the buildings are specific for this type of operation. The Highest and Best Use is the existing use based on demand.

Highest and Best Use of the Subject as Though Vacant and Unimproved

The subject site is located in an agricultural area with some ribbon style residential development. Given the subject property site's characteristic and reflecting such factors as the current zoning and the demand for similar development, we feel that the High and Best Use of the subject site as though vacant and unimproved would be for agricultural use and residential development.

8.0 VALUATION

8.1 General

The valuation process requires a systematic analysis of the factors that come to bear on the value of real estate. There are three widely accepted methods or approaches to the valuation of real property. Each method, although uniquely independent of the other, does require a detailed review and analysis of numerous market factors, which may either contribute to or detract from market value. These methods are, of course, predicated on various valuation principals most notably the Principle of Substitution, which is a common element to each method. In this regard there are certain procedures to acquire a substitute property including:

- Creating a substitute with similar utility, which would be the basis of the Cost method.
- The purchase of a substitute property in place of the one being considered, which would be the basis of the Direct Comparison method.
- The purchase of an income stream of similar size and risk as the property being considered for purchase, which would be the basis for the Income method.

8.2 Methods

- The Cost method assumes that a prudent purchaser will not pay more for a property than the cost to recreate it in its present condition provided there are no costly delays or economic factors that might influence value. This method involves the determination of the replacement or reproduction cost of the improvements, less depreciation, plus the value of the land. This method may be most appropriate when market forces are in equilibrium, the building is generally new with little depreciation and land and building costs are available in the market. Considering the age of the improvements as well as general market conditions in this area this method will not be considered further.

- The Direct Comparison method compares the subject property with similar properties that have sold or been offered for sale on the open market. This method provides a reliable indication of value, particularly in an active market, when there is a reasonable availability of market data having a sufficient degree of comparability to the subject. The immediate market, however, has experienced limited data that may be reasonably considered representative of the subject property, therefore, our investigation has been expanded to a wider geographic scope.

- The Income method involves a conversion of anticipated future benefits to be derived from the ownership of property into an opinion of value through application of market derived capitalization and investment rates. This method is most relevant in the valuation of investment/income properties and other real estate that would be expected to be primarily bought and sold on the basis of income produced. The subject property, while not likely to be developed as an investment, it does contain certain characteristics of such income property, therefore, this method is considered to be an appropriate and reliable method.

8.3 Direct Comparison Approach

- General

The Direct Comparison method is a method of valuation that compares the subject property with sales or listings of similar properties. Typical buyers would not necessarily be expected to purchase a property at a price higher than the price of similar properties with comparable location, access, physical characteristics, future earning capabilities, etc.

Our investigation of the local market identified little comparable data and as a result the market was expanded to include other areas within the Province. Certain data are considered to be quite similar for the purpose of comparison. These data are summarized on the following Chart "A"

Chart "A"

INDEX	LOCATION PID	SALE DATE	SALE PRICE	BUILDING AREA	SALE PRICE /SQ.FT.	COMMENTS
1	269 McLean Avenue, Hartland 10104446	March 2016	$266,000	26,400	$10.08	Warehouse, under utilized at time of sale , purchased by adjacent automotive dealership
2	Central Street, Centreville 10153278	August 2007	$1,300,000	38,542	$33.73	Potato processing facility 37,000 sq. ft., detached office 1,542 sq. ft.
3	1046 Route 105, Mactaquac 75460162	August 2016 March 2013	$380,000 $285,000	18,232	$20.84 $15.63	Cabinet manufacturing plant, sold under duress, purchaser did enter lease agreement with former owner, original sale was by power of sale and use was changed after purchase.
4	McLean Avenue, Hartland 10106505	July 2015	$450,000	10,832	$41.55	Industrial building 8768 sq. ft. main level and open mezzanine 2,064 sq. ft. purchased by adjacent owner. Leased at time of sale for approximately $5.00 sq. ft. per annum
5	103 Graham Street, Woodstock 10121499	June 2014 October 2011	$311,300 $155,000	10,064	$30.93 $15.40	Former manufacturing plant sold by bank after failure of corporation. Sale did include some equipment which was subsequently sold by purchaser. Original sale by owner after relocating business to United States
6	9910 Route 105, Beechwood 10205086 10183085	August 2016	$137,500	11,275	$12.20	Vacant industrial building sold under power of sale.
7	147 Heller Road, Woodstock 10121499	July 2014	$350,000	23,434	$14.94	Manufacturing plant sold after business relocated
8	42 Sewell Street, Jacksonville 10303704, 10132421	Sept 2014	$210,000	10,064	$20.87	Vacant former furniture store, sold under power of sale
9	149 St Thomas Road, St Thomas 10150894	April 2014	$175,000	36,600	$4.78	Vacant former warehouse, 27,600 sq.ft. and office 9,000 sq.ft. for wholesale company
10	160 Charles Street, Woodstock 10218782	Sept 2011 Nov 2009	$215,000 $160,000	34,207 34,207	$6.29 $4.68	Former food processing plant and offices sold in 2009 after failure of business, resold in 2011 to chip processor for warehousing
11	105 Moffatt Street, Woodstock 10121788	Sept 2015	$200,000	20,442	$9.78	Sold after bankruptcy, former wood woodworking plant, also included two kilns 1,736 sq.ft.
12	St Thomas Road St Thomas 10233369	March 2012	$250,000	18,300	$13.66	Vacant former wood working shop/cabinets, purchaser resumed operation, some equipment included.

The previous chart represents a cross-section of industrial buildings throughout the general area with both open market transactions and forced sale transactions.

Indices 1, 2, 3, 4 were open market transactions and produced a somewhat wide range from $10.08 to $41.55 square foot. Index 5 had sold twice and while some motivation was present both times discussion with the purchaser did indicate the later sale in June 2014 to be near market levels. Index 2 was sold as part of an operating business and in fact the business has expanded several times since this sale. Index 1 was an open market transaction however the building had been "gutted" on the interior for open unheated warehousing needs of the owner. Index 3 which also sold twice did have motivational issues in both instances.

We also have viewed sales from the larger Industrial Markets within the province and found sales ranging from about $25.00 to $120.00 for similar large industrial buildings. It is noteworthy, the subject consists of several buildings (large and small) with the smaller ones having been used for a specific purpose (well houses) and have minimal value for alternative uses. For the purpose of comparison, considering style , construction and condition, we have not included the floor area of the Tarp Quonset in the total area utilized.

In the final analysis we have concluded that a rate in the vicinity of $20.00 per square foot represents the indicated market value for the subject property in a Market Value context.

Conclusion

Based upon these data, the indicated Market Value for the subject property may be reasonably concluded as follows:

24,809 square feet @ $20.00/square foot = $496,000 (rounded)

Pursuant to your request we also viewed the property in the context of a forced sale valuation. "Forced Sale Value" is the amount that may reasonably be received from the sale of a property under forced sale conditions that do not meet all the criteria of a normal market transaction. It is a price which arises from disposition under extraordinary or atypical circumstances, usually reflecting an inadequate marketing period without reasonable market exposure.

Forced Sale is an appropriate mode of sale reflecting an unwilling seller condition, and/or disposal under compulsion or duress. The recommended Forced Sale Value is arrived based on assumptions that the disposal of the property is carried out in a manner reflecting the position of an unwilling seller under conditions of compulsion or duress without an adequate period of marketing for the sale of such property.

As previously indicated indices 5-12 did have some form of distress or motivation involved. They produce a range in value from $4.68/ square foot to $30.93/ square foot. The upper level of the array is index 5 which did include some equipment. The equipment was sold after purchase. This property had previously sold at $15.40/ square foot. Index 6 is a similar style building containing less office component sold in August 2016 but is located in a similar rural location. The building is much smaller and should be given some consideration.

Based upon these data, the indicated "***Forced Sale Market Value***" for the subject property may be reasonably concluded as follows:

24,809 square feet @ $10.00/square foot = $248,000

8.4 Income Approach

- General

The Income Approach or capitalization method of valuation is the approach whereby the anticipated net income from a property is capitalized at an appropriate rate in order to arrive at a capital value. The capital value is the amount of money, which it is expected the owner would realize from the sale of the property if offered for sale in the open market under normal conditions; in other words, the price a purchaser would pay having regard to the net income and the required rate of interest, which would be expected from the invested capital. This approach is primarily used in the valuation of investment/income properties and other real estate that would normally be bought and sold primarily on the basis of income produced.

The subject can be considered to have certain characteristics of an income property.

- Analysis

The subject property has an 11 month lease in place instituted by the receiver. The lease was signed to partially cover some "salmon fry" which were in place in the hatchery and to satisfy some previous commitments of the corporation. This lease has a stated monthly rental rate of $12,500/ month which included equipment. For the purpose of this report and considering the appraisal is for the real estate assets only, we have concluded that 60% of the lease would be attributable to real estate and 40% to equipment. We have also reviewed lease/rental data on other buildings in order to ascertain an applicable rental rate for the subject building.

These buildings range in location from Woodstock and surrounding area to smaller centres within the region. The rental rates vary from $2.00 to $9.00 per square foot with some leased as net and others leased as semi-gross rental rate.

Based upon location, building ages, styles and condition as well as site requirements and fact that the property has multiple buildings; an overall rate of $4.00 square foot (net) can be considered reasonable and well supported.

- Capitalization

The overall capitalization method or Mortgage Equity Method begins by determining the stabilized annual rental level for the subject property and continues with the selection of an appropriate overall capitalization rate and ends with an indication of market value for the property.

Although little comparable data is available in order to develop a more market derived rate, we have made reference to a CBRE Q2 published survey, which indicates that going-in cap rates for the industrial sector nationwide are between 5.86% and 6.86%, although slightly higher for Halifax, the nearest survey centre, at 6.5% to 7.75%. The subject is located in a rural area with little market activity. Based on this factor, it is our opinion that a rate in the range of 10% to 14% would be more reflective. Based upon the nature of this occupancy, style and quality of buildings, the subject property can be considered to have an indicated Market Value as follows:

Annual Stabilized Rent Potential	
24,809 sq. ft. @ $4.00/sq.ft.=	$ 99,236
Less: Vacancy and Collection Loss (20%)	$ 19,847
Effective Gross Income:	$ 79,389

The previous rental level represents a net absolute rental where the lessees are virtually responsible for all direct operating costs.

However, the lessor must be expected to be responsible for certain administration costs including management, professional fees and likely extraordinary structural maintenance. Consequently, in respect to these particular cost items a projected level of operating costs of about 10% can be considered reasonable representing a total operating cost of about \$7,939/annum.

- Net Operating Income

  Based upon the previous projection of income and operating costs, the net operating income before debt service may now be determined to be \$71,450.

- Capitalization

  The final step in the income method requires the conversion of the projected net operating income into an opinion of value.

  Based upon our prior discussions we have projected a rate of about 13% to be reasonable.

- Conclusion

  The opinion of market value for the subject property may now be determined by dividing the net operating income by the overall capitalization rate.

Net Operating Income	\$ 71,450
Capitalization Rate	.13
Indicated Property Value (rounded):	\$550,000

8.5 Final Opinion of Market Value

The indication of Market Value from these two methods is summarized as follows:

INCOME METHOD	**$550,000**
DIRECT COMPARISON METHOD	**$496,000**
FORCED SALE MARKET VALUE	**$248,000**

These methods set out a somewhat narrow bracket with each method using data extrapolated from the local market.

The Income Method is considered quite reliable, particularly in the sense the rental and operating costs have been related as much as possible to market conditions.

The Direct Comparison Method is reflective of the local commercial market, however, the data are quite varied in style, age and condition, as well as, in occupancy.

The final opinion of Market Value for this property can be considered quite well supported at using both the Income and Direct Comparison Approaches. The estimated market value as at September 13, 2016, is:

FIVE HUNDRED FIFTYTHOUSAND DOLLARS

($550,000)

FORCED SALE MARKET VALUE

As previously defined we also viewed the property on the basis of forced sale, by Direct Comparison Method, as at September 13, 2016, and have concluded Forced Sales Market Value to be:

TWO HUNDRED FORTY-EIGHT THOUSAND DOLLARS

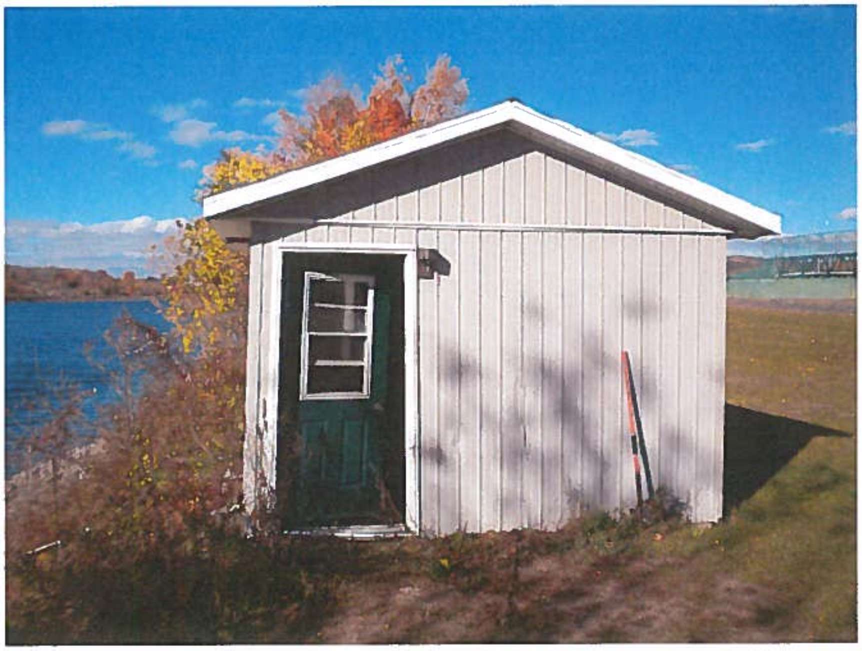
($248,000)

ADDENDA

APPENDIX A

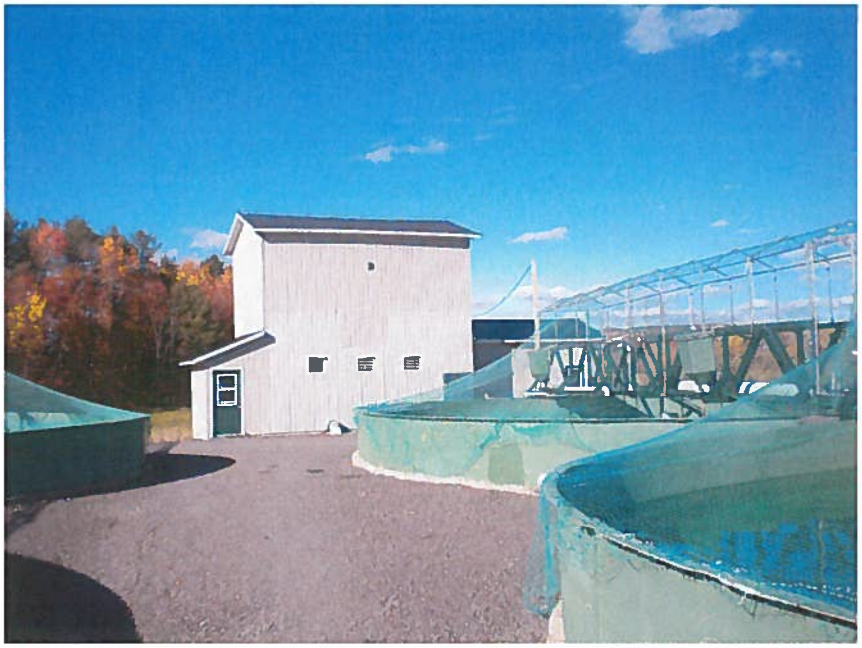
Hatchery (building 1)

Hatchery/Well Houses/Head House (buildings 1 and 7)



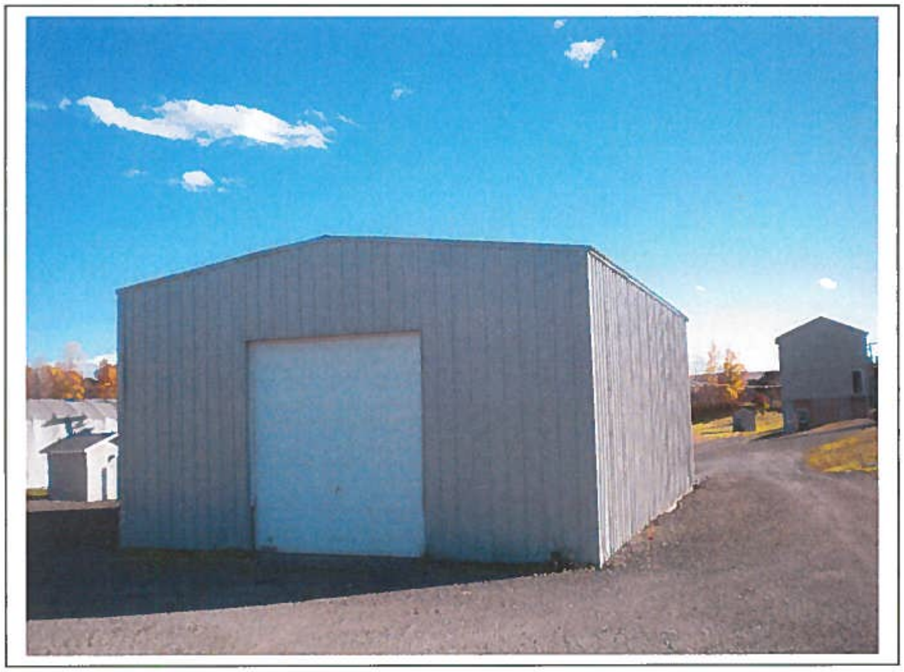
River Intake Pump House (building 9)

Pumps building 9



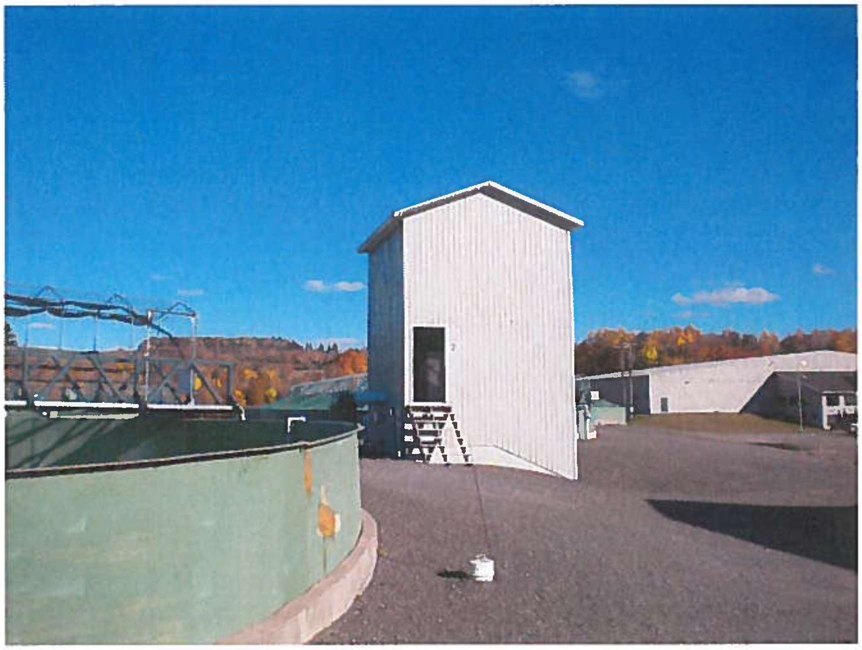
Head House / Chemical (building 3)

Head House / Chemical (building 3)



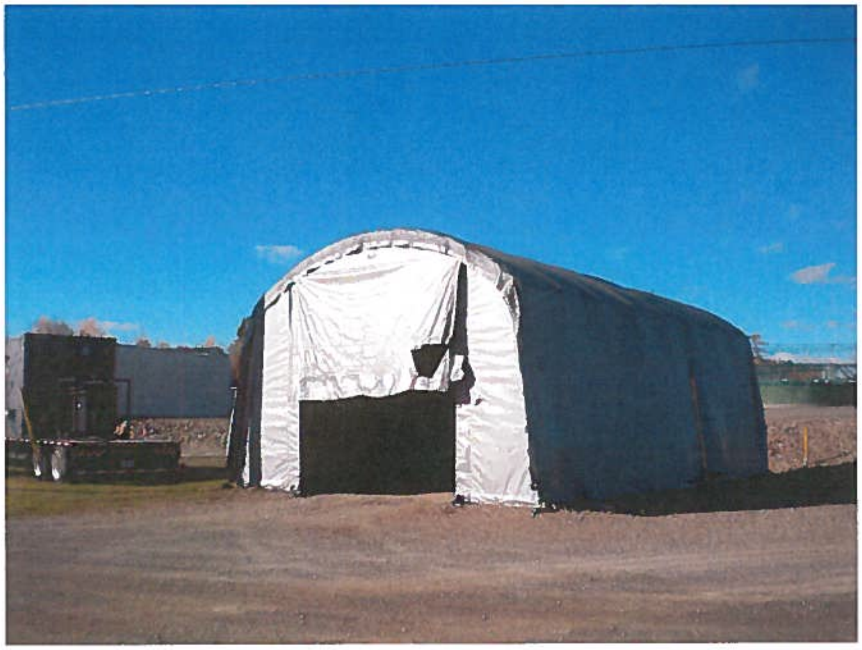
Feed Building (building 5)

Shop building 2

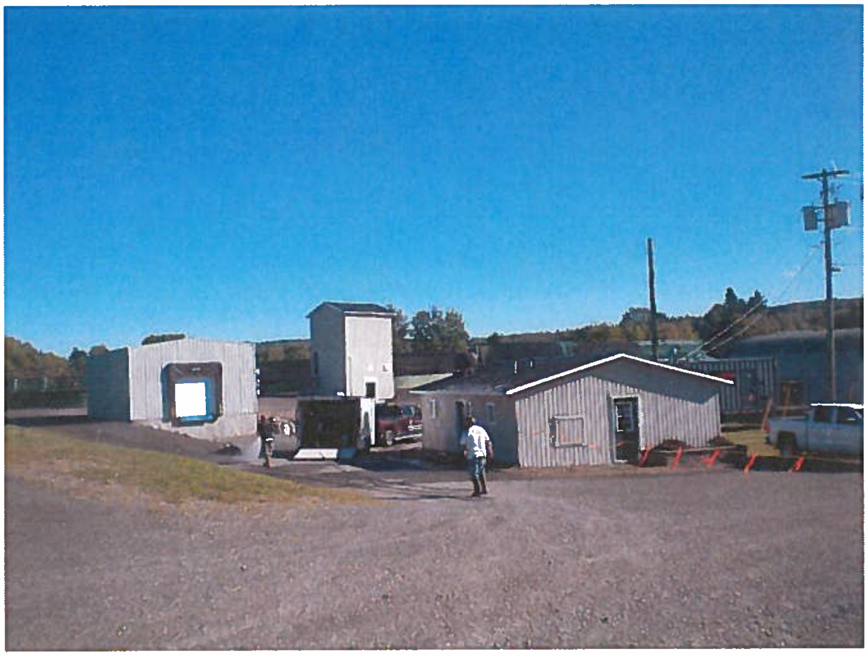


Head House (building 4)

Control Building (building 6)

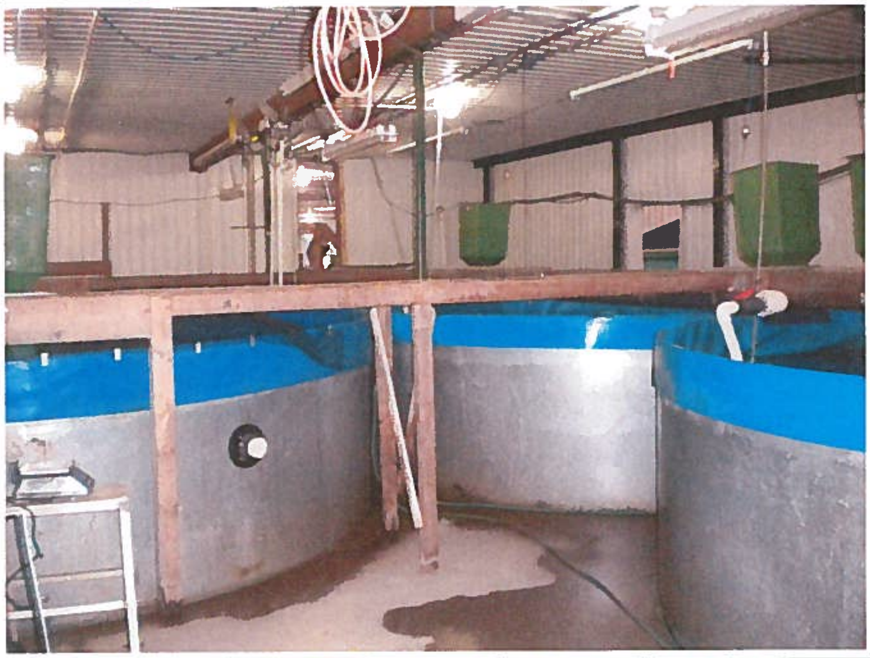


Quonset (building 8)



FEED BUILDING HEAD HOUSES

SHOP



TANK ROOM

PUMP ROOM

TANK ROOM

TANK ROOM

EXCHANGERS

TANK ROOM

CONTROL ROOM

REAR VIEW TO SHOP

APPENDIX B

Plan received and filed/plan reçu et déposé

date/date 2014-04-01

time/heure 10:56:36 number/numéro 33658650

33658650 Lt

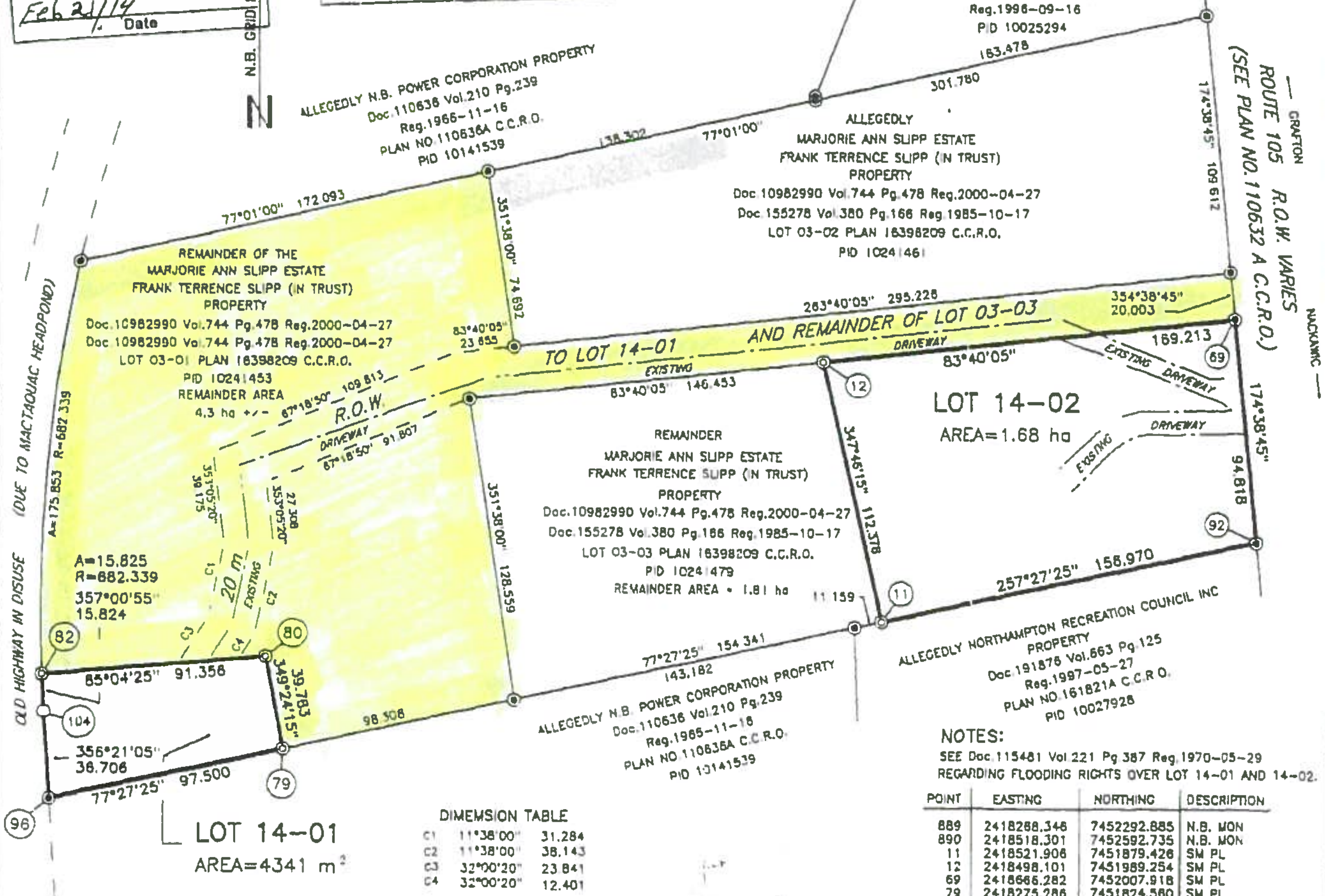
APPROVED

For - Development Officer
Regional Service Commission 12

Feb 21/14 Date

The lot(s) shown on this plan have been inspected, and are approved for an on-site sewage disposable system. Due to soil type and conditions, some modifications may be required to construct an on-site sewage system.

APPROVAL VALID FOR ONE YEAR ONLY UNLESS FILED



DIMENSION TABLE		
C1	11°38'00"	31.284
C2	11°38'00"	38.143
C3	32°00'20"	23.841
C4	32°00'20"	12.401

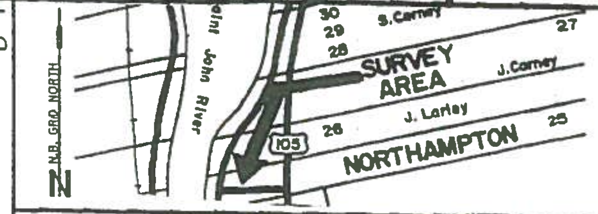
GRAPHIC SCALE - METERS 1:2000

NOTES:
SEE Doc.115481 Vol.221 Pg.387 Reg.1970-05-29 REGARDING FLOODING RIGHTS OVER LOT 14-01 AND 14-02.

POINT	EASTING	NORTHING	DESCRIPTION
889	2418288.346	7452292.885	N.B. MON
890	2418518.301	7452592.735	N.B. MON
11	2418521.906	7451879.426	SM PL
12	2418498.101	7451989.254	SM PL
69	2418666.282	7452007.918	SM PL
79	2418275.286	7451824.560	SM PL
80	2418267.972	7451863.665	SM PL
82	2418178.953	7451855.821	SM PL
92	2418675.130	7451913.514	SM FD
96	2418180.113	7451803.387	SM FD
101	2418858.732	7451883.447	RAD PT
104	2418177.777	7451840.018	CALC PT

SCALE FACTOR=0.999964

199414



KEY PLAN

GRANT REFERENCE PLAN NO. 111

SCALE 1:31680

SUBDIVISION PLAN

SLIPP SUBDIVISION LOT 14-01 & 14-02

ROUTE 105 AT NORTHAMPTON
PARISH OF NORTHAMPTON COUNTY OF CARLETON
PROVINCE OF NEW BRUNSWICK

PLAN NO.94-072-14-1

NOTES:

1. DIRECTIONS SHOWN ARE NEW BRUNSWICK COORDINATE GRID AZIMUTHS REFERRED TO NEW BRUNSWICK GRID MONUMENTS 889 AND 890
2. AZIMUTHS ARE ROUNDED TO THE NEAREST 05".
3. NEW BRUNSWICK COORDINATE VALUES SHOWN ARE IN METERS UNLESS OTHERWISE STATED
4. ALL DISTANCES ARE IN METRES AND MAY BE CONVERTED TO FEET BY DIVIDING BY 0.3048
5. ALL AZIMUTHS AND DISTANCES ARE CALCULATED UNLESS OTHERWISE STATED
6. ADJACENT OWNER INFORMATION OBTAINED FROM SERVICE NEW BRUNSWICK RECORDS
7. COORDINATES SHOWN ON THIS PLAN ARE BASED ON THE NEW BRUNSWICK STEREOGRAPHIC DOUBLE PROJECTION AND THE NAD 83 (CSRS) ELLIPSOID UNLESS OTHERWISE STATED
8. FIELD SURVEY COMPLETED 20 FEBRUARY 2014

LEGEND:

SERVICE NEW BRUNSWICK PROPERTY IDENTIFIER	PID
LANDS DEALT WITH BY THIS PLAN	
STANDARD SURVEY MARKER PLACED	
STANDARD SURVEY MARKER FOUND	
WOODEN POST PLACED	
WOODEN POST FOUND	
N.B. COORDINATE MONUMENT	
INFORMATION OBTAINED BY OTHER MEANS THAN SURVEYOR'S MEASUREMENTS	(d)
CENTERLINE	℄
PROPERTY LINE	ℓ
NOT TO SCALE	
HECTARES	ha
METRES SQUARE	m²
FENCE	
IRON BAR FOUND	
IRON PIPE FOUND	
CALCULATED POINT	

I, DALE M. MacFARLANE, REGISTERED NEW BRUNSWICK LAND SURVEYOR, HEREBY CERTIFY THAT I HAVE SURVEYED THOSE LANDS DEALT WITH BY THIS PLAN AND THAT THE INFORMATION DIRECTLY ASSOCIATED WITH SUCH LANDS IS CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF. PERIPHERAL INFORMATION HAS BEEN PRESENTED FOR REFERENCE PURPOSES ONLY AND IS NOT HEREIN CERTIFIED TO BE CORRECT.

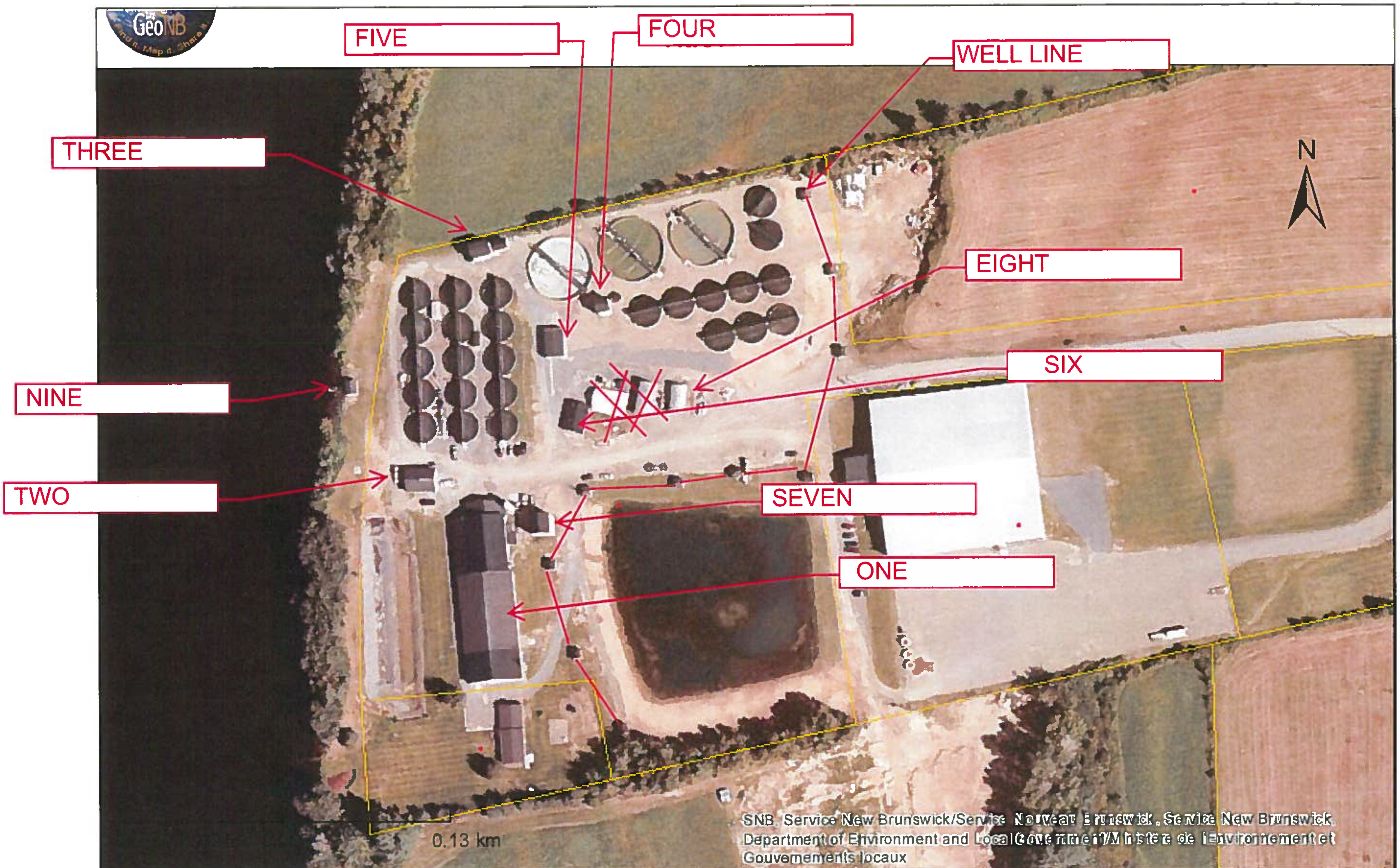
SURVEYED BY: DALE M. MacFARLANE DATE: 20 FEBRUARY 2014 N.B.L.S. No.343

I HEREBY CERTIFY THAT I AM THE REGISTERED OWNER OR AGENT OF THE AFFECTED PROPERTY AND GIVE MY APPROVAL TO THIS SURVEY.

PER: MARJORIE SLIPP ESTATE

DALE M. MAC FARLANE
LAND SURVEYING LTD.
111 GRANT ST WOODSTOCK NB E7M 3Y5
TEL:506-328-3563 FAX:506-325-9004 EMAIL:MACFARL@NBNET.NB.CA

APPENDIX C



Scale/Échelle: 1:2,222 **Date: 10/19/2016**

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Printed by/Imprimé par:

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Title:

Scale/Échelle: 1:4,560 **Date: 10/3/2016**

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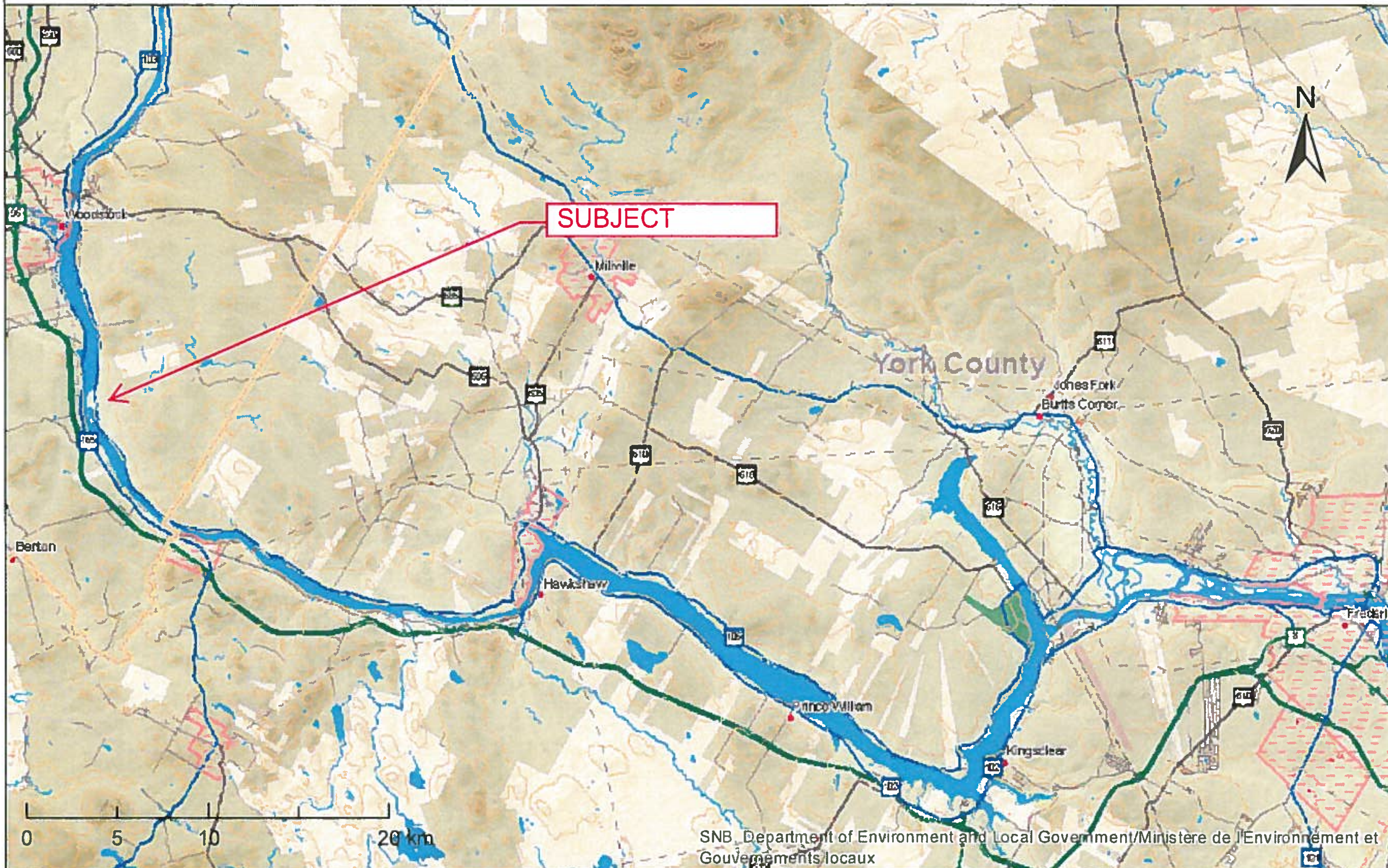
APPENDIX D

Title:



Scale/Échelle: 1:336,806

Date: 10/14/2016

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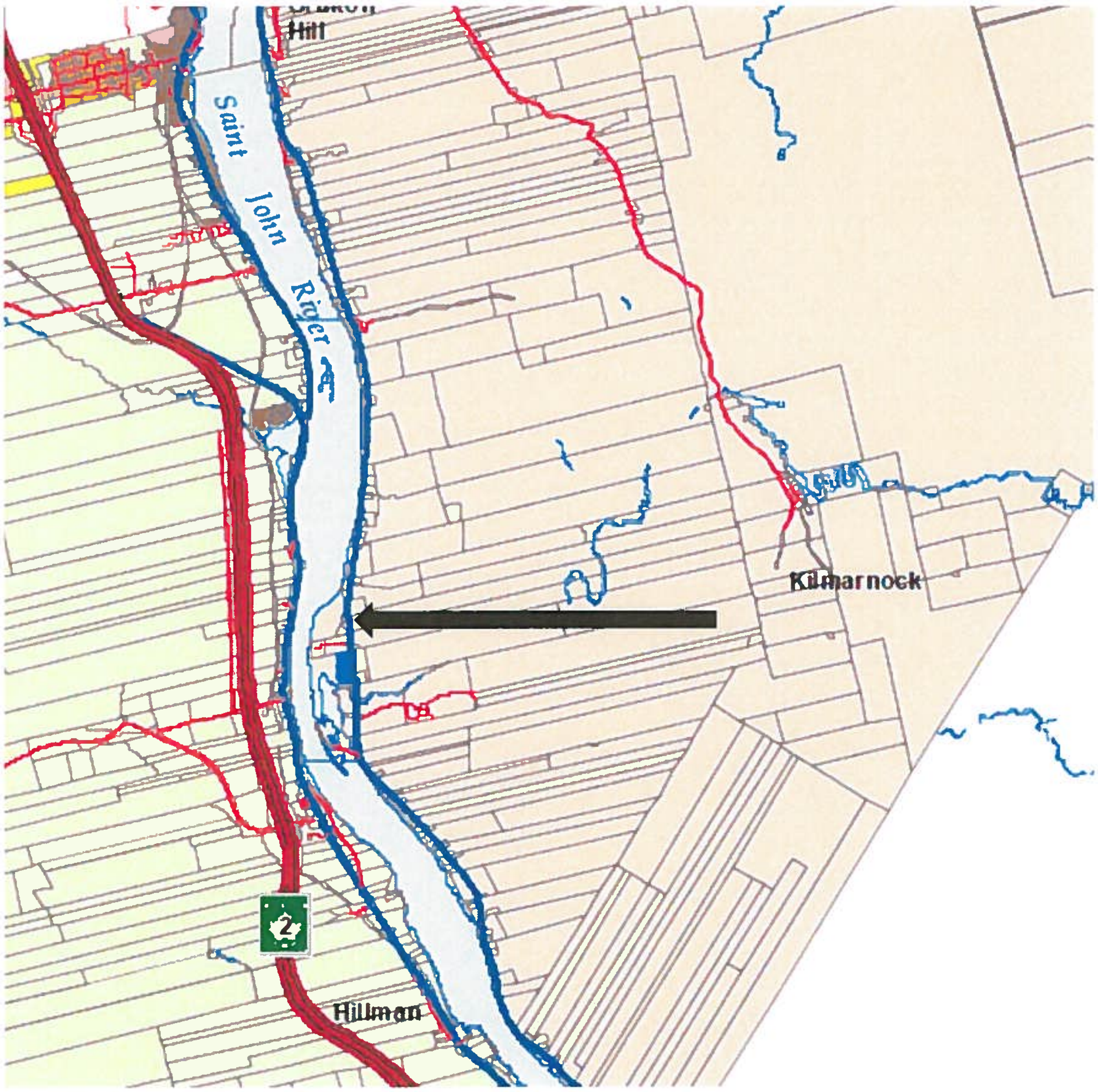
APPENDIX E

ZONING MAP



Appraisal Report

Property of
Grays Aqua Company Ltd.
Route 105
Northampton, NB

Prepared for:

Ernst & Young Inc.

LEECH APPRAISALS

530 Main Street
Woodstock, NB E7M 2C3

Phone: (506) 328-3120
Fax: (506) 328-2686

ARA
ATLANTIC REALTY ADVISORS
www.ara.ca

October 4, 2016

Ernst & Young Inc.
11 Englehart Street
Dieppe, NB
E1A 7Y7

File No. 16-1288

ATTENTION: MR. STEVEN MCLAUGHLIN

Dear Sir:

Re: Appraisal ---- Property of Grays Aqua Farms Ltd.
Route 105
Northampton, New Brunswick

Pursuant to our recent discussions, we have personally undertaken certain investigations and analyses in order to prepare an appraisal report for the above captioned property in order to report to you an opinion of Market Value and Forced Sale Market Value as at September 13, 2016.

The opinion of market value shall be for the Leasehold interest in the property, which consists of approximately 8.6 acres of land improved with a one (1) storey, pre-engineered steel building, consisting of about 40,000 square feet, along with a two (2) storey, wood frame, office building annex of about 4,800 square feet with a combined construction area of 44,800 square feet.

LEECH
APPRAISALS

530 Main Street
Woodstock, NB E7M 2C3

tel:506.328.3120
fax:506.328.2686
www.leechappraisals.ca

The report has been prepared in conformity to the Canadian Uniform Standards of Professional Appraisal Practice (CUSPAP) and is subject to the various Assumptions and Limiting Conditions as set out.

Based upon our interpretation and analyses of data, as outlined in this report, along with a personal inspection of the property, it is our considered opinion the Market Value for the Leasehold Interest in this property, as at September 13, 2016, is:

ONE MILLION, ONE HUNDRED TWENTY THOUSAND DOLLARS
($1,120,000)

Forced Sale Market Value Leasehold Interest as at September 13, 2016

FOUR HUNDRED EIGHTY-EIGHT THOUSAND DOLLARS
($488,000)

Should further information be required or should you have any questions or comments arising from this appraisal, please contact the writer at your convenience.

Respectfully submitted,

ATLANTIC REALTY ADVISORS
LEECH APPRAISAL
Per:

Andrew L. Leech , CRA
NBAREA No. 202960

Gerald W. McCoombs, AACI, P.App.
NBAREA No. 215160

PHOTOGRAPH SUBJECT PROPERTY

1.0 EXECUTIVE SUMMARY

1.1 Client: Ernst & Young Inc. as receiver

1.2 Owner: Grays Aqua Farms Ltd.
Grays Aqua Management Ltd.

1.3 Property Location: Route 105, Northampton, New Brunswick, just south-east of the Town of Woodstock

1.4 Property Identification:

- Route 105, Northampton, Carleton County, NB
- PID No.'s 10241479 and 10276160
- Lot 14-02 and remainder of Lot 03-3 Plan 33658650 Carleton County Registry
- Lease Document 16796352, Carleton County Registry Office

1.5 Property Type: Light Industrial

1.6 Date of Appraisal: September 13, 2016

1.7 Date of Inspection: September 13, 2016

1.8 Interests Appraised: Leasehold Interest

1.9 Municipal Data:

- Zoning: South Central Carleton Zoning Plan-Rural and Resource 2
- Assessment and Taxes 2016:
  PAN 6360246 - Assessment $626,500; Taxes $18,774.32
  PAN 6360254- Assessment $8,500; Taxes $149.96

1.10 **Property Characteristics**:

- Site Details
  - Area: 8.6 acres (3.49 hectares)
  - Shape: Irregular
  - Topography: The site slopes westerly and downward from Route 105 to the developed area, which has been filled, compacted and leveled
  - Encumbrances: There are no encumbrances either identified on the survey plan or evident upon inspection that would otherwise impact the utility of the site.
  - Comments: The site has been developed along the western boundary with the building and a large paved parking lot. The remainder has been seeded, graded and includes some contouring for water drainage. The property is now two actual lots with plan attached indicating subject sites highlighted.
- Building Details
  - General: The site is improved with a single building consisting of an office annex and warehouse manufacturing area
  - Office: 2 storey annex, wood frame, about 4,800 square feet with poured concrete foundation
  - Plant/warehouse: 1 storey, steel frame, about 40,000 square feet, concrete slab, trench wall with metal exterior and roof

1.11 **Present Use:**

Warehouse, light manufacturing, storage and office

1.12 Highest and Best Use:

- As Improved: Present Use

1.13 Forced Sale Market Value

- Value by Square Foot (building area): $488,000

1.14 Direct Comparison Approach

- Value by Square Foot (building area): $1,210,000

1.15 Value By Income Approach

- Value by Direct Capitalization: $1,114,000

1.16 Final Opinion of Market Value (Leasehold Interest)

ONE MILLION, ONE HUNDRED TWENTY THOUSAND DOLLARS

($1,120,000)

2.0 ASSUMPTIONS AND LIMITING CONDITIONS

2.1 General

- This appraisal report has been prepared at the request of Mr. Steven McLaughlin of Ernst & Young Inc. as receiver for Grays Aqua Company Ltd. ET AL, for the exclusive and confidential use of Ernst & Young Inc. the specific purpose of indicating an opinion of Market Value and Forced Sale Market Value for the property in preparation for the intended use of disposal of the asset. All copyright is reserved to the author and this report is considered confidential by the author and Ernst & Young Inc. It is prohibited for any other party to rely on this appraisal without first obtaining written authorization from the author. Such reliance may require further assumptions and limiting conditions relevant to the parties identity, purpose and intended use.

- This report has been prepared on the assumption that no other party will rely on this appraisal for any other purpose and intended use and all liability to such third party is expressly denied.

- The opinion of market value herein pertains to the value of the leasehold interest. The property rights exclude mineral rights, if any.

- The opinion of market value is premised on a thorough and diligent examination and analyses of data gathered and obtained from numerous sources believed to be reliable. It was not possible to inspect the comparables completely and where necessary to rely on such information, the conclusions related thereto are subject to the correctness and verification of said data. Certain information has been accepted at face value where there was no reason to doubt its accuracy.

2.2 Assumptions

- The title to the property is good and marketable and the legal description obtained through Service NB is correct.

- No responsibility is assumed for legal issues, questions of survey or opinions of title. It is expected the use is legally conforming or non-conforming and may be continued by any purchaser.

- There are no encumbrances, encroachments, restrictions, covenants, leases, designations (historical or cultural) and there are no pledges, privileges, charges, liens, taxes or special assessments that may affect the appraisal other than as stated and described.

- There are no outstanding liabilities, except as expressly noted herein, pursuant to any agreement with a municipal or other government authority, to any contract or agreement pertaining to the ownership and operation of the property or to any lease or agreement to lease, which may affect the market value or saleability of the property or any portion thereof.

- Save and except for encumbrances as may be permitted, there are no easements, rights-of-way, building restrictions or other restrictions so affecting the property as to prevent or adversely affect its operation and market value.

- There is no action, suit, proceeding or investigation pending or threatened against the property or affecting the titular owners, at law, in equity or before or by any federal, provincial or municipal department, commission, board, bureau, agency or instrumentality that may adversely influence market value.

- The property complies in all material respects with the restrictive covenants affecting the site and has been built and is occupied and being operated in all material respects, in full compliance with all requirements of law, including all zoning, land use classifications, building, 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. It is further assumed there are no work orders or other notices or violations of law outstanding and there is no requirement of law preventing occupancy as described.

- Investigations have been undertaken in respect to matters that regulate the use of land, however, no inquiries have been placed with the fire department, building inspection, health department or any other government regulatory agency, unless such investigations are expressly represented. The property must comply with such regulations and non-compliance may affect market value.

- Any allocation of market value between land, buildings and other improvements or between other classifications of tangible or intangible assets applies only in regard to the purpose and intended use for the appraisal.

2.3 Limiting Conditions

- Plans and sketches provided through Service NB are included solely to aid in visualizing the configuration and boundaries of the land and are not to be construed as a legal survey. For certainty an up-to-date survey would be necessary.

- Drawings, photographs and diagrams are included solely for illustration and should not be relied upon in themselves.

- The data and statistical information were gathered from reliable sources and are believed to be correct, although not guaranteed for accuracy, even though every reasonable attempt has been made to verify authenticity. Where it was necessary to rely on heresay evidence or information supplied by others, no obligation is assumed by the author for its accuracy.

- The author has inspected, as far as possible, by observation the land, however, it was not possible to personally observe conditions beneath the soil, therefore, no representations are made herein as to these matters. The soil is considered to be stable. For certainty an up-to-date soil survey would be necessary.

- The author has inspected, as far as possible, by observation the buildings, however, it was not possible to personally observe hidden structural components or damage that would be reported as a matter of information with no guarantee of the amount, if any, implied. Mechanical (heating, air conditioning), electrical, plumbing or other systems and equipment are assumed to be in good working order.

- The existence of pollution or contamination or the conditions that may give rise to either including without limitation, asbestos, polychlorinated biphenyls, petroleum products, agricultural chemicals, molds, mildew or other environmental conditions were not called to the attention of the appraiser nor did the appraisers become aware of such during inspection. The appraiser has no knowledge of the existence of and is not qualified to test for or comment on such substances or conditions. The existence of pollutants or contaminants such as asbestos, mold/mildew, urea formaldehyde foam or other hazardous substances may affect the market value of the property. The opinion of market value is expressly predicated on the assumption the property is free and clear of such pollutants and conditions wither past, present or future that may be or have been a part of the property or in such proximity thereto that would cause a loss in market value. We expressly deny any legal liability relating to the effect of such environmental issues. Should the client or party relying on this report require information about such matters, they are cautioned to retain an expert qualified in such issues. For certainty an up-to-date environmental study would be necessary.

- The opinion of market value is predicated upon the condition the property would be sold on a cash basis to the vendor, although subject to any contractual agreements and encumbrances as may be noted. Other financial arrangements, good or cumbersome, may affect the price at which this property might sell in the open market.

- The opinion of market value does not necessarily represent the value of any underlying shares, since the value of shares may be affected by other considerations.

- Should it become necessary for the author to give testimony or appear in court or at any administrative proceeding relating to this appraisal, prior arrangements shall be made therefor, including provisions for additional compensation to permit adequate time for preparation and for any appearance that may be required. However, neither this nor any other of these Assumptions and Limiting Conditions is an attempt to limit the use that might be made of this report should it properly become evidence in a judicial proceeding. In such a case, it is acknowledged the judicial body will decide the use of this report, which best serves the administration of justice.

- The author has not inspected the premises for fire or smoke detection systems, carbon monoxide detectors or the condition of any such equipment, if present. The author accepts no liability whatsoever for the lack or condition of any such detection devices that may or may not be located on the property, nor does the appraiser warrant compliance of such equipment, if present.

- Whereas market conditions, including economic, social and political factors, change rapidly and on occasion, without notice or warning, the opinion of market value cannot necessarily be relied upon as of any other effective date without subsequent advise of the authors.

- The opinion of market value does not include consideration of any extraordinary financing, rental or income guarantees, special tax considerations or any other atypical benefits that may influence market value unless the effects of such special conditions and the extent of any special value that may arise therefrom, have been described and measured.

- The property has been valued on the basis that all rents referred to are being paid in full and when due and payable under the terms and conditions of the attendant leases, agreements to lease or other contractual agreements. Further, that all rents referred to represent the rental arrangements stipulated in the leases, agreements to lease or other contractual agreements pertaining to the tenants occupancy, to the extent that such rents have not been prepaid, abated, or inflated to reflect extraordinary circumstances, unless such conditions have been identified.

- The value expressed herein is in Canadian dollars.

- This report is only valid if it bears the original signature of the author.

2.4 Extraordinary Condition

- There are no reported/recognized environmental issues related to this property, however, no environmental study has been undertaken, therefore, the opinion of market value is based upon the fact the property meets all current environmental standards and regulations.

2.5 Conclusions

- The author reserves the right to review all calculations and if necessary, revise the opinion of market value in light of any new facts, trends or changing conditions existing at any date prior to or at the date of appraisal, which became apparent subsequent to the date of appraisal.

- This report has been prepared by Leech Appraisals. (LA), a member of Atlantic Realty Advisors (ARA), an association of independent appraisal firms. LA is not and shall not be deemed to be a partner of any other members of ARA and has no authority to incur any obligations on behalf of any other members. A member of ARA is not responsible for or subject to liability as a result of any work undertaken by or any act or omission of any other member of ARA.

- These Assumptions and Limiting Conditions shall be read with all changes in number and gender as may be appropriate or required by the context or particulars of this mandate.

3.0 CERTIFICATE OF APPRAISER

3.1 Certification – Andrew L. Leech and Gerald W. McCoombs

We certify that, to the best of our knowledge of 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/our personal, unbiased professional analyses, opinions and conclusions.
- We have no present or prospective interest in the property that is the subject of this report and have no personal interest or bias with respect to the parties involved.
- Our compensation or receipt of the assignment was not contingent upon the reporting of a predetermined or requested minimum value or direction in value that favours the cause of the client, the attainment of a stipulated result, occurrence of a subsequent event or approval of a loan.
- Our analyses, opinions and conclusions were developed and this report has been prepared in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Practice of the Appraisal Institute of Canada and the New Brunswick Association of Real Estate Appraisers and this report is subject to review by their duly authorized representatives.
- Andrew L. Leech made a personal inspection of the property that is the subject of this report, on September 13, 2016 and all factors affecting value were considered.
- No one provided significant professional assistance to the authors of this report.
- The Appraisal Institute of Canada and New Brunswick Association of Real Estate Appraisers have a Mandatory Recertification Program for designated members. As of the date of this report, Andrew L. Leech and Gerald W. McCoombs have fulfilled the requirements of the program.

- Based upon the data set out in this report, the opinion of market value for the leasehold interest, owned by Grays Aqua Company Ltd., in the real property located at Route 105 Northampton, Carleton County, NB as of September 13, 2016 has been concluded to be:

ONE MILLION, ONE HUNDRED TWENTY THOUSAND DOLLARS
($1,120,000)

Forced Sale Market Value Leasehold Interest as at September 13, 2016

FOUR HUNDRED EIGHTY-EIGHT THOUSAND DOLLARS

($488,000)

ATLANTIC REALTY ADVISORS
LEECH APPRAISALS
Per:

Andrew L. Leech, CRA
NBAREA No. 202960

Gerald W. McCoombs, AACI, P.App.
NBAREA No. 215160

October 4, 2016

4.0 INTRODUCTION

4.1 Terms of Reference

The terms of reference for this appraisal are set forth in discussions with Mr. Steven McLaughlin, which requires the author to prepare an appraisal report for the real property described herein.

4.2 Scope

The scope of the appraisal encompasses those methods, procedures and investigations considered to be typical and appropriate for this type of property and the intended use for this report. The scope involved the following:

- A personal physical examination of the property was undertaken on September 13, 2016. The observations taken during the inspection were aided by the use of survey data.

- Site dimensions and areas were obtained from a plan of survey filed with Service NB. Building measurements were taken from on-site measurements as necessary and from plans and specifications retained in our company files.

- The general description of the area and neighbourhood is based upon personal knowledge, coupled with many year's experience in this market, as well as observations concerning competitive properties and general physical make-up.

- Zoning and land use data was provided by the Western Valley Regional Service Commission.

- Historical data was provided by the client and from the authors corporate files.

- In developing the opinion of market value, the data used were obtained from our company data bank.

- The final opinion of market value will be based upon the recognized techniques of valuation considered appropriate in relation to the nature of this assignment and type of property.

4.3 Purpose

The "Purpose" for this appraisal is to provide an opinion of Market Value and Forced Sale Market Value for the leasehold interest owned by Grays Aqua Company Ltd. and Grays Aqua Management Ltd. in property located at Route 105, Northampton, Carleton County, NB.

4.4 Intended Use

The "Intended Use" for this report is to provide Ernst & Young Inc. with an opinion of market value and forced sale value for the leasehold interest in order to assist in possible disposal of the asset. The authors do understand the intended use for this report and hereby authorize the client to use the appraisal for such purposes.

4.5 Terms

Various terms and definitions considered in this report include:

- Market Value: "The most probable price in terms of money which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently, knowledgeably and assuming the price is not affected by undue stimuli."

This definition, of course, does imply certain specific conditions including:

1. *Buyer and seller are typically motivated.*
2. *Both parties are well informed or well advised and acting in what they consider their best interests;*
3. *A reasonable time is allowed for exposure in the open market;*
4. *Payment is made in terms of cash in Canadian dollars or in terms of financial arrangements comparable thereto; and*
5. *The price represents the normal consideration for the property sold unaffected by special or creative financing sales concessions granted by anyone associated with the sale.*

- Leasehold Interest: The interest held by the lessee or tenant through a lease conveying the rights to use and occupancy for a stated term under certain conditions. This interest, of course, being owned by Grays Aqua Company Ltd.

- Leased Fee Interest: The interest held by the lessor or landlord. This interest, of course, being held by the Estate of Marjorie Slipp.

- Exposure Time: 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 of the effective date of appraisal. The overall concept of reasonable exposure, encompass 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 appraisal and the level at which the asset is priced. The estimated length of exposure period necessary to achieve the opinion of Market Value as set out herein is considered to be eighteen (18) to twenty-four (24) months.

4.6 Date

The effective "Date" of the appraisal is September 13, 2016, the date of physical inspection.

4.7 Interest Appraised

The property "Interests" appraised are those of the Leasehold owner, which are those particular interests owned by Grays Aqua Company Ltd., although subject to the various powers of government.

4.8 History

The property has been part of the Slipp family farm for many years and was leased by Gray Aqua Farms Ltd. (a predecessor of Grays Aqua Company Ltd.) in 2000 and occupied as a water bottling plant. Since June 2003 the property has been occupied by Grays Aqua Company Ltd. for use as office space, warehousing and aquaculture nursery. Recently a large portion of the warehouse has been converted to manufacturing type space in support of the company's sea cage construction and maintenance.

The property, nor the leasehold interest, have been offered for sale nor are there any current offers to purchase.

4.9 Lease Data

- The site is under lease from the Estate of Marjorie Slipp et al to 510245 NB Ltd. since June 2003. The lease provides for a 20 year term at an annual rental of 1% of gross sales volume with a minimum rental of $25,000/per annum, which is absolute net to the lessor. The lease does provide for a renewal option on the same terms and conditions, as well as, a right of first refusal to acquire the site should any bona fide offer be received by the lessor.

4.10 <u>Mortgage Data</u> The property is considered to be free and clear of any such financial encumbrance.

5.0 LOCATIONAL DATA

5.1 Area

The Town of Woodstock is situated on the west bank of the Saint John River, as well as along the Trans Canada Highway (Route 2) about 100 km northwest of the City of Fredericton and about the 18 km east of the Canada-USA Border crossing at Houlton, Maine, which is the starting point of US Route # I-95 a major north-south transportation link.

Woodstock was incorporated in 1865 and is the oldest incorporated town in New Brunswick. Currently the town encompasses an area of approximately 15.5 km^2 including the Connell Road amalgamation in 1991. Woodstock is known as the "Shire Town" and is the largest community in Carleton County, therefore, is looked at as the "Service Centre" for the Saint John River Valley.

A diverse economy including primary and secondary forms of business are located throughout the area.

Woodstock during the past 15 years, particularly the Connell Road strip commercial neighbourhood has witnessed a rapid expansion of its' tertiary base with various new developments including several fast food restaurants, smaller owner-occupied office and retail buildings, several new "big box" retail buildings and theatre.

5.2 Neighbourhood

The neighbourhood is commonly referred to as Northampton located approximately 10 kilometres south of the Woodstock/ Grafton area along NB Route 105. Primary land use is timberland with scattered farms and residential dwellings. Many of the older farms, however, have grown over during the past 25 years with little or no activity or maintenance. The residential development has occurred steadily over the past 20 years and ranges from custom designed executive class to lower quality starter homes, with more recent new development tending toward the executive quality.

Northampton itself has seen little commercial development with the majority of commercial development occurring in the several small incorporated areas throughout the Carleton County in Woodstock, Hartland, Centreville and Florenceville, which have enjoyed relatively stable economic conditions over the years, related primarily to the presence of McCain Foods Ltd. Northampton is, however, also the location of the " Jolly Farmer" complex which includes a large greenhouse operation, retail and wholesale flower and plant sales as well as residential development for the corporate community.

Consequently, this neighbourhood can be reasonably expected to maintain its current development trends and activity into the foreseeable future, with no indicators pointing toward any significant redevelopment or changes in use. On-going development of a commercial/industrial nature, albeit likely to be quite slow, can be expected to occur primarily in the various incorporated areas as indicated.

6.0 MUNICIPAL DATA

6.1 Assessment

The assessment and taxation of all real property in New Brunswick is based upon the premise of **"Real and True Value"** as defined by the Assessment Act (Chapter A-14, Section 15), which states:

"... all real property shall be assessed at its real and true value as of January 1 of the year for which the assessment is made."

There is, however, no legislated relationship between this particular value and any corresponding level of market value, although Real and True Value has generally been considered to be synonymous with Market Value. Hence, there may be little relationship between the assessed value of a property for "ad valorem" tax purposes and any particular opinion of Market Value.

The subject property is identified by the Assessment Division of Service New Brunswick as follows:

PID	PAN	ASSESSMENT 2016	TAXES 2016
10241479	6360246	$626,500	$18,774.32
10276160	6360254	$8,500	$149.96

Assessment and tax levels are normally indexed on an annual basis, although generally in concert with market conditions. Consequently, it must be expected that assessment and tax levels may be adjusted annually. Also, it is common for real property under lease to be assessed to the lessee as the owner.

6.2 Zoning

The properties are located in the Local Service District of Northampton within the South Central Carleton Planning Area which adopted a Ministerial Regulation (11-SCC-045-00) in April 2012. The subject property is located within an area designated as Rural and Resource which allows a variety of uses including the present warehouse/office use.

Zoning, therefore is not considered to have any adverse impact on these lands, however, any intended subdivision would be required to adhere to existing provincial standards. No consideration will be given to any such potential for subdivision in this report.

7.0 PHYSICAL AND FUNCTIONAL DATA

7.1 Site Details

The following brief description is based upon Service NB and survey data, along with our observations during the physical inspection.

PID 10241479

- Boundaries – the site is located on the west side of Route 105 and bounded to the east, west and north by lands under lease from the Slipp Estate to one or more of Gray's inter related corporations and lands owned by NB Power to the south.

- Shape/Dimensions/Area – the site is a somewhat irregular shaped parcel of land having a frontage of 480.74 feet (146.453 metres) along a Right of Way as indicated in the plan of survey (33658650) with an eastern side line of 368.69 feet (112.376m) west side line of 421.78 feet (128.559 m) and rear (south) line along NB Power Corporation lands of 506.39 feet (154.341 m) with a total area of about 4.47 acres (1.81 ha).

- Topography – the site has two main levels with the rear and side at grade entry to the warehouse/ manufacturing portion while the office annex is at slightly lower elevation with the lower level at grade and upper level at grade with the warehouse section. Otherwise, generally level throughout, the site elevation overall is below NB Route 105.

- Ingress and Egress – the site has unrestricted ingress and egress from Route 105 along a paved driveway over a right-of-way in common with the Lessor with good visibility both north and south. The site is also presently accessed over lot 14-02 via a paved driveway to NB Route 105.

- Parking – the site has been developed with a large paved trailer parking area to the south of the building with a smaller combined paved and graveled parking area adjacent the office section.

- Site Improvements – the site consists of open yard storage and parking space along with a lawn area.

- Surrounding Land Use – adjacent and surrounding land uses include vacant forestland, scattered residential and farm dwellings.

- Services and Utilities – the property has a private drilled well and a private septic system. Fire protection by a volunteer department in Woodstock and police protection provided by the Regional R.C.M.P. Route 105 is a 2 lane asphalt paved, provincial arterial with open ditches. Electrical and telephone utilities are from overhead wires along Route 105.

- Encroachments – based upon our observations and review of survey data, there are no apparent encroachments. Consequently, we have assumed none exist.

- Encumbrances – There are no encumbrances either identified on the survey plan or evident upon inspection that would impact the utility of this site. Consequently, we have assumed none exist.

- Hazardous Factors – based upon our observations and to the "untrained eye", coupled with our discussions with Mr. Timothy Gray, there are no known or apparent hazardous factors. Consequently, we have assumed none exist.

PID 10276160

- Boundaries – the site is located on the west side of Route 105 and bounded to the east by NB Route 105, north by the Right of Way roadway, west by PID 10241479 and south by Northampton Recreation Council Lands.

- Shape/Dimensions/Area – the site is a somewhat irregular shaped parcel of land having a frontage of 311.08 feet (94.818 metres) along a NB Route 105, with a southern side line of 521.56 feet (158.970), west side line of 368.69 feet (112.376 m) (Parcel 10241479) and north along Right of Way of 555.15 feet (169.21 m) with a total area of about 4.15 acres (1.68 ha).

- Topography – the site has a gentle slope from Route 105 to the rear line.

- Ingress and Egress – the site has unrestricted ingress and egress from Route 105 along a paved driveway which splits jus after entering the site to having a driveway over the Right of Way and a driveway to the parking lot along the south side of the building.

- Site Improvements – the site is essentially lawn with paved driveway.

- Surrounding Land Use – adjacent and surrounding land uses include vacant forestland, scattered residential and farm dwellings.

- Services and Utilities – the property has been developed in conjunction with PID 10241479 .

- Encroachments – based upon our observations and review of survey data, there are no apparent encroachments. Consequently, we have assumed none exist.

- Encumbrances – There are no encumbrances either identified on the survey plan or evident upon inspection that would impact the utility of this site. Consequently, we have assumed none exist.

- Hazardous Factors – based upon our observations and to the "untrained eye", coupled with our discussions with Mr. Timothy Gray, there are no known or apparent hazardous factors. Consequently, we have assumed none exist.

7.2 Building Details - The following brief description is based upon our observations during the physical inspection. However, should the structural integrity of the buildings be a concern, a more detailed technical inspection should be undertaken.

- Office Building – two storey, wood frame annex completed in 2000, measuring 40 feet by 60 feet of walk-up style construction. Mixed wood framing with R26 and R40 insulation, concrete slab floor, wood siding and asphalt roof. The interior is drywall walls and ceilings with vinyl and ceramic floors. Electric baseboard heat with 4 – 2 piece washrooms. The main level has reception area, 5 private offices, board room, 2 washrooms, copy room and utility. Electrical is provided through a 400 ampere main disconnect. The second level has a general office, 2 private offices, lunchroom, laboratory, 2 washrooms and a shipping area.

- Plant/Warehouse - built in 2000, the building measures 200 feet by 200 feet with an 18 foot interior wall height and includes two meazzanine areas of 16 feet by 60 feet and 12 feet by 20 feet. The foundation is poured concrete trench wall and slab floor. The building is of pre-engineered steel frame with pre-finished metal cover, the roof is pre-finished metal over open web steel joists and steel support posts. The building has a central air conditioning unit and has electrical from a 600 ampere, 347 volt, 3 phase, 4 wire disconnect, 50 KVA transformer, fluorescent lighting. It includes 4-12 foot overhead doors and 2 man doors.

- Condition - the buildings while being relatively new are showing some minor signs of maintenance items required, one washroom was posted as un-operational, minor paint and repair throughout office area similarly in plant area. A section of the south wall of the plant/warehouse does have several dents from trailer parking. Otherwise, there were no items of deferred maintenance identified that would otherwise require immediate repairs or replacement.

7.3 Highest and Best Use

- General

  The projection of Highest and Best Use is perhaps the most fundamental important determination affecting the market value. Clearly, if the basis for the value estimate were in error, then it must follow that the final value may also be incorrect.

  The traditional concept of Highest and Best Use has been profit oriented. That is to say, one special "highest" use that produces or maximizes net income and profit. However, it is becoming more evident that many other factors may enter into this decision making process, the least of which may be the measure of profit.

  It would be rare that one specific "highest" use would satisfy the concerns of the various neighbourhood, special interest or environmental groups and individuals which may now impact on the use of real estate. Therefore, it is more likely the concept of most "probable" use would more accurately reflect market behavior. That is not to say that other specific market forces such as location, adjacent land uses, demand, zoning would not continue to impact substantially on the use of the property.

Since Highest and Best Use, however, should be market driven, many of the previous factors are quite similar such that the "highest" use and most "probable" use may indeed be one and the same.

- <u>Definition</u>

  Highest and Best Use, therefore, may be defined as; *"the use, from among reasonably probable and legal alternative uses, found to be physically possible, appropriately supported, financially feasible and that results in the highest present land value, as of date of the appraisal".*

  Property value, therefore, normally results from the use to which the property is put and will vary with the profitableness of that use. The concept of Highest and Best Use, therefore, is time related and generally representative of an opinion rather than fact in respect to analysis and judgement. Consequently, market value, as an extension of Highest and Best Use may well be considered the present worth of probable future events. Should the present use of a property be considered to represent this Highest and Best Use, that conclusion would imply such use will most probably continue to remain economic into the foreseeable future or for a clearly definitive period of time.

- <u>Conclusion</u>

  In general, once a site has been developed into a singular package, Highest and Best Use should relate to the most profitable use that can be made of the property. The existing use, therefore, should likely be expected to establish Highest and Best Use, since economic pressures would normally dictate that use. If the existing use is a legal conforming use in reasonable conformity to neighbouring properties and as long as the improvements contribute to the total property value, in excess of the value of the vacant lands, then it would appear reasonable for the property to continue in that use.

The subject property has been developed with the existing building for about 16 years, and while occupancy has changed, overall building use has remained quite constant.

Based upon existing neighbourhood trends and land use, combined with the present use for this site, which can be considered to have remained economic, coupled with the recent highway and transportation improvements throughout the area, this present use may be reasonably considered to represent Highest and Best Use.

There are no current indicators or trends in the market to suggest any likely change in use for this property that would warrant demolition of this building to permit redevelopment to occur.

Highest and Best Use of the Subject as Though Vacant and Unimproved

The subject site is located in an agricultural area with some ribbon style residential development. Given the subject property site's characteristic and reflecting such factors as the current zoning and the demand for similar development, we feel that the High and Best Use of the subject site as though vacant and unimproved would be for agricultural use.

8.0 VALUATION METHODOLOGY

8.1 General

The valuation process requires a systematic analysis of the factors that come to bear on the value of real estate. There are three widely accepted methods or approaches to the valuation of real property. Each method, although uniquely independent of the other, does require a detailed review and analysis of numerous market factors, which may either contribute to or detract from market value. These methods are, of course, predicated on various valuation principals most notably the Principle of Substitution, which is a common element to each method. In this regard there are certain procedures to acquire a substitute property including:

- Creating a substitute with similar utility, which would be the basis of the Cost method.
- The purchase of a substitute property in place of the one being considered, which would be the basis of the Direct Comparison method.
- The purchase of an income stream of similar size and risk as the property being considered for purchase, which would be the basis for the Income method.

8.2 Methods

- The Cost method assumes that a prudent purchaser will not pay more for a property than the cost to recreate it in its present condition provided there are no costly delays or economic factors that might influence value. This method involves the determination of the replacement or reproduction cost of the improvements, less depreciation, plus the value of the land. This method may be most appropriate when market forces are in equilibrium, the building is generally new with little depreciation and land and building costs are available in the market. Considering the age of the improvements as well as general market conditions in this area this method will not be considered further.

- The Direct Comparison method compares the subject property with similar properties that have sold or been offered for sale on the open market. This method provides a reliable indication of value, particularly in an active market, when there is a reasonable availability of market data having a sufficient degree of comparability to the subject. The immediate market, however, has experienced limited data that may be reasonably considered representative of the subject property, therefore, our investigation has been expanded to a wider geographic scope.

- The Income method involves a conversion of anticipated future benefits to be derived from the ownership of property into an opinion of value through application of market derived capitalization and investment rates. This method is most relevant in the valuation of investment/income properties and other real estate that would be expected to be primarily bought and sold on the basis of income produced. The subject property, while not likely to be developed as an investment, it does contain certain characteristics of such income property, therefore, this method is considered to be an appropriate and reliable method.

8.3 Direct Comparison Approach

- General

The Direct Comparison method is a method of valuation that compares the subject property with sales or listings of similar properties. Typical buyers would not necessarily be expected to purchase a property at a price higher than the price of similar properties with comparable location, access, physical characteristics, future earning capabilities, etc.

Our investigation of the local market identified little comparable data and as a result the market was expanded to include other areas within the Province. Certain data are considered to be quite similar for the purpose of comparison. These data are summarized on the following Chart "A"

Chart "B"

INDEX	LOCATION PID	SALE DATE	SALE PRICE	BUILDING AREA	SALE PRICE /SQ.FT.	COMMENTS
1	269 McLean Ave Hartland 10104446	March 2016	$266,000	26,400	$10.08	Warehouse, under utilized at time of sale , purchased by adjacent automotive dealership
2	Central Street Centreville 10153278	August 2007	$1,300,000	38,542	$33.73	Potato processing facility 37,000 sq. ft., detached office 1,542 sq. ft.
3	1046 Route 105 Mactaquac 75460162	August 2016 March 2013	$380,000 $285,000	18,232	$20.84 $15.63	Cabinet manufacturing plant, sold under duress, purchaser did enter lease agreement with former owner, original sale was by power of sale and use was changed after purchase.
4	McLean Avenue Hartland 10106505	July 2015	$450,000	10,832	$41.55	Industrial building 8768 sq. ft. main level and open mezzanine 2,064 sq. ft. purchased by adjacent owner. Leased at time of sale for approximately $5.00 sq. ft. per annum
5	103 Graham St Woodstock 10121499	June 2014 October 2011	$311,300 $155,000	10,064	$30.93 $15.40	Former manufacturing plant sold by bank after failure of corporation. Sale did include some equipment which was subsequently sold by purchaser. Original sale by owner after relocating business to United States
6	9910 Route 105 Beechwood 10205086 10183085	August 2016	$137,500	11,275	$12.20	Vacant industrial building sold under power of sale.
7	147 Heller Road Woodstock 10121499	July 2014	$350,000	23,434	$14.94	Manufacturing plant sold after business relocated
8	42 Sewell St Jacksonville 10303704, 10132421	Sept 2014	$210,000	10,064	$20.87	Vacant former furniture store, sold under power of sale
9	149 St Thomas Rd St Thomas 10150894	April 2014	$175,000	36,600	$4.78	Vacant former warehouse, 27,600 sq.ft. and office 9,000 sq.ft. for wholesale company
10	160 Charles St Woodstock 10218782	Sept 2011 Nov 2009	$215,000 $160,000	34,207 34,207	$6.29 $4.68	Former food processing plant and offices sold in 2009 after failure of business, resold in 2011 to chip processor for warehousing
11	105 Moffatt ST Woodstock 10121788	Sept 2015	$200,000	20,442	$9.78	Sold after bankruptcy, former wood woodworking plant, also included two kilns 1,736 sq.ft.
12	St Thomas Road St Thomas 10233369	March 2012	$250,000	18,300	$13.66	Vacant former wood working shop/cabinets, purchaser resumed operation, some equipment included.

The previous chart represents a cross-section of industrial buildings throughout the general area with both open market transactions and forced sale transactions.

Indices 1, 2, 3, 4 were open market transactions and produced a somewhat wide range from $10.08 to $41.55 square foot. Index 5 had sold twice and while some motivation was present both times discussion with the purchaser did indicate the later sale in June 2014 to be near market levels. Index 2 was sold as part of an operating business and in fact the business has expanded several times since this sale, this building is most similar in size. Index 1 was an open market transaction however the building had been "gutted" on the interior for open unheated warehousing needs of the owner. Index 3 which also sold twice did have motivational issues in both instances.

We also have viewed sales from the larger Industrial Markets within the province and found sales ranging from about $25.00 to $120.00 for similar large industrial buildings.

In the final analysis we have concluded that a rate in the vicinity of $27.00 per square foot represents the indicated market value for the subject property in a Market Value context.

Conclusion

Based upon these data, the indicated Market Value for the subject property may be reasonably concluded as follows:

44,800 square feet @ $27.00/square foot = $1,210,000 (rounded)

Pursuant to your request we also viewed the property in the context of a forced sale valuation. "Forced Sale Value" is the amount that may reasonably be received from the sale of a property under forced sale conditions that do not meet all the criteria of a normal market transaction. It is a price which arises from disposition under extraordinary or atypical circumstances, usually reflecting an inadequate marketing period without reasonable publicity.

Forced Sale is an appropriate mode of sale reflecting an unwilling seller condition, and/or disposal under compulsion or duress. The recommended Forced Sale Value is arrived based on assumptions that the disposal of the property is carried out in a manner reflecting the position of an unwilling seller under conditions of compulsion or duress without an adequate period of marketing for the sale of such property.

As previously indicated indices 5-12 did have some form of distress or motivation involved. They produce a range in value from $4.68/ square foot to $30.93/ square foot. The upper level being index 5 did include some equipment which was sold after purchase, this property had previously sold at $15.40/ square foot. Index 6 which is quite recent was a very similar style building with less office component and in a similar rural location, although much smaller and should be given some consideration as such.

Based upon these data, the indicated "***Forced Sale Market Value***" for the subject property may be reasonably concluded as follows:

44,800 square feet @ $10.00/square foot = $448,000

8.4 Income Approach

- General

  The Income Approach or capitalization method of valuation is the approach whereby the anticipated net income from a property is capitalized at an appropriate rate in order to arrive at a capital value. The capital value is the amount of money, which it is expected the owner would realize from the sale of the property if offered for sale in the open market under normal conditions; in other words, the price a purchaser would pay having regard to the net income and the required rate of interest, which would be expected from the invested capital. This approach is primarily used in the valuation of investment/income properties and other real estate that would normally be bought and sold primarily on the basis of income produced.

  The subject can be considered to have certain characteristics of an income property.

- Analysis

  The subject property currently has no lease in place and has been owner occupied since development. We have had to review lease/rental data on other buildings in order to ascertain an applicable rental rate for the subject building.

  These buildings range in location from Woodstock and general area to smaller centres within the region. The rental rates vary from \$2.00 to \$9.00 per square foot with some leased as net and others leased as semi-gross.

  Based upon location, building ages, styles and condition as well as site requirements, an overall rate of \$6.00 square foot can be considered reasonable and well supported for the manufacturing warehouse sections of the building. As well, portions of the building have been leased in the past at a very similar rate.

Additionally, we have reviewed the Woodstock, Hartland and Florenceville-Bristol markets in order to determine rental levels for similar type office space in the area. We found rates ranging from $12.00/sq.ft. net to $25.00/sq.ft. gross and have concluded a rate of $12.00/sq.ft. can be considered reasonable and well supported for the subject office portion, particularly considering location.

- Capitalization

The overall capitalization method or Mortgage Equity Method begins by determining the stabilized annual rental level for the subject property and continues with the selection of an appropriate overall capitalization rate and ends with an indication of market value for the property.

Although little comparable data is available in order to develop a more market derived rate, we have made reference to a CBRE Q2 published survey, which indicates that going-in cap rates for the industrial sector nationwide are between 5.86% and 6.86%, although slightly higher for Halifax, the nearest survey centre, at 6.5% to 7.75%. The subject, however, is located within a rural area with little market activity, based upon this factor it is out opinion that a much higher rate between 10-13% would be more reflective of this rural location. Based upon the nature of this occupancy, style and quality of buildings, the subject property can be considered to have an indicated Market Value as follows:

Annual Stabilized Rent Potential	
40,000 sq. ft. @ $6.00/sq.ft.=	$240,000
4,800 sq. ft. @ $12.00/sq.ft.=	$ 57,600
Total Potential Gross Income	$297,600
Less: Vacancy and Collection Loss (15%)	44,640
Effective Gross Income:	$252,960

Operating costs have been summarized as follows:

Management (5% of effective gross income)	$ 12,648
Land Lease	$ 25,000
Insurance	$ 7,500
Professional Fees	$ 2,500
Utilities	$ 30,000
Realty taxes	$ 19,000
Repairs and Maintenance	$ 10,000
Resources & Replacements (3%)	$ 7,589
Yard Maintenance	$ 5,000
Total Expense	$119,237

- Net Operating Income

  Based upon the previous projection of income and operating costs, the net operating income before debt service may now be determined to be $133,723.

- Capitalization

  The final step in the income method requires the conversion of the projected net operating income into an opinion of value.

  Based upon our prior discussions we have projected a rate of about 12% to be reasonable.

- Conclusion

  The opinion of market value for the subject property may now be determined by dividing the net operating income by the overall capitalization rate.

Net Operating Income	$133,723
Capitalization Rate	.12
Indicated Property Value (rounded):	$1,114,000

8.5 Final Opinion of Market Value

The indication of Market Value from these two methods is summarized as follows:

INCOME METHOD	**$1,114,000**
DIRECT COMPARISON METHOD	**$1,210,000**
FORCED SALE MARKET VALUE	
BY DIRECT COMPARISON	**$ 488,000**

These methods set out a somewhat narrow bracket with each method using data extrapolated from the local market.

The Income Method is considered quite reliable, particularly in the sense the rental and operating costs have been related as much as possible to market conditions.

The Direct Comparison Method is reflective of the local commercial market, however, the data are quite varied in style, age and condition, as well as, in occupancy.

In order to respect primarily the Income Method, with support from the Direct Comparison, the final opinion of Market Value for this property can be considered quite well supported at:

ONE MILLION, ONE HUNDRED TWENTY THOUSAND DOLLARS
($1,120,000)

FORCED SALE MARKET VALUE

As previously defined we also viewed the property on the basis of forced sale, by Direct Comparison Method and have concluded Forced Sales Market Value to be:

FOUR HUNDRED EIGHTY-EIGHT THOUSAND DOLLARS

($488,000)

ADDENDA

APPENDIX A

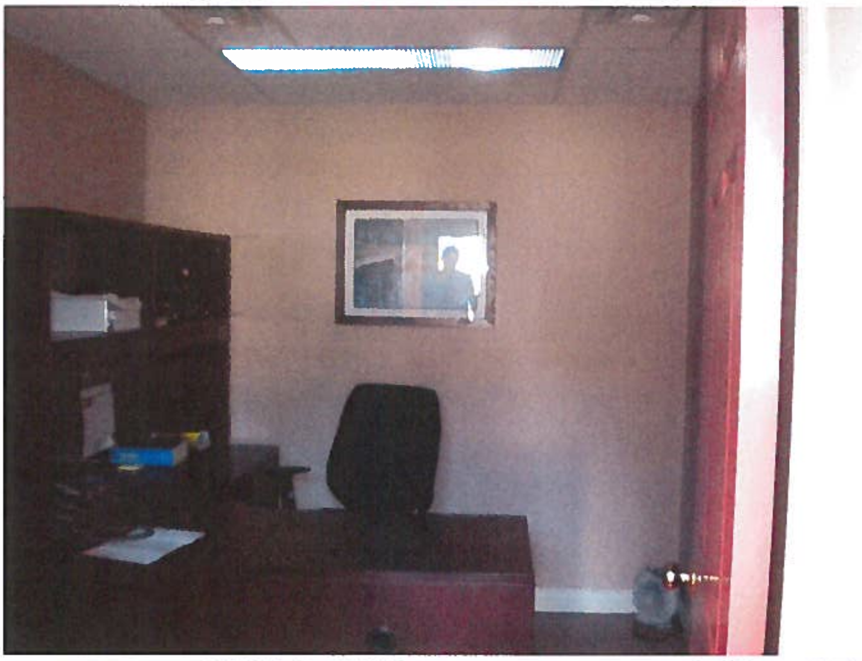
FROM ROUTE 105

FROM WEST (HATCHERY)

FROM ROUTE 105 PARKING LOT

FROM ROUTE 105

MAIN LOBBY OFFICE

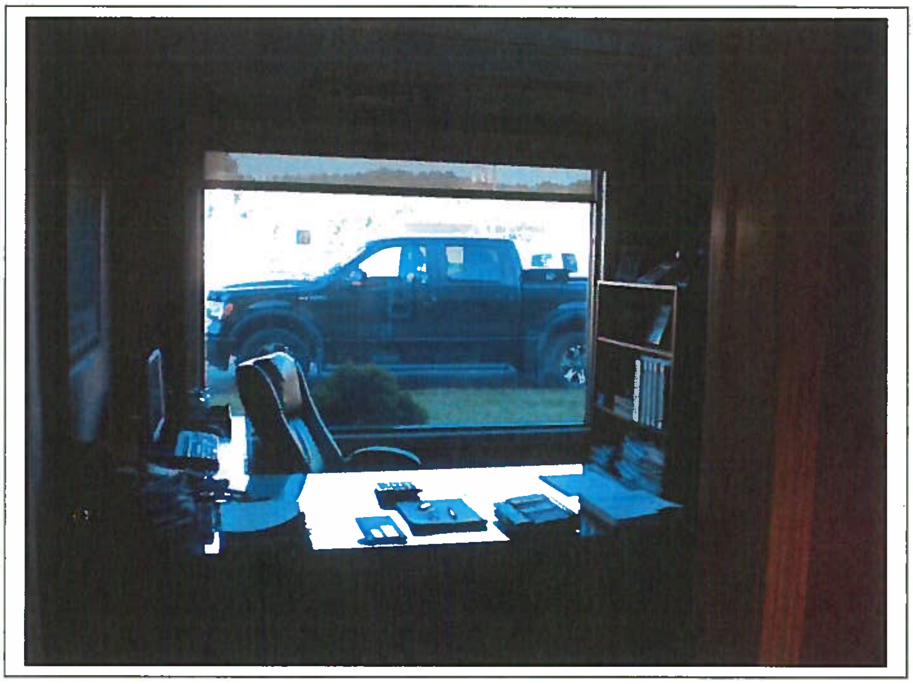


PRIVATE OFFICE FIRST FLOOR

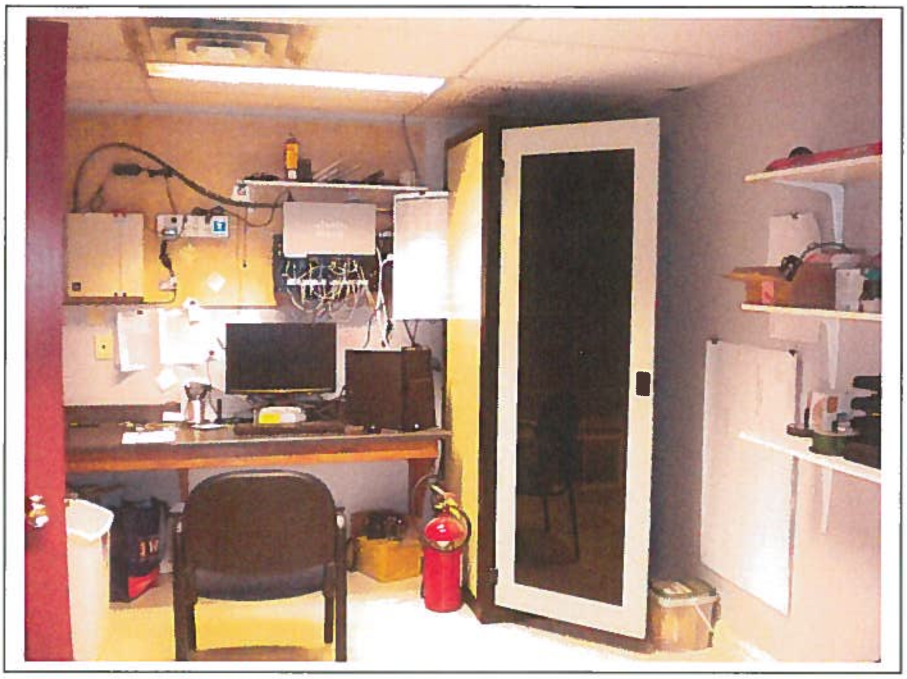
PRIVATE OFFICE FIRST FLOOR

PRIVATE OFFICE FIRST FLOOR

PRIVATE OFFICE FIRST FLOOR



PRIVATE OFFICE FIRST FLOOR



SERVER ROOM

FILE STORAGE

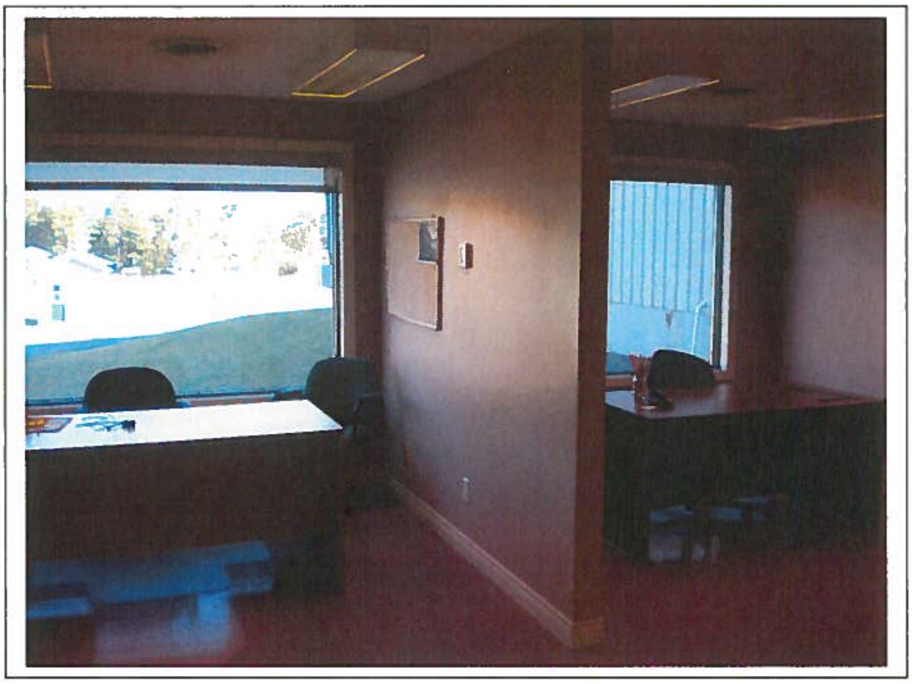
MENS WASHROOM

LADIES WASHROOM

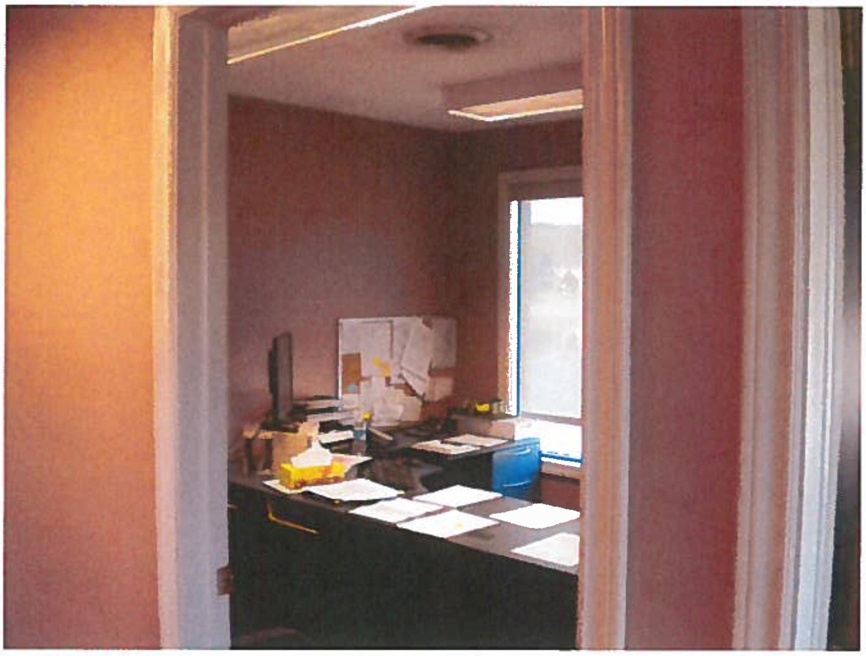
PRIVATE OFFICE LEVEL TWO

BOARD ROOM LEVEL TWO

LUNCH ROOM LEVEL TWO



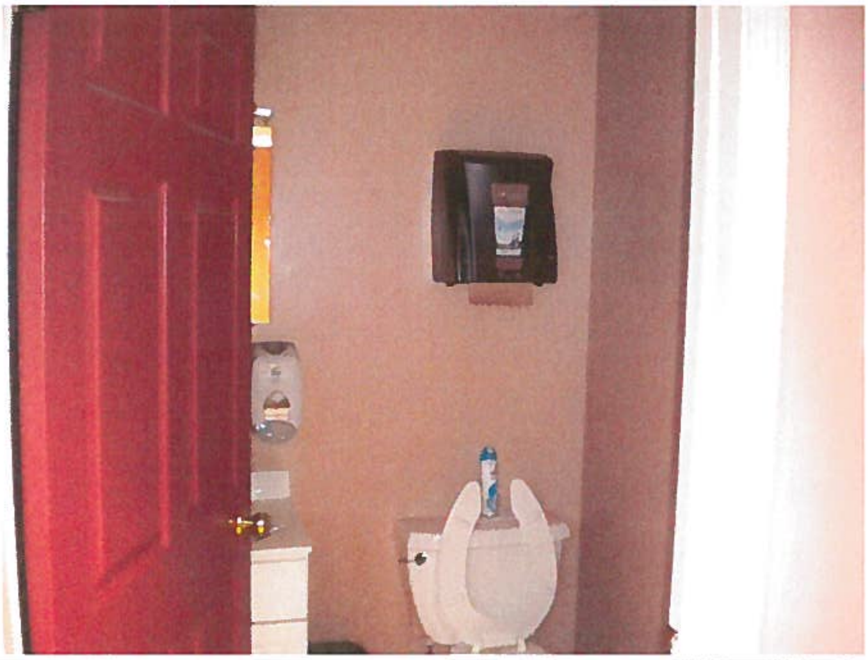
OFFICE LEVEL ROOM



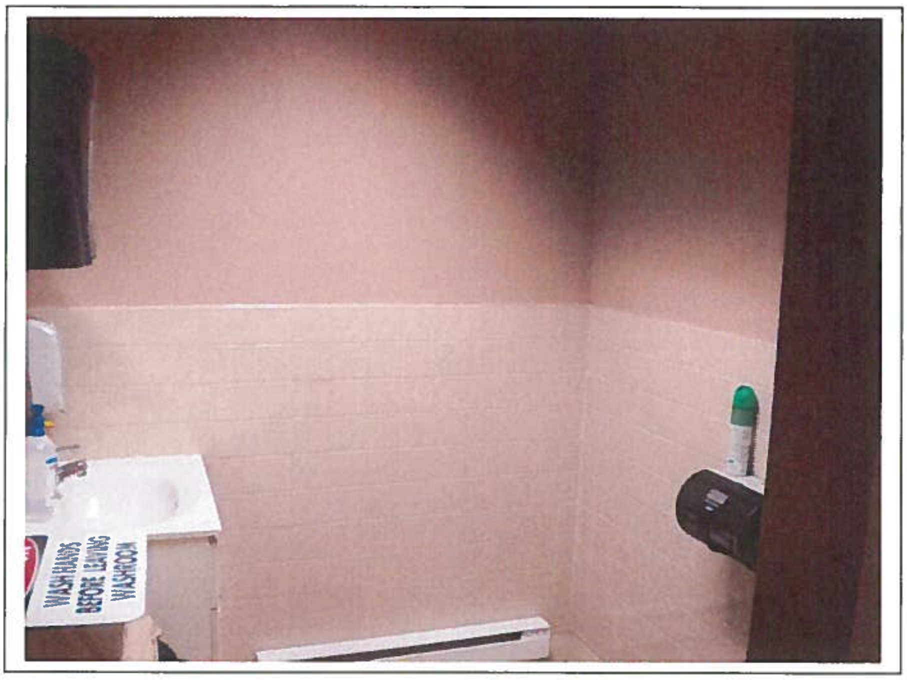
PRIVATE OFFICE LEVEL TWO

PRIVATE OFFICE LEVEL ROOM

ENTRY AREA LEVEL TWO



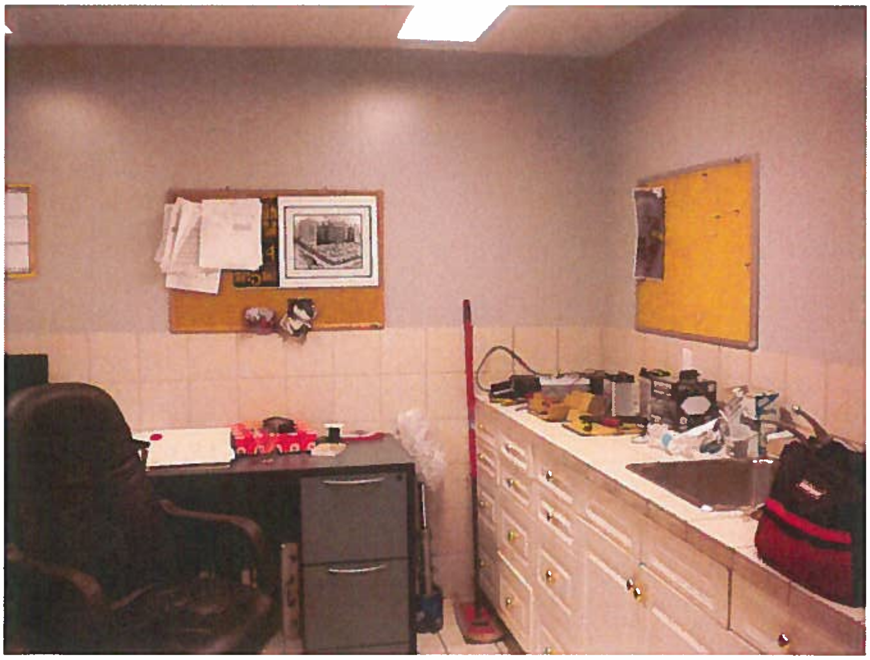
WASHROOM LEVEL TWO



WASHROOM LEVEL TWO

WASHROOM LEVEL TWO

MAIN WAREHOUSE



LABORATORY SECOND LEVEL

MAIN WAREHOUSE

MAIN WAREHOUSE

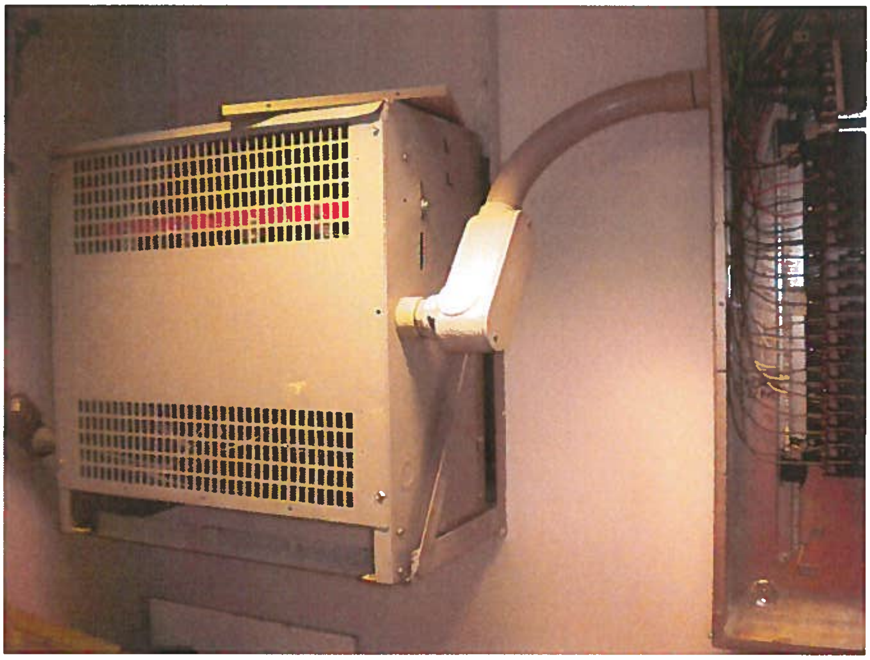
MAIN WAREHOUSE

MAIN WAREHOUSE

ELECTRICAL

ELECTRICAL

HOT WATER MAIN LEVEL



TRANSFORMER MAIN LEVEL

APPENDIX B

Title:

Scale/Échelle: 1:2,694

Date: 10/14/2016

Printed by/Imprimé par:

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APPENDIX C

33658650 Lt

Plan received and filed/plan reçu et déposé

date/date 2014-04-01

time/heure 10:56:36 number/numéro 33658650

District of New Brunswick/
Circonscription du Nouveau-Brunswick

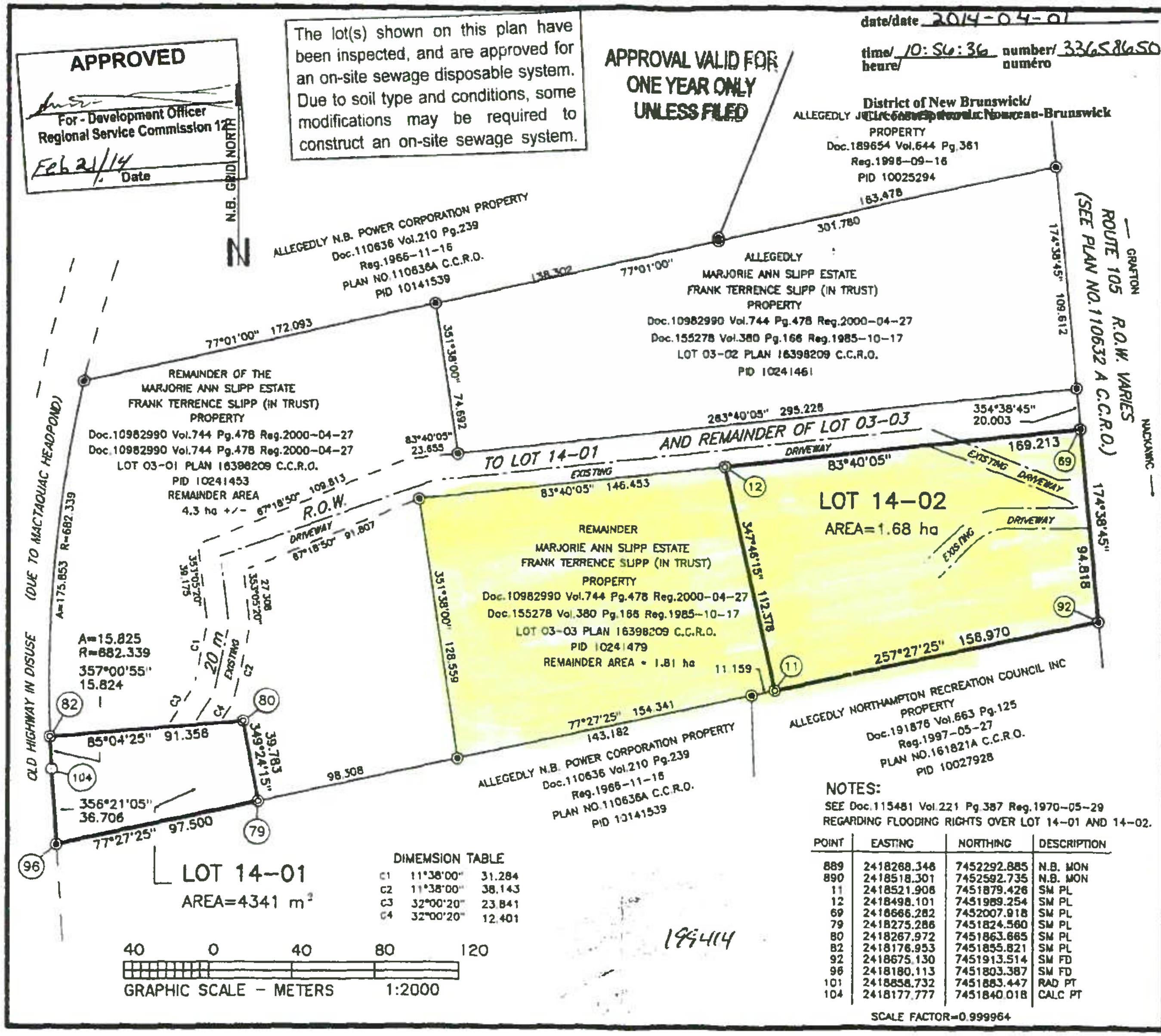
APPROVED

For - Development Officer
Regional Service Commission 12

Feb 21/14 Date

The lot(s) shown on this plan have been inspected, and are approved for an on-site sewage disposable system. Due to soil type and conditions, some modifications may be required to construct an on-site sewage system.

APPROVAL VALID FOR ONE YEAR ONLY UNLESS FILED



NOTES:
SEE Doc.115481 Vol.221 Pg.387 Reg.1970-05-29
REGARDING FLOODING RIGHTS OVER LOT 14-01 AND 14-02.

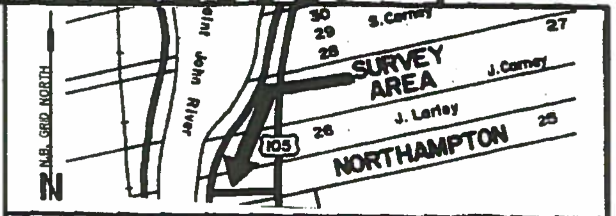
DIMENSION TABLE

C1	11°38'00"	31.284
C2	11°38'00"	38.143
C3	32°00'20"	23.841
C4	32°00'20"	12.401

POINT	EASTING	NORTHING	DESCRIPTION
889	2418268.346	7452292.885	N.B. MON
890	2418518.301	7452592.735	N.B. MON
11	2418521.906	7451879.426	SM PL
12	2418498.101	7451989.254	SM PL
69	2418666.282	7452007.918	SM PL
79	2418275.286	7451824.560	SM PL
80	2418267.972	7451863.665	SM PL
82	2418176.953	7451855.821	SM PL
92	2418675.130	7451913.514	SM FD
96	2418180.113	7451803.387	SM FD
101	2418858.732	7451883.447	RAD PT
104	2418177.777	7451840.018	CALC PT

SCALE FACTOR=0.999964

199414



KEY PLAN SCALE 1:31680 GRANT REFERENCE PLAN NO. 111

SUBDIVISION PLAN
SLIPP SUBDIVISION LOT 14-01 & 14-02
ROUTE 105 AT NORTHAMPTON
PARISH OF NORTHAMPTON COUNTY OF CARLETON
PROVINCE OF NEW BRUNSWICK

PLAN NO.94-072-14-1

NOTES:
1. DIRECTIONS SHOWN ARE NEW BRUNSWICK COORDINATE GRID AZIMUTHS REFERRED TO NEW BRUNSWICK GRID MONUMENTS 889 AND 890
2. AZIMUTHS ARE ROUNDED TO THE NEAREST 05".
3. NEW BRUNSWICK COORDINATE VALUES SHOWN ARE IN METERS UNLESS OTHERWISE STATED
4. ALL DISTANCES ARE IN METRES AND MAY BE CONVERTED TO FEET BY DIVIDING BY 0.3048
5. ALL AZIMUTHS AND DISTANCES ARE CALCULATED UNLESS OTHERWISE STATED
6. ADJACENT OWNER INFORMATION OBTAINED FROM SERVICE NEW BRUNSWICK RECORDS
7. COORDINATES SHOWN ON THIS PLAN ARE BASED ON THE NEW BRUNSWICK STEREOGRAPHIC DOUBLE PROJECTION AND THE NAD 83 (CSRS) ELLIPSOID UNLESS OTHERWISE STATED
8. FIELD SURVEY COMPLETED 20 FEBRUARY 2014

LEGEND:

SERVICE NEW BRUNSWICK PROPERTY IDENTIFIER	PID
LANDS DEALT WITH BY THIS PLAN	
STANDARD SURVEY MARKER PLACED	
STANDARD SURVEY MARKER FOUND	
WOODEN POST PLACED	
WOODEN POST FOUND	
N.B. COORDINATE MONUMENT	
INFORMATION OBTAINED BY OTHER MEANS THAN SURVEYOR'S MEASUREMENTS	(4)
CENTERLINE	℄
PROPERTY LINE	
NOT TO SCALE	
HECTARES	ha
METRES SQUARE	m²
FENCE	
IRON BAR FOUND	
IRON PIPE FOUND	
CALCULATED POINT	

I, DALE M. MacFARLANE, REGISTERED NEW BRUNSWICK LAND SURVEYOR, HEREBY CERTIFY THAT I HAVE SURVEYED THOSE LANDS DEALT WITH BY THIS PLAN AND THAT THE INFORMATION DIRECTLY ASSOCIATED WITH SUCH LANDS IS CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF. PERIPHERAL INFORMATION HAS BEEN PRESENTED FOR REFERENCE PURPOSES ONLY AND IS NOT HEREIN CERTIFIED TO BE CORRECT.

SURVEYED BY: N.B.L.S. No.343

DALE M. MacFARLANE DATE: 20 FEBRUARY 2014

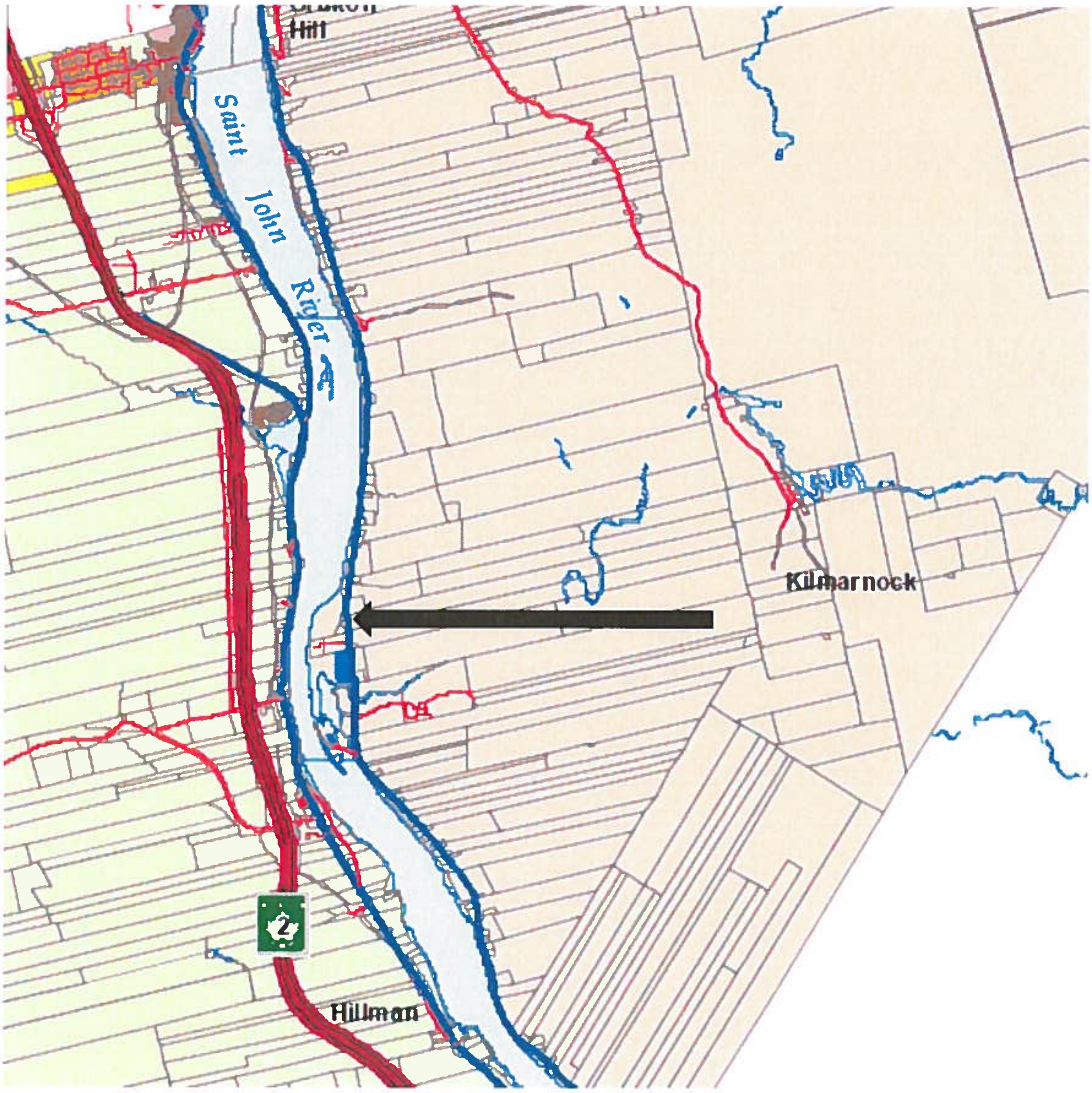
I HEREBY CERTIFY THAT I AM THE REGISTERED OWNER OR AGENT OF THE AFFECTED PROPERTY AND GIVE MY APPROVAL TO THIS SURVEY.

PER : MARJORIE SLIPP ESTATE

DALE M. MAC FARLANE
LAND SURVEYING LTD.
111 GRANT ST WOODSTOCK NB E7M 3Y5
TEL:506-328-3563 FAX:506-325-9004 EMAIL:MACFARL@NBNET.NB.CA

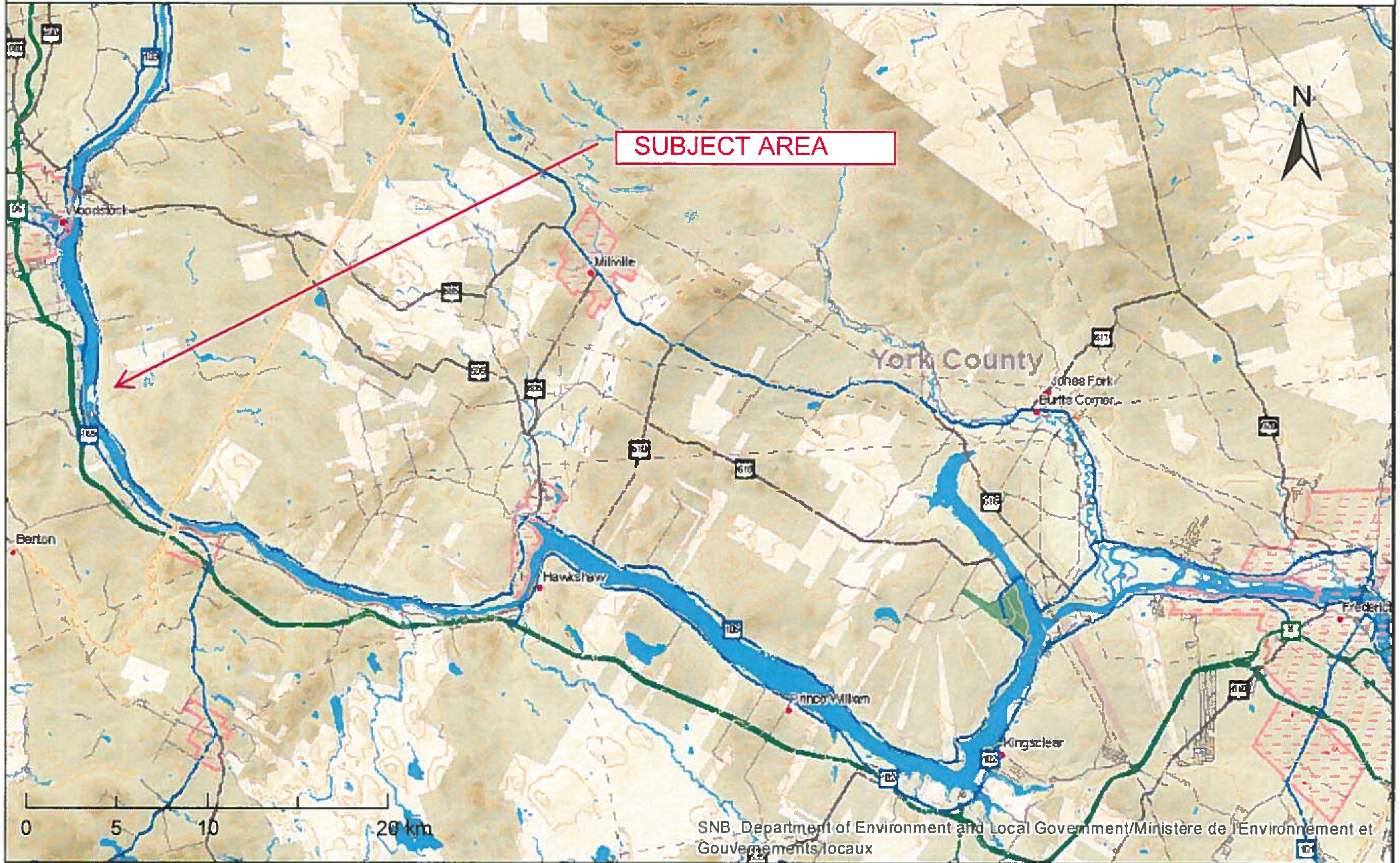
APPENDIX D

ZONING MAP



APPENDIX E

Title:



Scale/Échelle: 1:336,806

Date: 10/14/2016

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APPENDIX F

LEASE

Between

ERNST & YOUNG INC., IN ITS CAPACITY AS COURT APPOINTED RECEIVER OF ALL OF THE ASSETS OF THOSE ENTITIES LISTED IN SCHEDULE A HERETO

and

KELLY COVE SALMON LTD.

Dated as of the 12th day of August, 2016

3801 Route 105, Northampton, NB E7N 1C7

820908 v2

TABLE OF CONTENTS

THIS INDENTURE OF LEASE (the "Lease") made the 12th day of August, 2016,

BETWEEN:

ERNST & YOUNG INC., IN ITS CAPACITY AS COURT APPOINTED RECEIVER OF ALL OF THE ASSETS OF THOSE ENTITIES LISTED IN SCHEDULE A HERETO

(the "Landlord")

AND

KELLY COVE SALMON LTD.

(the "Tenant")

WHEREAS:

A. Pursuant to a court order made in the Court of Queen's Bench of New Brunswick in Bankruptcy and Insolvency in the Judicial District of Fredericton dated on or about April 25, 2016, (the "Order"), the Landlord is the court appointed receiver of those entities set out in **Schedule A** hereto;

B. By lease or leases (collectively, the "Head Lease") made between Marjorie Ann Slipp, Frank Terrence Slipp, Dale A Slipp, Kateherine A. Core, Robert H. Slipp and James S. Slipp or any of them, as landlord (collectively, the "Head Landlord"), and one or more of those entities set out in **Schedule A** hereto, the Head Landlord leased to one or more of those entities set out in **Schedule A** hereto those lands and premises comprised of the lands described in **Schedule 1.1**;

C. The Landlord wishes to lease to the Tenant and the Tenant wishes to lease from the Landlord the Premises and the Equipment, each as hereinafter defined, on the terms and subject to the conditions set out herein;

WITNESSETH that in consideration of the rents, covenants, conditions and agreements herein contained, the Landlord and the Tenant covenant and agree as follows:

1. DEMISE

1.1 Premises

The Landlord hereby leases to the Tenant the lands described in **Schedule 1.1**, including all improvements, buildings, structures, facilities, fixtures and appurtenances thereon and benefits thereto (the "Premises").

1.2 Equipment

The Landlord hereby leases to the Tenant the equipment described in **Schedule 1.2** (the "Equipment").

2. TERM

To have and to hold the Premises and Equipment for and during the term (the "Term") commencing on August 22, 2016 (the "Commencement Date") and ending July 31, 2017.

3. RENT AND ADDITIONAL RENT

3.1 Rent

(a) The Tenant agrees to pay to the Landlord, as rent for the Premises and the Equipment a base rent in the total sum of $12,500.00 per month, plus HST, payable on the Commencement Date and the first day of each calendar month of the Term, in advance except as otherwise set out herein.

(b) It is the intention of the parties that the base rent and additional rent payable hereunder shall be net to the Landlord and that, except as otherwise herein expressly provided, the Tenant shall at its expense pay or cause to be paid all non-capital costs, outlays and expenses of any nature and kind whatsoever relating to or affecting the Premises or Equipment or for any other matter or thing affecting the Premises or Equipment and in connection with any business carried on therein or thereon; provided, however, that the Tenant shall not be responsible for the payment of any amounts for the performance of any obligations under any prior mortgage or charge affecting the Premises and Equipment or any lease or licence fees or other financing fees.

(c) If the Term commences on any day other than the first day of the month, or ends on any day other than the last day of the month, rent for the fractions of a month at the commencement and at the end of the Term shall be calculated on a *pro rata* basis and shall be payable on the first day of the partial month.

3.2 Payment as Rent

All of the payments set out in this Lease shall constitute additional rent, and shall be deemed to be and shall be paid as rent, whether or not any payment is payable to the Landlord or otherwise, and whether or not as compensation to the Landlord for expenses to which it has been put.

3.3 Interest on Overdue Amounts

If the Tenant shall fail to pay any rent or other amount when the same is due and payable to the Landlord, such unpaid amount shall bear interest at the rate of twelve percent (12%) per annum (calculated monthly at the rate of one percent (1.0%)), such interest to be calculated from the time the amount becomes due until paid by the Tenant.

4. USE

4.1 Use

The Tenant agrees to use the Premises and Equipment for the purpose of operating a fish hatchery and any other ancillary, complementary or other such use in a careful, prudent and lawful manner. The Tenant shall keep the Premises and Equipment in as good order, condition and repair as the same now are and shall deliver up the Premises and Equipment at the expiration or termination of this Lease in such condition, reasonable wear and tear thereof only excepted. The Tenant shall not do or suffer any waste or damage, disfiguration or injury to the

Premises or Equipment, nor permit or suffer any overloading of the floors, roof deck, walls or any other part of the Premises, and shall not use or permit to be used any part of the Premises or Equipment for any illegal or unlawful purpose.

4.2 "As Is" Condition

(a) The Tenant acknowledges that it has inspected the Premises and Equipment prior to taking possession thereof and except as specifically provided in this Lease, the Premises are being accepted in an "as is" condition and the Landlord is not responsible for performing any leasehold improvements or other work and the Landlord makes no representations or warranties as to the state of the Premises or Equipment.

(b) Without limiting the generality of the foregoing, the Tenant acknowledges presence of bacterial kidney disease in the Premises.

4.3 Quiet Enjoyment

The Tenant, upon paying the rent hereby reserved, and performing and observing the covenants and provisions herein required to be performed and observed on its part, shall peaceably enjoy the Premises and Equipment for the Term.

4.4 Landlord's Covenants

The Landlord represents, warrants and covenants with the Tenant as follows:

(a) to pay rent and all other amounts to the Head Landlord in accordance with the terms of the Head Lease;

(b) to perform and observe the covenants on its part contained in the Head Lease with respect to the Premises so far as such covenants are not required to be performed and observed by the Tenant, and at all times to keep the Tenant indemnified against all actions, expenses, claims and demands on account of the non-performance of such covenants so far as such covenants are not required to be performed and observed by the Tenant. In the event of any default or failure of performance by the Head Landlord, the Landlord agrees upon notice from the Tenant, to make demand upon the Head Landlord to perform its obligations under the Head Lease;

(c) that the Head Lease is presently in full force and effect and that all rent and other payments required to be made thereunder have been made to the date hereof; and

(d) the Landlord is authorize to execute and deliver this Lease pursuant to the Order and this Lease constitutes a legal, valid and binding obligation of the Landlord enforceable in accordance with its terms.

5. TAXES, UTILITIES AND OTHER CHARGES

5.1 Property Taxes

The Landlord agrees to be responsible for and pay all real estate taxes levied or assessed against the Premises and Equipment, which include property taxes, business taxes, municipal fire service, water and sewer to the Premises and standard municipal garbage collection from the Premises as and when due during the Term (collectively the "<u>Property Taxes</u>").

5.2 Tenant's Responsibilities

The Tenant agrees to be responsible to pay all third party utility providers the cost of all fuel, power, electricity and telephone/internet used or consumed in the Premises, the cost of any disposal of waste, the cost of solid waste collection exceeding local municipal responsibility and any tax assessable on the Premises and Equipment and on the property and equipment of the Tenant in the Premises calculated and payable on a pro-rated monthly basis. The Tenant shall make all arrangements with, monthly payments to any such utility company. The Tenant shall not install any equipment which would exceed or overload the capacity of the utility facilities in the Premises or the electrical wiring and service in the Premises. For certainty, the Tenant shall not be responsible for charges or expenses including, without limitation, any Property Taxes, utility costs or similar charges that relate to periods prior to the Commencement Date.

6. ALTERATIONS AND REPAIRS

6.1 Improvements and Alterations

No additions, modifications or alterations to the Premises or the Equipment are to be made by the Tenant without the prior written consent of the Landlord, which consent shall not be unreasonably withheld. Except as otherwise set out herein, all such additions, modifications or alterations consented to by the Landlord are to be made only at the expense of the Tenant. Any and all such additions, alterations and modifications shall be made in accordance with all applicable laws and regulations. The Tenant agrees that it shall, upon request of the Landlord, at the end of the Term or other expiration of this Lease, put the Premises back in the same condition as when the Tenant took possession, except to the extent that any addition, alteration or modification had been previously consented to by Landlord. If any construction or other lien or order for the payment of money shall be filed against the Premises by reason of or arising out of any labour or material furnished to the Tenant or to anyone claiming through the Tenant, the Tenant, within ten (10) days after receipt of notice of the filing thereof, shall cause the same to be discharged by bonding, deposit, payment, court order or otherwise. The Tenant shall defend all suits to enforce such lien or orders against the Tenant, at the Tenant's sole expense. The Tenant hereby indemnifies the Landlord against any expense or damage incurred as a result of such liens or orders.

6.2 Equipment

(a) **Tenant's Equipment:** All fixtures and equipment whether owned by the Tenant or leased by the Tenant from another party (hereinafter called the "Equipment Lessor") installed in, at, on or under the Premises by the Tenant regardless of the manner or mode of attachment, shall be and remain the property of the Tenant or any such Equipment Lessor and may be removed by the Tenant or any such Equipment Lessor at any time. In no event shall the Landlord have any liens, rights or claims in the Tenant's or Equipment Lessor's fixtures and equipment and Landlord agrees to execute and deliver to the Tenant and Equipment Lessor, within ten (10) days after request therefor, any document required by the Tenant or Equipment Lessor in order to evidence the foregoing. The Tenant shall promptly repair all damage to the Premises caused by the removal of any such fixtures or equipment.

(b) **Landlord's Equipment:** The Equipment situated at the Premises as of the Commencement Date which is owned, leased or controlled by the Landlord, as described in **Schedule 1.1** hereof, shall be and remain the property of or controlled by the Landlord, as the case may be, or any such lessor of Equipment to the Landlord and may not be removed by the Tenant at any time. In no event shall the Tenant have in respect of the Equipment nor cause to attach to the Equipment any liens, rights or claims in the Equipment save as provided herein, and the Tenant agrees to execute and deliver to the Landlord and/or any lessor of Equipment to the Landlord, within ten (10) days after request therefor, any document required by the Landlord or any lessor of Equipment to the Landlord in order to evidence the foregoing.

6.3 Maintenance and Repair

The maintenance and repair of the Premises shall be governed as follows:

(a) the Tenant shall be responsible, at its expense, for the day-to-day maintenance and repair of the Premises, including, without limitation, plumbing fixtures and lines, electrical wiring, all heating, ventilation and air-conditioning equipment and facilities, all facilities and equipment providing water, light and heat and all decorating and redecorating of the Premises, including the floor coverings and painting and maintenance of all walls (exterior and interior), and shall make any and all other repairs due to the negligence or misuse of Premises by the Tenant (except to the extent covered by Landlord's insurance);

(b) the Tenant shall be responsible, at its expense, for the day-to-day maintenance and repair of the Equipment, to be maintained at all times in accordance with the manufacturer's specifications; and

(c) notwithstanding anything to the contrary contained herein the Tenant and shall surrender return the Premises and Equipment to the Landlord at the end of the Term in substantially the same condition as it was received from the Landlord, normal wear and tear excepted. For certainty and without limitation, nothing herein shall obligate the Tenant to return the Premises or Equipment to the Landlord at the end of the Term in better conditions than existed as at the Commencement Date.

6.4 Compliance with Laws

The Tenant shall, at its own expense, comply with all applicable laws and regulations affecting the Premises or the use or occupation thereof including, without limitation, police, fire, health, environmental, labour, workplace health and safety, federal, provincial and municipal regulations, and requirements of the fire insurance underwriters.

6.5 Landlord's Right to Inspect

The Tenant shall permit the Landlord, its servants or agents to enter upon the Premises during normal business hours and provided the Landlord has provided the Tenant with not less than 24 hours prior notice for the purpose of inspection and of making repairs, alterations or improvements to the Premises.

6.6 Landlord's Right to Enter

The Tenant shall permit the Landlord, its servants or agents or invitees to enter upon the Premises during normal business hours and provided the Landlord has provided the Tenant with not less than 24 hours prior notice for the purpose of exhibiting the Premises to prospective mortgagees and/or purchasers. The Landlord shall have the right to place on the Premises a "for sale" sign of reasonable dimensions.

7. INSURANCE, RELEASES AND INDEMNITY

7.1 Tenant's Insurance

(a) The Tenant shall obtain and maintain in force and effect, the following insurance:

(i) fire and extended insurance coverage on all property of the Tenant, or for which the Tenant is legally liable, or which is installed by or on behalf of the Tenant, within the Premises including, without limitation, stock-in-trade, furniture, equipment, partitions, trade fixtures and Leasehold Improvements, in an amount not less than the full replacement cost thereof from time to time;

(ii) commercial general liability and property damage insurance, including personal liability, public liability, contractual liability, tenants' legal liability, non-owned automobile liability, and owners' and contractors' protective insurance coverage with respect to the Premises, which coverage shall include the business operations conducted by the Tenant and any other person on the Premises. Such policies shall be written on a comprehensive basis with coverage for any one occurrence or claim as would be carried by a prudent Tenant carrying on the same business as the Tenant in the Premises from time to time. Said general liability policy shall name Landlord as an additional insured covered under such insurance contract but only to the extent of losses or claims caused by or arising out of the negligent acts of the Tenant and its employees, agents and partners; and

(iii) such other forms of insurance as would be carried by a prudent Tenant carrying on the same business as the Tenant in the Premises from time to time.

(b) The Tenant shall, upon request, provide to the Landlord certificates or policies of insurance evidencing compliance with the foregoing requirements.

7.2 Landlord's Insurance

The Landlord shall obtain and maintain in full force and effect at its sole cost and expense, insurance on the whole of the Premises and Equipment against loss, damage or destruction caused by fire and extended perils under a standard extended form of fire insurance policy in such amounts and on such terms and conditions as would be carried by a prudent owner of a similar premises and equipment.

7.3 Mutual Indemnity

Each of the Landlord and Tenant (the "Indemnifying Party", as the case may be) shall indemnify the other (the "Indemnified Party", as the case may be) and save such Indemnified Party harmless from any and all losses or claims, actions, demands, liabilities and expenses (including in connection with loss of life, personal injury and/or damage to or loss of property): (a) arising out of any occurrence occasioned or caused wholly or in part by any act or omission of such Indemnifying Party or anyone for whom it is in law responsible; or (b) arising from any breach by the Indemnifying Party of any provision of this Lease.

7.4 Tenant's Indemnity

(a) The Tenant hereby covenants and agrees, at its expense, to release, indemnify and save harmless the Landlord, its officers, directors, agents, employees, contractors and invitees, from any and all losses or claims, actions, demands, liabilities and expenses (including in connection with loss of life, personal injury and/or damage to or loss of property) (including legal and other defence costs) and/or damages arising out of or in connection with the use of the Premises and/or Equipment or the business to be conducted by the Tenant or the Tenant's contractors, subtenants or agents at or upon the Premises during the Term;

(b) In the event that the Landlord becomes aware of any claim, proceeding or other matter (a "Claim") in respect of which the Tenant agreed to indemnify the Landlord pursuant to this Lease, the Landlord shall promptly give written notice thereof to the Tenant. Such notice shall specify with reasonable particularity (to the extent that the information is available) the factual basis for the Claim and the amount of the Claim, if known; and

(c) With respect to any Claim, the Tenant shall have the right, at its expense, to participate in or assume control of the negotiation, settlement or defence of the Claim provided that the Tenant acknowledges and agrees that it is fully responsible for such Claim and agrees to keep the Landlord fully advised of all developments in respect of such Claim. If the Tenant so elects to assume such control, the Landlord shall have the right to participate in the negotiation, settlement or defence of such Claim and to retain counsel to act on its behalf, provided that the fees and disbursements of such counsel shall be paid by the Landlord unless the Tenant consents to the retention of such counsel.

8. ENVIRONMENTAL MATTERS

8.1 Definitions

In this Lease:

(a) "Environmental Law" means any law, by-law, order, ordinance, ruling, regulation, certificate, approval, consent or directive of any applicable federal, provincial or municipal government, governmental department, agency or regulatory authority or any court of competent jurisdiction: (i) relating to pollution or the protection of human health or the environment (including workplace health and safety); (ii) dealing with filings, registrations, emissions, discharges, spills, releases or threatened releases of Hazardous Material or substances containing Hazardous Material; and/or (iii) regulating the import, storage, distribution, labelling, sale, use, handling, transport or disposal of a Hazardous Material; and

(b) "Hazardous Material" shall mean any substance capable of posing a risk or damage to health, safety, property or the environment including, without limitation, any contaminant, pollutant, dangerous or potentially dangerous substance, noxious substance, toxic substance, hazardous waste, flammable or explosive material, radioactive material, urea formaldehyde foam insulation, asbestos, polychlorinated biphenyls, polychlorinated biphenyl waste, polychlorinated biphenyl related waste, and any other substance or material now or hereafter declared, defined or deemed to be regulated or controlled under any applicable Environmental Law.

8.2 Tenant's Warranty

The Tenant shall not cause or permit any Hazardous Material to be brought upon, kept or used in or about the Premises; provided however that if any Hazardous Material is necessary to the Tenant's business, such Hazardous Material may be brought upon, kept or used in or about the Premises by Tenant but only if such Hazardous Materials are used, kept and/or stored in a manner that complies with all Environmental Law. The Tenant shall immediately notify the Landlord in writing or any release or other activity at or upon the Premises for which notification of any governmental entity is required pursuant to applicable Environmental Laws.

8.3 Tenant's Indemnity

The Tenant covenants and agrees that it shall be fully responsible for any and all environmental liabilities relating to the Premises that are caused by the Tenant or any person or party for whom it is responsible at law, and shall indemnify and save the Landlord harmless from and against, any and all liabilities, claims, damages, interest, penalties, fines, monetary sanctions, losses, costs and expenses whatsoever (including, without limitation, reasonable costs of professional advisors, consultants and experts in respect of any investigation and all costs all remediation and other clean-up costs and expenses) arising in any manner whatsoever out of any and all such environmental liabilities relating to the Premises that are caused by the Tenant or any person or party for whom it is responsible at law, and any breach by the Tenant of any provisions of this Article 8 or any noncompliance with any Environmental Law by the Tenant and those for whom it is responsible. Without limiting the foregoing, if the presence of any Hazardous Material on the Premises caused or permitted by the Tenant results in any contamination of the Premises, the Tenant shall promptly take all actions, at its sole expense, as are necessary to return the Premises to the condition existing prior to the introduction of any such Hazardous Material to the Premises by the Tenant.

8.4 Release of Tenant

Notwithstanding any other provision of this Lease, the Tenant shall not be responsible or liable in any manner for, and the Landlord releases, indemnifies and saves harmless the Tenant from and against any and all liability, claims, damages, penalties, fines, losses, costs and expenses in respect of:

(a) any non-compliance with any Environmental Law, unless such non-compliance was caused by the Tenant or is a result of the Tenant's use of the Premises; or

(b) all remediation and cleanup costs and expenses required due to environmental conditions existing prior to the Tenant's initial occupancy of the Premises.

9. SUBLEASE, ASSIGNMENT AND SALE

9.1 Sublease and Assignment by Tenant

(a) Except as provided for in this lease, Tenant may not sublet the Premises or Equipment in whole or in part or assign or charge or encumber this Lease or any interest therein or otherwise part with or share possession of the Premises (any of the foregoing being a "<u>Transfer</u>") without the prior written consent of the Landlord, which consent shall not be unreasonably withheld.

(b) So long as the Tenant is Kelly Cove Salmon Ltd., it shall have the right to grant a license for the use and occupation of, or a sublease of, the Premises and Equipment to any corporation or entity affiliated with Kelly Cove Salmon Ltd. or Cooke Aquaculture Inc. for the purposes of the operation of the business to be conducted upon the Premises without the consent of, but with prior written notice to, the Landlord.

(c) In no event shall any grant of license or sublease by the Tenant release or relieve the Tenant from its obligations fully to perform all the terms, covenants and conditions of this

Lease to be performed. Notwithstanding any such license or sublease, the Tenant shall not be relieved of liability by any subsequent amendment of the terms hereof between the Landlord and the licensee or subtenant or any granting of time, renewals, extensions, indulgences, releases, discharges or other assignments with the licensee or subtenant.

9.2 Sale by Landlord / Non-Disturbance

(a) In the event of the sale by the Landlord of its interest in the Premises and Equipment or any part or parts thereof, and in conjunction therewith the assignment by the Landlord of this Lease or any interest of the Landlord herein, the Landlord shall be relieved of any liability under this Lease in respect of matters arising from and after such assignment provided that the transferee or assignee, as the case may be, enters into an agreement with the Tenant agreeing to be bound by the terms and conditions of this Lease.

(b) Notwithstanding anything to the contrary herein, no sale or transfer by the Landlord of its interest in the Premises or Equipment or any part or parts thereof shall have the effect of permitting such assignee or transferee to disturb the occupation, possession and use by the Tenant of the Premises and Equipment or of affecting the rights of the Tenant pursuant to the terms of this Lease, provided that the Tenant performs all of its covenants, agreements and conditions contained in this Lease.

(c) In the event the Premises is assigned or transferred to the Tenant or an affiliate thereof, this Lease will automatically terminate and be of no further force and effect.

10. DEFAULT AND REMEDIES

10.1 Tenant's Default

The Landlord shall have all remedies, including damages and injunction, available to the Landlord at law or in equity arising upon any default by the Tenant under this Lease.

11. MISCELLANEOUS

11.1 Notices

All notices, demands, requests and payments (including rent) which may be or are required to be given pursuant to this Lease shall be in writing and shall be sufficiently given if served personally upon any officer of the party for whom it is intended, sent by facsimile or other electronic means of communication or mailed, prepaid and registered:

(a) In the case of the Landlord, addressed to it, as follows:

RBC Waterside Centre
1871 Hollis Street, Suite 500
Halifax, Nova Scotia B3J 0C3

Attention: George Kinsman CPA, CA, CIRP, LIT
Facsimile: 902 420-0503

(b) In the case of the Tenant, addressed to it, as follows:

255 Metcalf Street
Saint John, NB E2K 1K7
Attention: Kris Nicholls
Facsimile: 506.694.1381

with a copy to:

255 Metcalf Street
Saint John, NB E2K 1K7
Attention: Chief Legal Officer
Facsimile: 506.694.1381

or at such other address in Canada as the parties may from time to time advise by notice in writing. The date of receipt of any such notice, demand or request shall be deemed to be the date of delivery if such notice, demand or request is served personally, upon receipt of the answer-back if sent by facsimile or on the third business day next following the date of such mailing if mailed as aforesaid; provided, however, that no notice shall be deemed to have been given if sent by mail at any time when a threatened or actual work stoppage exists in the post offices in the municipalities from which or to which such notices are to be sent.

11.2 Force Majeure

Notwithstanding any other provision contained herein, in the event that either the Landlord or the Tenant should be delayed, hindered or prevented from the performance of any act required hereunder by reason of any unavoidable delay, including strikes, lockouts, unavailability of materials, inclement weather, acts of God or any other cause beyond its reasonable care and control, but not including insolvency or lack of funds, then performance of such act shall be postponed for a period of time equivalent to the time lost by reason of such delay. The provisions of this Section shall not under any circumstances operate to excuse the Tenant from prompt payment of rent and/or any other charges payable under this Lease.

11.3 Waiver

No waiver by any party hereto of any breach by any other party of any of its covenants, agreements or obligations contained in this Lease shall be or be deemed to be a waiver of any subsequent breach thereof or the breach of any other covenants, agreements or obligations, nor shall any forbearance by any party hereto to seek a remedy for any breach by any other party be a waiver by the party so forbearing of its rights and remedies with respect to such breach or any subsequent breach. The subsequent acceptance of rent by the Landlord shall not be deemed to be a waiver of any preceding breach by the Tenant of any term, covenant or condition regardless of the Landlord's knowledge of such preceding breach at the time of the acceptance of such rent.

11.4 Registration

Neither the Tenant nor anyone on the Tenant's behalf or claiming under the Tenant (including any Transferee) shall register this Lease against the Premises. The Tenant may register a notice or caveat of this Lease provided that: (a) a copy of the Lease is not attached; (b) no financial terms are disclosed; (c) the Landlord, acting reasonably, gives its prior written approval to the form of notice or caveat; and (d) the Tenant shall immediately discharge or otherwise vacate any such notice or caveat upon the expiry of the Term.

11.5 Interpretation

Words importing the singular number only shall include the plural and *vice versa*, words importing the masculine gender shall include the feminine and neuter genders, and words importing persons shall include firms and corporations and *vice versa*. The division of this Lease into Sections and the insertion of headings are for convenience of reference only, and shall not affect the construction or interpretation of this Lease. If any Section or part or parts of a Section in this Lease are or become illegal or unenforceable, it or they shall be considered separate and severable from the Lease and the remaining provisions of this Lease shall remain in full force and effect and shall be binding upon the Landlord and the Tenant as though such Section or part or parts thereof had never been included in this Lease. Time shall be of the essence in this Lease.

11.6 Laws of Agreement

This Lease shall be governed by and shall be construed in accordance with the laws of the Province of New Brunswick.

11.7 Successors and Assigns

The rights and liabilities of the parties shall enure to the benefit of their respective heirs, executors, administrators, successors and permitted assigns.

11.8 Entire Agreement

There are no covenants, representations, warranties, agreements or other conditions, express or implied, collateral or otherwise, forming part of or in any way affecting or relating to this Lease, save as expressly set out or incorporated by reference herein, and this Lease constitutes the entire agreement duly executed by the parties hereto, and no amendment, variation or change to this Lease shall be binding unless the same shall be in writing and signed by the parties hereto.

11.9 Schedules

The schedules attached to this Lease and forming part hereof are as follows:

Schedule A	-	Companies
Schedule B	-	Additional Provisions
Schedule 1.1	-	Premises
Schedule 1.2	-	Equipment

11.10 Counterparts

This Lease may be executed in any number of counterparts. Any party hereto may send a copy of its executed counterpart to the other parties hereto by facsimile transmission or by electronic mail in PDF format instead of delivering a signed original copy of such counterpart. Each executed counterpart (including each copy sent by facsimile transmission or electronic mail) shall be deemed to be an original and all such executed counterparts taken together shall constitute one and the same agreement, and notwithstanding the date of execution shall be deemed to bear the same date as written above on this Lease.

[*The balance of this page is intentionally left blank*]

IN WITNESS WHEREOF the parties have caused this Lease to be duly executed as of the date first herein above written.

ERNST & YOUNG INC., IN ITS CAPACITY AS COURT APPOINTED RECEIVER OF ALL OF THE ASSETS OF THOSE ENTITIES LISTED IN SCHEDULE A HERETO

Per: ______________________

Name: George Kinsman
Title: Senior Vice President

KELLY COVE SALMON LTD.

Per: ______________________

Name: Rodney Gould
Title: Chief Legal Officer

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Schedule A
Companies

1. Gray's Aqua Management Ltd.
2. Gray Aqua Farms Ltd.
3. Gray Aqua Group Ltd.
4. Butter Cove Aqua Farms Ltd.
5. Goblin Bay Aqua Farms Ltd.
6. Jervis Island Aqua Farms Ltd.
7. Pass-My-Can Aqua Farms Ltd.
8. Gray Aqua Processing Ltd.
9. M. Gray Holdings Ltd.
10. 608672 N.B. Ltd.
11. 608690 N.B. Ltd.
12. 608691 N.B. Ltd.
13. 608715 NB Limited
14. 608716 NB Limited

Schedule B
Additional Provisions

In the event of conflict or inconsistency between the provisions of this Schedule and any other provision of this Lease, the provisions of this Schedule shall apply to the extent only of such conflict or inconsistency.

1. Prior Agreements

(a) On or about April 17, 2014,

(i) the Tenant and Gray Aqua Farms Ltd., being one of the entities set out in **Schedule A** hereto, entered into a smolt purchase agreement (as amended, extended, replaced or substituted from time to time, the "Smolt Purchase Agreement");

(ii) Gray Aqua Group Ltd., being one of the entities set out in **Schedule A** hereto, and Hermitage Processing Inc., an affiliate of the Tenant entered into a processing agreement (as amended, extended, replaced or substituted from time to time, the "Processing Agreement");

(iii) Gray Aqua Processing Ltd., being one of the entities set out in **Schedule A** hereto, and Hermitage Processing Inc., an affiliate of the Tenant entered into a lease agreement (as amended, extended, replaced or substituted from time to time, the "Lease" together with the Processing Agreement and the Smolt Purchase Agreement collectively referred to herein as the "Three Agreements"); and

(iv) inter alia, the Tenant, Gray Aqua Farms Ltd., Gray Aqua Group Ltd., and Hermitage Processing Inc. entered into a linkage agreement (as amended, extended, replaced or substituted from time to time, the "Linkage Agreement") whereby it was agreed that the performance of the obligations of the parties to the Three Agreements would be linked to one another as set forth within the Linkage Agreement.

(b) Notwithstanding anything to the contrary set out in the Three Agreement or the Linkage Agreement, effective as of the Commencement Date:

(i) the Smolt Purchase Agreement is terminated and surrendered by each of the parties thereto and of no further force and effect as at and from the Commencement Date (provided that nothing herein shall relieve the parties of any obligations arising thereunder prior to the Commencement Date). For certainty, neither party shall be under any obligations under the Smolt Purchase Agreement for any biomass grown out within the hatchery after the Commencement Date; and

(ii) the Processing Agreement and the Lease remain in full force and effect enforceable in accordance with their terms.

2. Purchase of Fry

The Tenant agrees to purchase from the Landlord and the Landlord agrees to sell to the Tenant the fry located at the Premises in accordance with the following terms:

(a) The purchase price shall be the greater of:

(i) $0.10 per disease-free fry; or

(ii) $0.05 per fry whether disease-free or having bacterial kidney disease but free from other disease

to a maximum amount of $170,000.00 to be paid within 30 days following the confirmation set out in subsection 2(b) below;

(b) The purchase fry shall be confirmed by a bacterial culture carried out by third party lab acceptable to the Tenant, acting reasonably, at the Tenant's cost on or before 30 days following the Commencement Date;

(c) The Tenant shall not be required to purchase more than 1,700,000 confirmed disease free fry.

Schedule 1.1
Premises

That certain real property located in the Province of New Brunswick having parcel identifier numbers 10276152, 10241453, 10241479 and 10276160.

Schedule 1.2
Equipment

That certain machinery and equipment located at the Premises, including, without limitation, the following:

[*Attach list*]

File No. 16-1289a

APPRAISAL OF

LOCATED AT:

Route 105
Northampton, NB E7N 1C7

FOR:

Ernst & Young Inc
RBC Waterside Centre
1871 Hollis Street Suite 500 Halifax

BORROWER:

Tim Gray (Gray Aqua Farms Ltd)

AS OF:

September 13, 2016

BY:

Andrew L Leech, CRA

REFERENCE:

RESIDENTIAL APPRAISAL REPORT

FILE NO.: 16-1289a

CLIENT

CLIENT: Ernst & Young Inc
ATTENTION: Chris Keliher
ADDRESS: RBC Waterside Centre
1871 Hollis Street Suite 500 Halifax
E-MAIL:
PHONE: FAX:

APPRAISER

APPRAISER: Andrew L Leech, CRA
COMPANY: Leech Appraisals / Atlantic Realty Advisors
ADDRESS: 530 Main Street
Woodstock, NB E7M 2C3
E-MAIL: aleech@ara.ca
PHONE: 506-328-3120 FAX: 506-328-2686

SUBJECT

NAME: Tim Gray (Gray Aqua Farms Ltd)
PROPERTY ADDRESS: Route 105 CITY: Northampton PROVINCE: NB POSTAL CODE: E7N 1C7
LEGAL DESCRIPTION: PID 10276152 LOT 14-1 Plan 33658650 Carleton County Registry
PURPOSE OF THE APPRAISAL: To estimate market value or [ ] Other
INTENDED USE OF THE APPRAISAL: assistance with trustee issues
INTENDED USERS (by name or type): client of report
REQUESTED BY: [X] Client above [ ] Other
THIS APPRAISAL REPORT REPRESENTS THE FOLLOWING VALUE: (if not current, see comments) [X] Current [ ] Retrospective [ ] Prospective
[ ] Update of original report completed on with an effective date of File No.
PROPERTY RIGHTS APPRAISED: [ ] Fee Simple [X] Leasehold [ ] Cooperative [ ] Condominium [ ] Strata Maintenance Fee: $ [ ] See comments
IS THIS SUBJECT A FRACTIONAL INTEREST, PHYSICAL SEGMENT OR PARTIAL HOLDING? [X] No [ ] Yes (if yes, see comments)
MUNICIPALITY AND DISTRICT: L.S.D. of Northampton, County of Carleton
ASSESSMENT: Land $ inc Imps $ 191,700 Total $ 191,700 Assessment Date: January 1 2016 Taxes $ 3,295 Year 2016
EXISTING USE: Single Family Dwelling OCCUPIED BY: owner
HIGHEST AND BEST USE OF SUBJECT PROPERTY: [X] As Improved, or [ ] Other *Note: If highest and best use is not the existing use, or not the use reflected in the report, see additional comments.*

NEIGHBOURHOOD

NATURE OF DISTRICT: [X] Residential [X] Rural [ ] Commercial [ ] Industrial [ ]
TREND OF DISTRICT: [ ] Improving [X] Stable [ ] Transition [ ] Deteriorating [ ]
BUILT-UP: [ ] Over 75% [ ] 25 - 75% [X] Under 25% [ ]
CONFORMITY Age: [ ] Newer [X] Similar [ ] Older [ ]
Condition: [ ] Superior [X] Similar [ ] Inferior [ ]
Size: [X] Larger [ ] Similar [ ] Smaller [ ]

AGE RANGE OF PROPERTIES: 1 to 100 years
MARKET OVERVIEW: Supply: [ ] Good [X] Average [ ] Poor
Demand: [X] Good [ ] Average [ ] Poor
PRICE TRENDS: [ ] Increasing [X] Stable [ ] Declining
PRICE RANGE OF PROPERTIES: $ 50,000 to $ 500,000

SUMMARY: INCLUDES VALUE TRENDS, MARKET APPEAL, PROXIMITY TO EMPLOYMENT AND AMENITIES, APPARENT ADVERSE INFLUENCES IN THE AREA, IF ANY (e.g. railroad tracks, unkempt properties, major traffic arteries, Hydro facilities, anticipated public or private improvements, commercial/industrial sites, landfill sites, etc.) The property is situate south east of the Town of Woodstock about 15 km and about 25 km north of the Town of Nackawic in the LSD of Northampton which historically has been one of the fastest growing areas in New Brunswick, recognizing measurement as percent with lower overall population. The area while remaining predominantly farm and timber land in nature has had substantial residential development both in subdivisions and along the provincial roadways particularly those with access or views of the river

SITE

SITE DIMENSION: plan attached
SITE AREA: 1 Acre Source: SNB
TOPOGRAPHY: generally level at site, sloping to river at front of site
CONFIGURATION: 4 sided polygon
ZONING: Rural and Resource , South-Central Carleton County Planning Area
DOES EXISTING USE CONFORM TO ZONING? [X] YES [ ] NO (see comments)
EASEMENTS: [X] Utility [ ] Access [ ] Other

UTILITIES: [X] Telephone [ ] Sanitary Sewer [X] Septic System [ ] Municipal Water [X] Well
[ ] Natural Gas [ ] Storm Sewer [X] Open Ditch [ ]
FEATURES: [X] Paved Road [ ] Sidewalk [ ] Street Lights [ ] Gravel Road [ ] Curbs
[ ] Cablevision [ ] Lane [ ]
ELECTRICAL: [X] Overhead [ ] Underground [ ]
DRIVEWAY: [ ] Private [X] Mutual [ ] None [ ] Single [X] Double
Surface: asphalt and part gravel
PARKING: [X] Garage [ ] Carport [X] Driveway [ ] Street
LANDSCAPING: [X] Good [ ] Average [ ] Fair [ ] Poor
CURB APPEAL: [X] Good [ ] Average [ ] Fair [ ] Poor

COMMENTS: (includes any positive and negative features such as conformity with zoning, effects of known easements, known restrictions on title, such as judgements or liens, effect of assemblage, any known documentation of environmental contamination, etc.) Located in an area designated Rural and Resource 2 (RR-2) in the South-Central Carleton County Planning Area. Subject site meets minimum size requirements for sites with private sewerage and water systems and is deemed conforming as such. Electricity and telephone services are delivered to the site via overhead lines. The subject site was subdivided from parent parcel in 2014 and includes waterfrontage on the Saint John River. Subject site has deeded access over neighboring property from NB Route 105 to site via right of way in common. The neighboring property is an agricultural fish farm. The subject property is subject to a long term lease in conjunction with adjoining property.

IMPROVEMENTS

CONSTRUCTION COMPLETE: no PERCENTAGE COMPLETE: 98
YEAR BUILT (estimated): 1990 / 2014 EFFECTIVE AGE: 5 years REMAINING ECONOMIC LIFE (estimated): 70 years

FLOOR AREA [ ] Sq. M. [X] Sq. Ft.
MAIN 2,376
SECOND 1,284
THIRD
FOURTH
TOTAL 3,660
Source: inspection/plans

BUILDING TYPE: Single Family
DESIGN/STYLE: 2 Storey
CONSTRUCTION: Wood Frame
BASEMENT: Full and finished(original), Slab (addition)
BASEMENT AREA: 1,092 [ ] Sq. M. [X] Sq. Ft. 100% Finished
WINDOWS: PVC thermal glazed
FOUNDATION WALLS: Poured concrete

ROOFING: Asphalt shingle
Condition: [X] Good [ ] Average [ ] Fair [ ] Poor
EXTERIOR FINISH: Vinyl
Condition: [X] Good [ ] Average [ ] Fair [ ] Poor
new exterior 2013/2014
UFFI APPARENT: [ ] Yes [X] No [ ] Removed

BEDROOMS(#)		BATHROOMS(#)			
1	Large		2-piece	x	Good
7	Average	2	3-piece	x	Average
	Small	1	4-piece		Fair
2	bmt	1	5-piece		Poor

INTERIOR FINISH	Walls	Ceilings
Drywall	[X]	[X]
Plaster	[ ]	[ ]
Panelling	[ ]	[ ]
	[ ]	[ ]
	[ ]	[ ]

CLOSETS: [X] Good [ ] Average [ ] Fair [ ] Poor
INSULATION: [X] Ceiling [X] Walls [X] Basement [ ] Crawl Space
Source: assumed
PLUMBING LINES: copper and plastic
FLOOR PLAN: [ ] Good [X] Average [ ] Fair [ ] Poor
BUILT-INS/EXTRAS: [ ] Garbage Disposal [ ] Central Air [ ] Swimming Pool [ ] Fireplace(s)
[X] Oven [ ] Air Cleaner [ ] Sauna [X] Garage Opener [X] Dishwasher
[ ] Vacuum [ ] Solarium [ ] Security System [X] Stove [X] Whirlpool
[ ] Skylights [X] HR Ventilator [X] water treatment
OVERALL IN. COND: [X] Good [ ] Average [ ] Fair [ ] Poor

FLOORING: hardwood, tile, laminate
ELECTRICAL: [ ] Fuses [X] Breakers
Estimated rated capacity of main panel: 200 amps
HEATING SYSTEM: Baseboard, Radiant Fuel type: Electric
WATER HEATER: Type: 2 @ 60 gallon electric

BASEMENT FINISHES, UTILITY: Fully finished basement in the original dwelling finished with a family room, 2 bedrooms and a laundry room. Addition is founded on a slab at grade.
GARAGES/CARPORTS: attached double garage measuring 26'x32' finished interior and heated
DECKS, PATIOS, OTHER IMPROVEMENTS: decking
COMMENTS: (Building, appearance, quality, condition, services, extras, anticipated public or private improvements, etc.) Subject dwelling originally constructed around 1990 as a split entry and has been recently renovated throughout. 2 Storey addition began in 2013 however is partially completed with one bath and some trim work left to complete. Main floor addition contains family room, office, 3 piece bath, master bedroom and an ensuite bath Ensuite not complete). The second storey addition contains 4 bedrooms and a play room. Condition and appeal are considered good. Original home contains kitchen and dining areas bedrooms and 2 baths.

RESIDENTIAL APPRAISAL REPORT

REFERENCE: FILE NO.: 16-1289a

ROOM ALLOCATION

LEVEL:	MAIN	SECOND	THIRD		BASEMENT
ENTRANCE	2				
LIVING	1				
DINING	1				
KITCHEN	1				
FULL BATH	4				
PART BATH					
BEDROOM	4	4			3
FAMILY		1			
LAUNDRY					1
OTHER					
TOTAL ROOMS	7	5			3

COST APPROACH

SOURCE OF COST DATA: ☐ MANUAL ☐ CONTRACTOR ☒ OTHER

		COST NEW	DEPRECIATED COST
LAND VALUE:			$
BUILDING COST 3,660	@ $120.00	$ 439,200	$
GARAGE		$ 30,000	$
BASEMENT FINISH		$ 20,000	$
OTHER EXTRAS well and septic system		$ 12,500	$
driveway, landscape		$ 5,000	$
TOTAL REPLACEMENT COST		$ 506,700	
LESS: ACCRUED DEPRECIATION	10.0%	$ 50,670	$ 456,030
INDICATED VALUE			$ 456,030
VALUE BY THE COST APPROACH (rounded)			$ 456,000

NOTE: The construction cost estimates contained herein were not prepared for insurance purposes and are invalid for that use. The Cost Approach is not applicable when appraising individual strata/condominium type dwelling units.

DIRECT COMPARISON APPROACH

	SUBJECT	COMPARABLE NO. 1 Description	$ Adjustment	COMPARABLE NO. 2 Description	$ Adjustment	COMPARABLE NO. 3 Description	$ Adjustment
	Route 105 Northampton	119 Grant Street Woodstock		17 McDade Bedell		61 Bicentennial Woodstock	
		MLS/Appraisal		MLS/Appraisal		MLS/Appraisal	
DATE OF SALE		June 20, 2015		August 28, 2016		April 15, 2016	
SALE PRICE	$	$ 400,000		$ 330,000		$ 437,500	
LOCATION		similar		inferior		similar/no water	
SITE SIZE	1 Acre (leased)	1.1 acre	-40,000	2 acres	-20,000	17500 sq ft	-40,000
BUILDING TYPE	Single Family	Single family		Single Family		Single Family	
DESIGN/STYLE	2 Storey	2 storey		2 storey		2 storey	
AGE/CONDITION	e 5 / Good	25 / Good		17 / Avg	10,000	8 / Good	
LIVEABLE FLOOR AREA	3660 sq ft	2400 sq ft	44,100	3231 sq ft	15,015	3260 sq ft	14,000
ROOM-COUNT (Total / Bdrms / Baths)	12 / 8 / 3	8 / 3 / 2F1P		9 / 4 / 3		10 / 3 / 3F1P	-15,000
BASEMENT	partial/finished	Partial	10,000	Slab	20,000	Full Finish	-5,000
PARKING	Pvd / Att Double	Pvd / Att Dble		Pvd /Att Dble		Concrete/Att Dble	
		Det Garage	-10,000	Det Garage		pool, patio, strge	-20,000
ADJUSTMENTS (Gross/Net)		26.0 % / 1.0 %	$ 4,100	19.7 % / 7.6 %	$ 25,015	21.5 % / -15.1 %	$ 66,000
ADJUSTED VALUES			$ 404,100		$ 355,015		$ 371,500

CONCLUSIONS: Sale 1 is a waterfront sale from the general market area while located in town was in an area with private services, Sale 2 is a similar sized and age dwelling on a slab, in an area which would be considered inferior with no water front, index 3 was in superior market area however no waterfront which offset, similar size. All three sales were adjusted to reflect leased lot. No other sales in this market on leased land could be found.

SALES HISTORY -- ANALYSIS OF KNOWN CURRENT AGREEMENTS FOR SALE, PRIOR SALES, OPTIONS, LISTINGS OR MARKETING OF THE SUBJECT: (minimum of three years)

To the best of our knowledge and belief the subject has not been offered for sale over the preceding three year period.

VALUE BY THE DIRECT COMPARISON APPROACH (rounded): $ 375,000

EXPOSURE TIME

COMMENT ON REASONABLE EXPOSURE TIME: Exposure time is the hypothetical length of time the subject property would need to have been exposed to the market prior to selling at the final opinion of value arrived at in this appraisal. Based on available sales data in the subject's market area as well as taking into consideration the subject property, its layout, size and condition, a reasonable exposure time is estimated to be 90-150 days.

RECONCILIATION

RECONCILIATION AND FINAL ESTIMATE OF VALUE: While the Cost Approach has been completed as part of this appraisal report, it is only an estimate of the subject's depreciated replacement cost and should not be relied upon as a replacement for a contractor's estimate and should in no way be used for insurance purposes. The Direct Comparison Approach has been relied upon for the subject's final opinion of value as it is considered the best indication of market value. Forced sale value to reflect reduced marketing time has been reduced by 25% based upon market information.

AS A RESULT OF MY APPRAISAL AND ANALYSIS OF ALL APPLICABLE DATA AND RELEVANT FACTORS, IT IS MY CONCLUSION THAT THE MARKET VALUE OF THE INTEREST IN THE SUBJECT PROPERTY

AS AT September 13, 2016 (Effective Date of the Appraisal) **IS $** 375000 MV Forced Sale $281,000

THIS REPORT WAS COMPLETED ON: October 14, 2016

RESIDENTIAL APPRAISAL REPORT

REFERENCE: FILE NO.: 16-1289a

DEFINITIONS

DEFINITION OF MARKET VALUE: The most probable price which a property should bring in a competitive and open market as of the specified date under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus.

Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby: buyer and seller are typically motivated; both parties are well informed or well advised, and acting in what they consider their own best interests; a reasonable time is allowed for exposure in the open market; payment is made in terms of cash in Canadian dollars or in terms of financial arrangements comparable thereto; and the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

(Source: Canadian Uniform Standards of Professional Appraisal Practice) Note: If other than market value is being appraised, see additional comments.

DEFINITION OF HIGHEST AND BEST USE: The reasonably probable and legal use of the property, that is physically possible, appropriately supported, and financially feasible, and that results in the highest value.

SCOPE

The scope of the appraisal encompasses the due diligence undertaken by the appraiser (consistent with the terms of reference from the client, the purpose and intended use of the report) and the necessary research and analysis to prepare a report in accordance with the Canadian Uniform Standards of Professional Appraisal Practice of the Appraisal Institute of Canada. The following comments describe the extent of the process of collecting, confirming and reporting data and its analysis, describe relevant procedures and reasoning details supporting the analysis, and provide the reason for the exclusion of any usual valuation procedures.

The appraiser completed a site visit of the subject property. Subsequent to the inspection, the appraiser reviewed Service NB data to ascertain legal description, lot size estimate and property taxes. Sales data was obtained through the Fredericton MLS and company files. This data was compiled and used in conjunction with the appraiser's experience appraising properties in the local market area.

ASSUMPTIONS AND LIMITING CONDITIONS AND EXTRAORDINARY ITEMS

ORDINARY ASSUMPTIONS & LIMITING CONDITIONS

The certification that appears in this appraisal report is subject to the following conditions:

1. This report is prepared at the request of the client and for the specific use referred to herein. It is not reasonable for any other party to rely on this appraisal without first obtaining written authorization from the client, the author and any supervisory appraiser, subject to the qualification in paragraph 11 below. 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. Because market conditions, including economic, social and political factors change rapidly and, on occasion, without warning, the market value estimate expressed as of the date of this appraisal cannot be relied upon as of any other date except with further advice from the appraiser and confirmed in writing.
3. The appraiser will not be responsible for matters of a legal nature that affect either the property being appraised or the title to it. No registry office search has been performed and the appraiser assumes that the title is good and marketable and free and clear of all encumbrances including leases, unless otherwise noted in this report. The property is appraised on the basis of it being under responsible ownership.
4. The subject property is presumed to comply with government regulations including zoning, building codes and health regulations and, if it doesn't comply, its non-compliance may affect market value.
5. No survey of the property has been made. Any sketch in the appraisal report shows approximate dimensions and is included only to assist the reader of the report in visualizing the property.
6. This report is completed on the basis that testimony or appearance in court 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 the provision of appropriate compensation.
7. 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.
8. The appraiser is not qualified to comment on environmental 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 subject property.
9. The appraiser obtained information, estimates and opinions that were used in the preparation of this report from sources considered to be reliable and accurate and believes them to be true and correct. The appraiser does not assume responsibility for the accuracy of items that were furnished by other parties.
10. The opinions of value and other conclusions contained herein 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.
11. 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 Canadian Uniform Standards of Professional Appraisal Practice ("The Standards") and/or when properly entered into evidence of a duly qualified judicial or quasi-judicial body. The appraiser acknowledges that the information collected herein is personal and confidential and shall not use or disclose the contents of this report except as provided for in the provisions of the Canadian Uniform Standards of Professional Appraisal Practice (the "Standards") 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 herein and shall comply in all material respects with the contents of the appraiser's privacy policy
12. 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.
13. Written consent from the author and supervisory appraiser, if applicable, must be obtained before any part of the appraisal report can be used for any purpose by anyone except the client and other intended users identified in the report. Where the client is the mortgagee, liability is extended to its insurer. Liability to any other party or for any other use is expressly denied regardless of who pays the appraisal fee. Written consent and approval must also be obtained before the appraisal (or any part of it) can be altered or conveyed to other parties, including mortgagees (other than the client) and the public through prospectus, offering memoranda, advertising, public relations, news, sales or other media.
14. If transmitted electronically, this report will have been digitally signed and secured with personal 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.

Other:

EXTRAORDINARY ASSUMPTIONS & LIMITING CONDITIONS

An extraordinary assumption or limiting condition has been invoked in this appraisal report. [X] YES [ ] NO If yes, see attached addendum.

HYPOTHETICAL CONDITIONS

A hypothetical condition has been invoked in this appraisal report. [X] YES [ ] NO If yes, see attached addendum.

JURISDICTIONAL EXCEPTION

A jurisdictional exception has been invoked in this appraisal report. [ ] YES [X] NO If yes, see attached addendum.

CERTIFICATION

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

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial and unbiased professional analyses, opinions and conclusions.
3. I have no past, present or prospective interest or bias with respect to the property that is the subject of this report and no personal interest or bias with respect to the parties involved with this assignment, except as specified herein.
4. My engagement in this assignment is not contingent upon developing or reporting a predetermined result, upon the amount of value estimate, upon a direction in value that favours the cause of the client, upon the attainment of a stipulated result or the occurrence of a subsequent event.
5. My analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the Canadian Uniform Standards of Professional Appraisal Practice.
6. I have the knowledge and experience to complete this assignment competently. Except as herein disclosed, no other person has provided me with significant professional assistance in the completion of this appraisal assignment.
7. The Appraisal Institute of Canada has a mandatory Continuing Professional Development Program for all members. As at the date of this report, the requirements of this program have been fulfilled.

In an effort to reduce mortgage fraud, The Appraisal Institute of Canada (AIC) recommends that any third party users of this or any appraisal report are strongly advised that its authenticity must be confirmed with the author.

SUPERVISORY APPRAISER'S CERTIFICATION If a supervisory appraiser has signed this appraisal report, he or she certifies and agrees that "I directly supervised the appraiser who prepared this appraisal report and, having reviewed the report, agree with the statements and conclusions of the appraiser, agree to be bound by the appraiser's certification and am taking full responsibility for the appraisal and the appraisal report."

PROPERTY IDENTIFICATION

ADDRESS: Route 105 CITY: Northampton PROVINCE: NB POSTAL CODE: E7N 1C7

LEGAL DESCRIPTION: PID 10276152 LOT 14-1 Plan 33658650 Carleton County Registry

AS A RESULT OF MY APPRAISAL AND ANALYSIS OF ALL APPLICABLE DATA AND RELEVANT FACTORS, IT IS MY CONCLUSION THAT THE MARKET VALUE OF THE INTEREST IN THE SUBJECT PROPERTY AS AT September 13, 2016 (Effective Date of the Appraisal) IS $ 375000 MV Forced Sale $281,000

APPRAISER		SUPERVISORY APPRAISER (if applicable)	
SIGNATURE:	(signed)	SIGNATURE:	
NAME:	Andrew L Leech, CRA	NAME:	
DESIGNATION:	CRA	DESIGNATION:	
DATE SIGNED:	10/17/2016	DATE SIGNED:	
DATE OF INSPECTION:	09/13/2016	DATE OF INSPECTION:	
LICENSE INFO: (where applicable)	NBAREA No 202960	LICENSE INFO: (where applicable)	

NOTE: For this appraisal to be valid, an original or a password protected digital signature is required. *NOTE: For this appraisal to be valid, an original or a password protected digital signature is required.*

ATTACHMENTS:

[ ] ADDITIONAL SALES [X] EXTRAORDINARY ITEMS ADDENDUM [ ] NARRATIVE ADDENDUM [X] PHOTO ADDENDUM [X] SKETCH ADDENDUM
[X] MAP ADDENDUM

RESIDENTIAL APPRAISAL REPORT

REFERENCE: FILE NO.: 16-1289a

CLIENT

CLIENT: Ernst & Young Inc
ATTENTION: Chris Keliher
ADDRESS: RBC Waterside Centre
1871 Hollis Street Suite 500 Halifax
E-MAIL:
PHONE: FAX:

APPRAISER

APPRAISER: Andrew L Leech, CRA
COMPANY: Leech Appraisals / Atlantic Realty Advisors
ADDRESS: 530 Main Street
Woodstock, NB E7M 2C3
E-MAIL: aleech@ara.ca
PHONE: 506-328-3120 FAX: 506-328-2686

EXTRAORDINARY ITEMS ADDENDUM

EXTRAORDINARY ASSUMPTIONS & LIMITING CONDITIONS

An extraordinary assumption is a hypothesis, either supposed or unconfirmed, which, if not true, could alter the appraiser's opinions and conclusions (e.g. an absence of contamination where such contamination is possible, the presence of a municipal sanitary sewer where unknown or uncertain). An extraordinary limiting condition is a necessary modification or exclusion of a Standard Rule which must be explained and justified by the appraiser (e.g. exclusion of a relevant valuation approach.) The appraiser must conclude before accepting the assignment which involves invoking an Extraordinary Limiting Condition that the scope of the work applied will result in opinions and conclusions which are credible. Both must accompany statements of each opinion/conclusion so affected.

Water source is from a drilled private well, this report assumes water is potable and meets or exceeds minimum requirements established by the Province of New Brunswick. A Private (on site) sewage disposal system accommodates domestic waste. The author of this report did not verify the type, location or integrity of the holding tank or associated leaching field.

HYPOTHETICAL CONDITIONS

Hypothetical conditions may be used when they are required for legal purpose, for purposes of reasonable analysis or for purposes of comparison. Common hypothetical conditions include proposed improvements and prospective appraisals. For every Hypothetical Condition, an Extraordinary Assumption is required (see above). An analysis based on a hypothetical condition must not result in an appraisal report that is misleading or that relies on actions or events that would be illegal or improbable within the context of the assignment. Following is a description of each hypothetical condition applied to this report, the rationale for its use and its effect on the result of the assignment.

Water source is from a drilled private well, this report assumes water is potable and meets or exceeds minimum requirements established by the Province of New Brunswick. A Private (on site) sewage disposal system accommodates domestic waste. The author of this report did not verify the type, location or integrity of the holding tank or associated leaching field.

JURISDICTIONAL EXCEPTION

The Jurisdictional Exception permits the appraiser to disregard a part or parts of the Standards determined to be contrary to law or public policy in a given jurisdiction and only that part shall be void and of no force or effect in that jurisdiction. The following comments identify the part or parts disregarded, if any, and the legal authority justifying these actions.

nil

SUBJECT PROPERTY PHOTO ADDENDUM

Borrower: Tim Gray (Gray Aqua Farms Ltd)		File No.: 16-1289a
Property Address: Route 105		Case No.:
City: Northampton	Prov.: NB	P.C.: E7N 1C7
Lender: Ernst & Young Inc		

FRONT VIEW OF SUBJECT PROPERTY

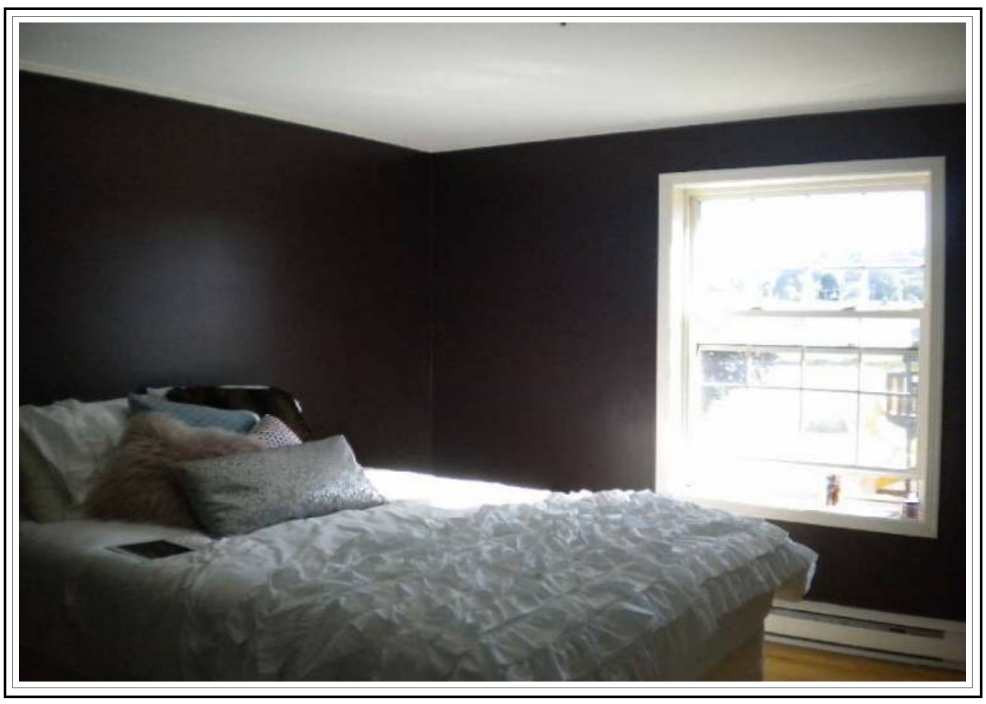
Appraised Date: September 13, 2016
Appraised Value: $ 375000 MV Forced Sale

REAR VIEW OF SUBJECT PROPERTY

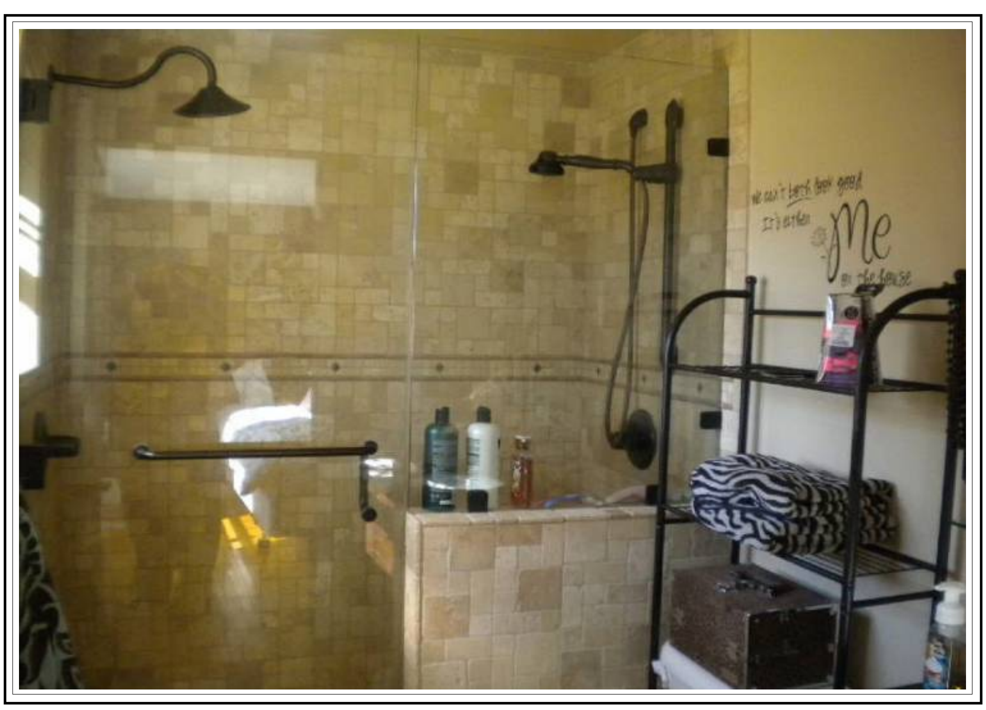
STREET SCENE

Borrower: Tim Gray (Gray Aqua Farms Ltd)		File No.: 16-1289a	
Property Address: Route 105		Case No.:	
City: Northampton	Prov.: NB		P.C.: E7N 1C7
Lender: Ernst & Young Inc			

garage

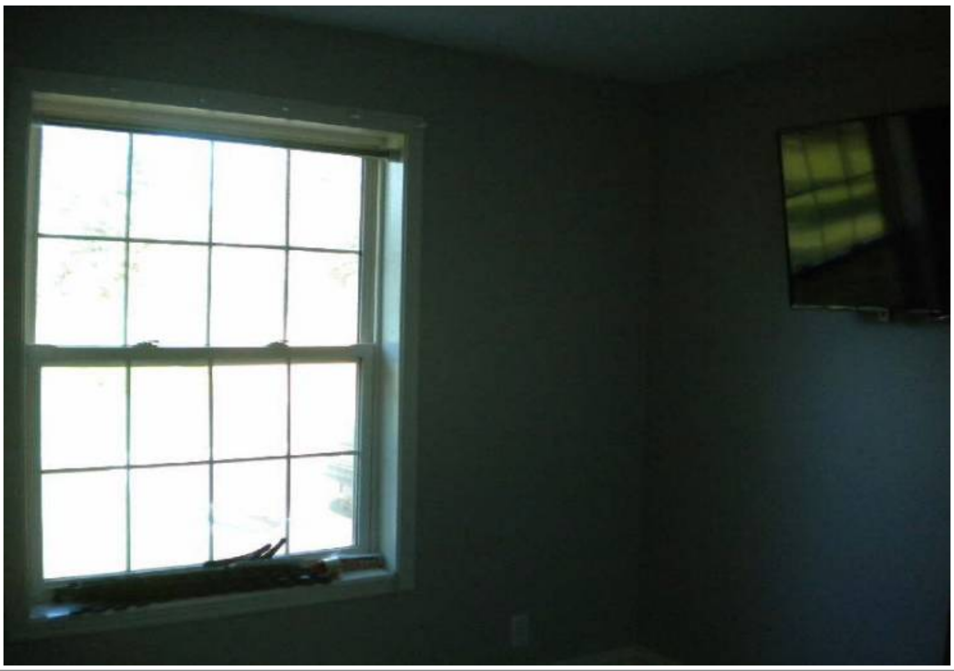


original master bedroom

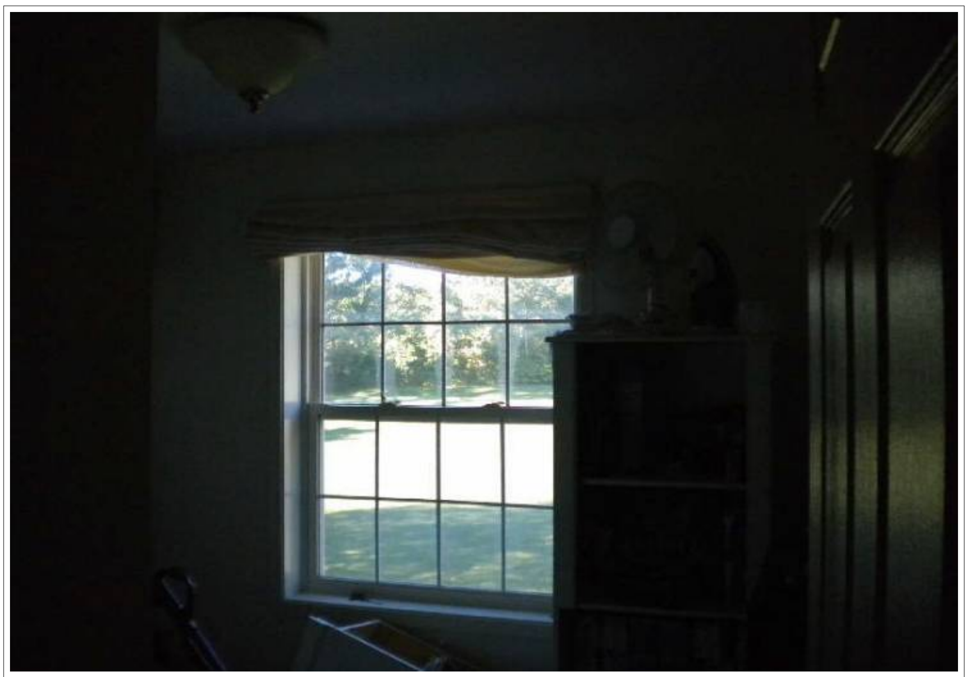


ensuite original master

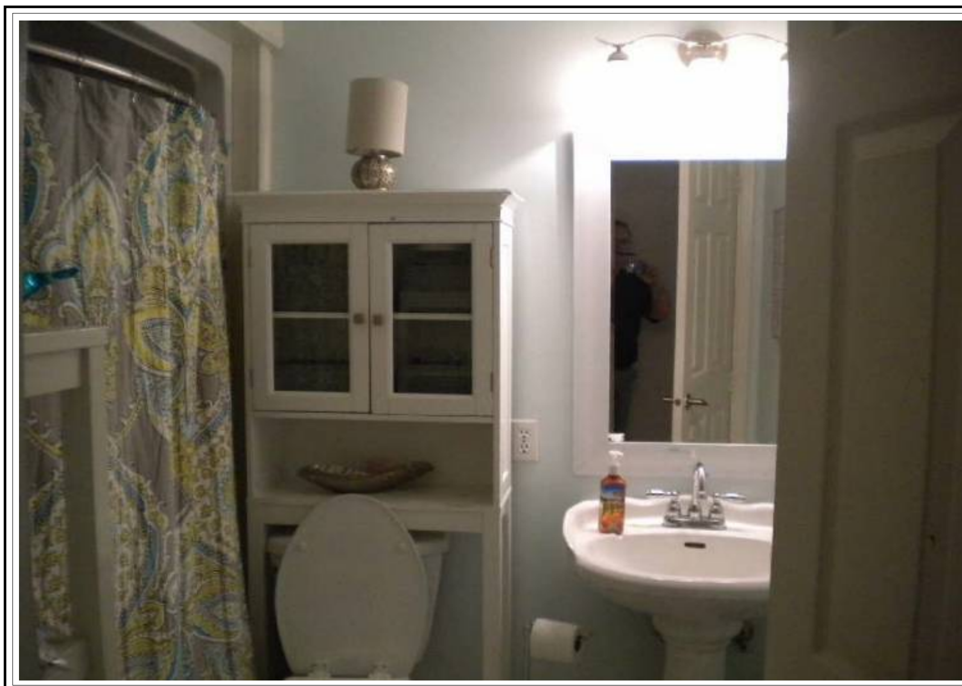
Borrower: Tim Gray (Gray Aqua Farms Ltd)		File No.: 16-1289a	
Property Address: Route 105		Case No.:	
City: Northampton	Prov.: NB		P.C.: E7N 1C7
Lender: Ernst & Young Inc			



bedroom

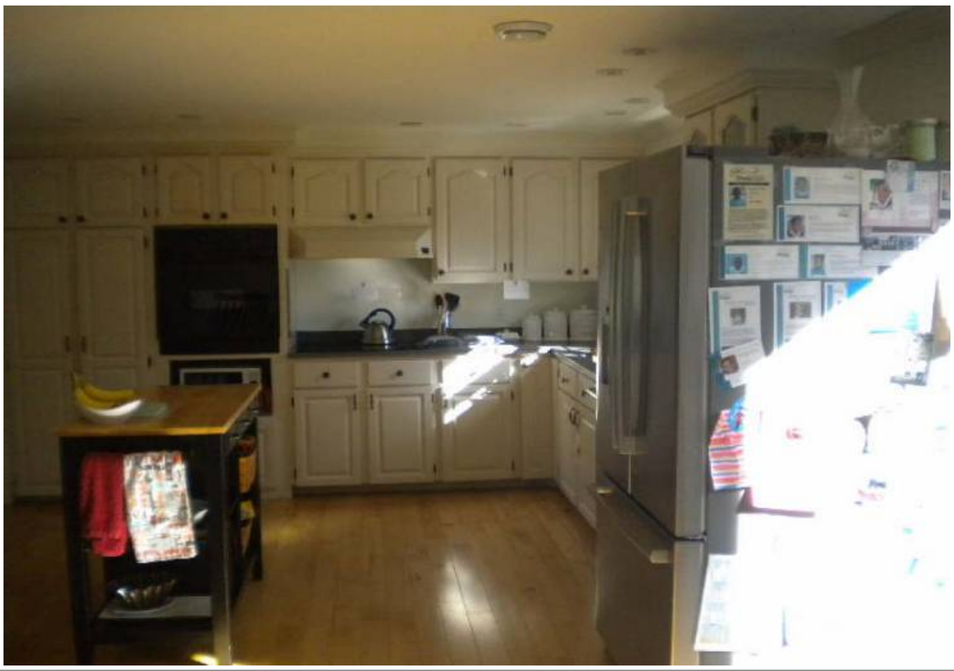


bedroom



original bath room

Borrower: Tim Gray (Gray Aqua Farms Ltd)		File No.: 16-1289a
Property Address: Route 105		Case No.:
City: Northampton	Prov.: NB	P.C.: E7N 1C7
Lender: Ernst & Young Inc		



kitchen

dining former living room

living room addition

FLOORPLAN

Borrower: Tim Gray (Gray Aqua Farms Ltd)		File No.: 16-1289a	
Property Address: Route 105		Case No.:	
City: Northampton	Prov.: NB		P.C.: E7N 1C7
Lender: Ernst & Young Inc			

Sketch by Apex IV Windows™

AREA CALCULATIONS SUMMARY

Code	Description	Size	Totals
GLA1	First Floor	2376.00	2376.00
	TOTAL LIVABLE (rounded)		2376

LIVING AREA BREAKDOWN

Breakdown	Subtotals
First Floor	
26.0 x 46.0	1196.00
11.0 x 50.0	550.00
15.0 x 42.0	630.00
3 Areas Total (rounded)	2376

PLOT MAP

Borrower: Tim Gray (Gray Aqua Farms Ltd)	File No.: 16-1289a
Property Address: Route 105	Case No.:
City: Northampton	Prov.: NB P.C.: E7N 1C7
Lender: Ernst & Young Inc	

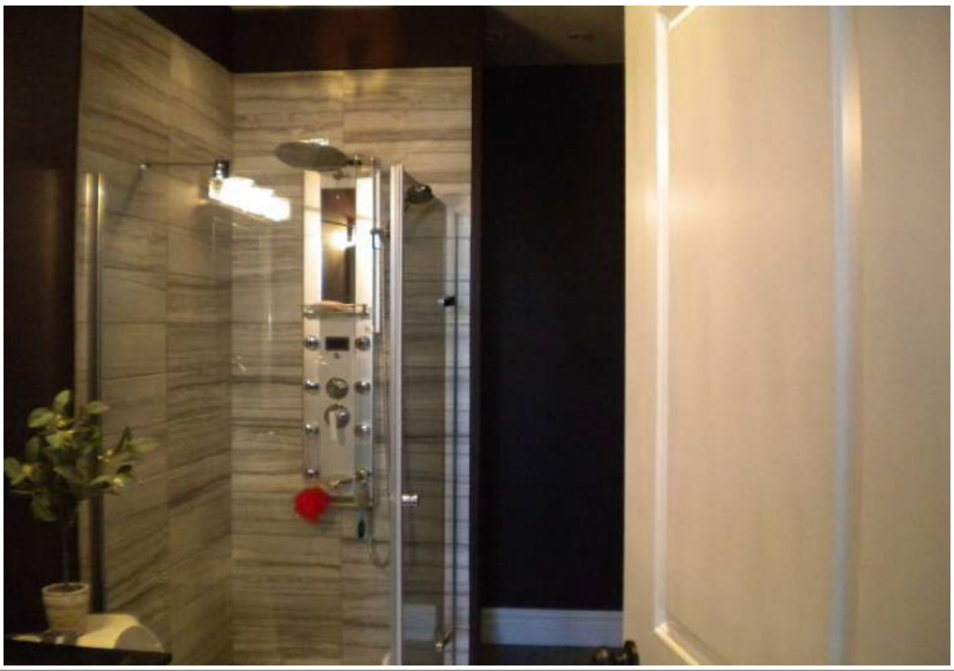
Title:

Scale/Échelle: 1:2,694 **Date: 10/14/2016** **Printed by/Imprimé par:**

While this map may not be free from error or omission, care has been taken to ensure the best possible quality. This map is a graphical representation of natural and man made features which appproximates the size, configuration and location of the features. This map is not intended to be used for legal descriptions or to calculate exact dimensions or area. SNB makes no representations or warranties, either expressed or implied, as to the accuracy of the information and the client assumes the entire risk as to the use of any or all information.

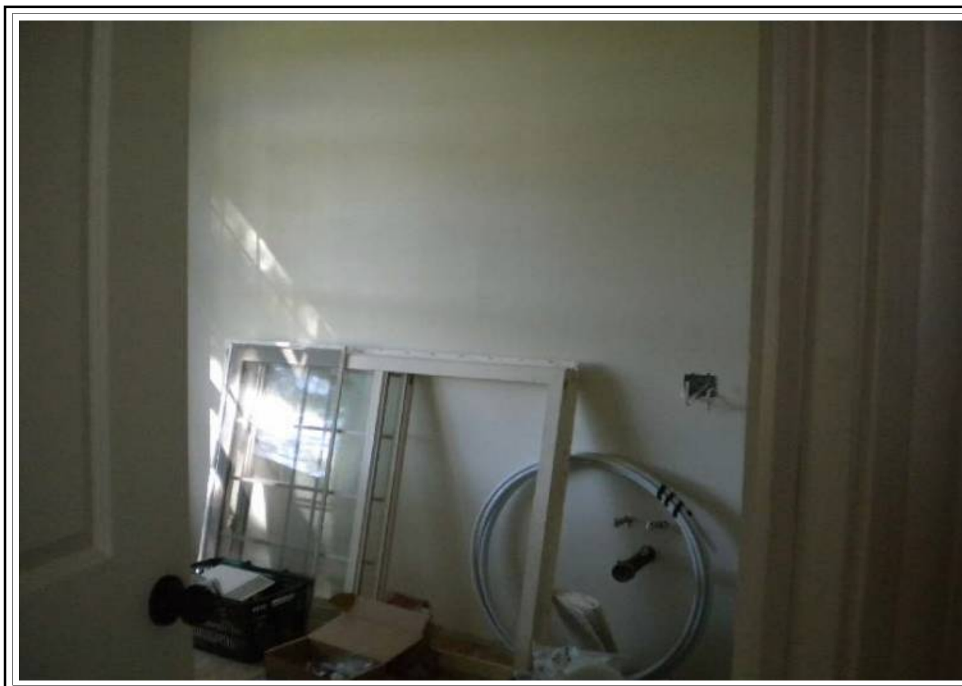
Même si cette carte n'est peut-être pas libre de toute erreur ou omission, toutes les précautions ont été prises pour en assurer la meilleure qualité possible. Cette carte est une représentation graphique d'éléments naturels ou artificiels et donne seulement une approximation de la taille, de la configuration et de l'endroi de ces éléments. Elle n'a pas pour but d'être utilisée pour les descriptions juridiques ou le calcul des dimensions ou de la superficie exacte. SNB n'offre aucune garantie explicite ou implicite quant à l'exactitude de l'information présentée; les clients acceptent pleinement les risques liés à l'utilisation d'une partie ou de l'ensemble de cette information.

Borrower: Tim Gray (Gray Aqua Farms Ltd)		File No.: 16-1289a	
Property Address: Route 105		Case No.:	
City: Northampton	Prov.: NB		P.C.: E7N 1C7
Lender: Ernst & Young Inc			



bath addition

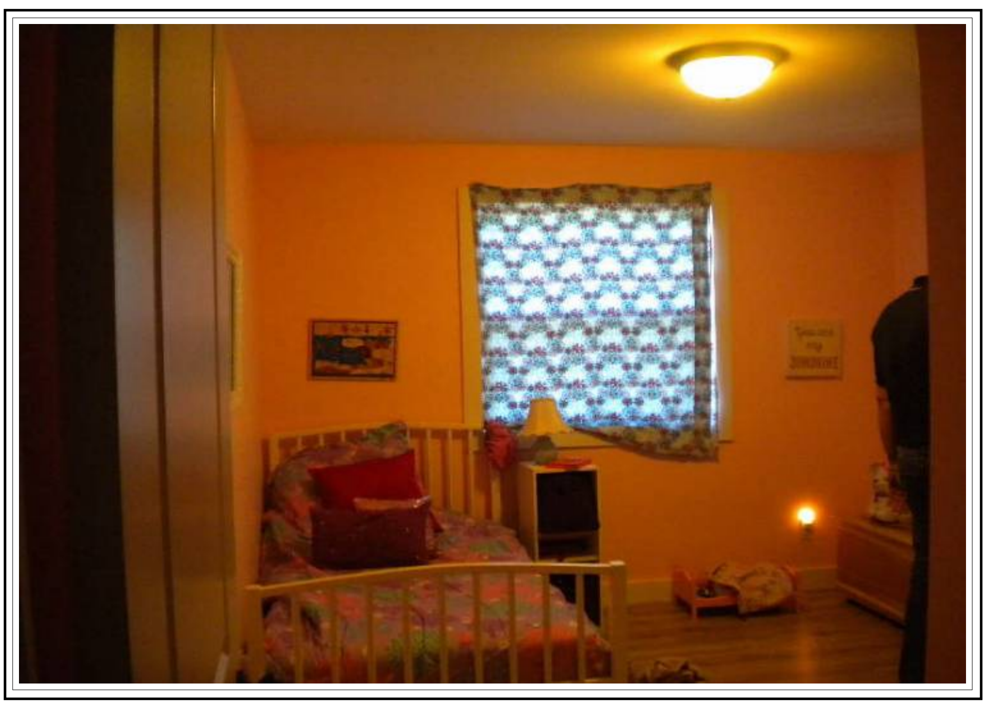
new master



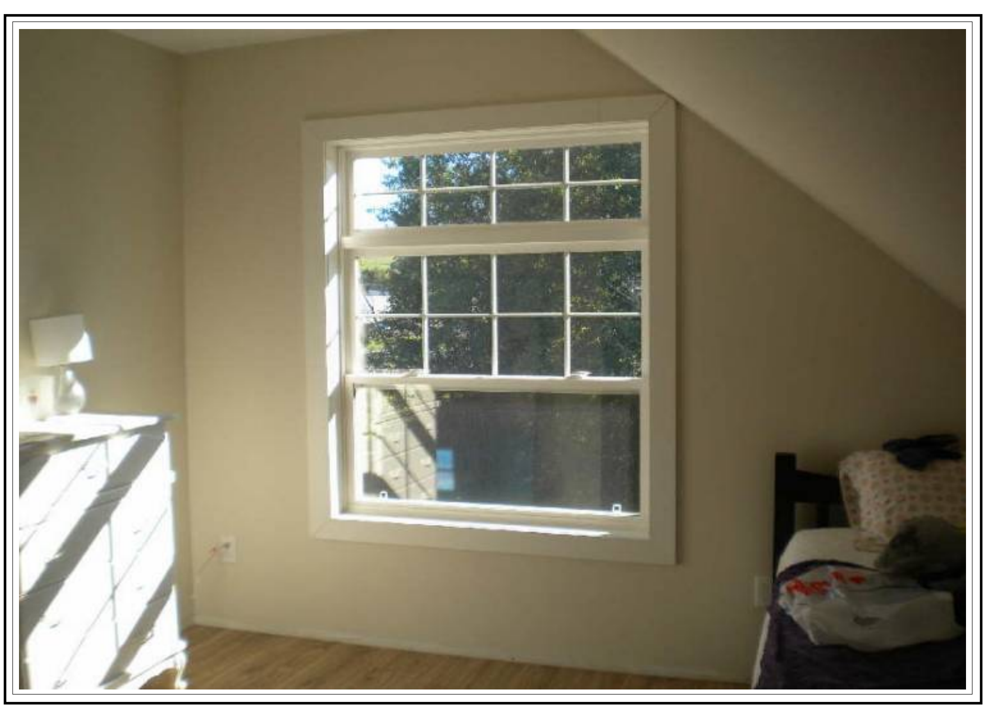
ensuire master incomplete

Borrower: Tim Gray (Gray Aqua Farms Ltd)		File No.: 16-1289a
Property Address: Route 105		Case No.:
City: Northampton	Prov.: NB	P.C.: E7N 1C7
Lender: Ernst & Young Inc		

bedroom



bedroom



bedroom

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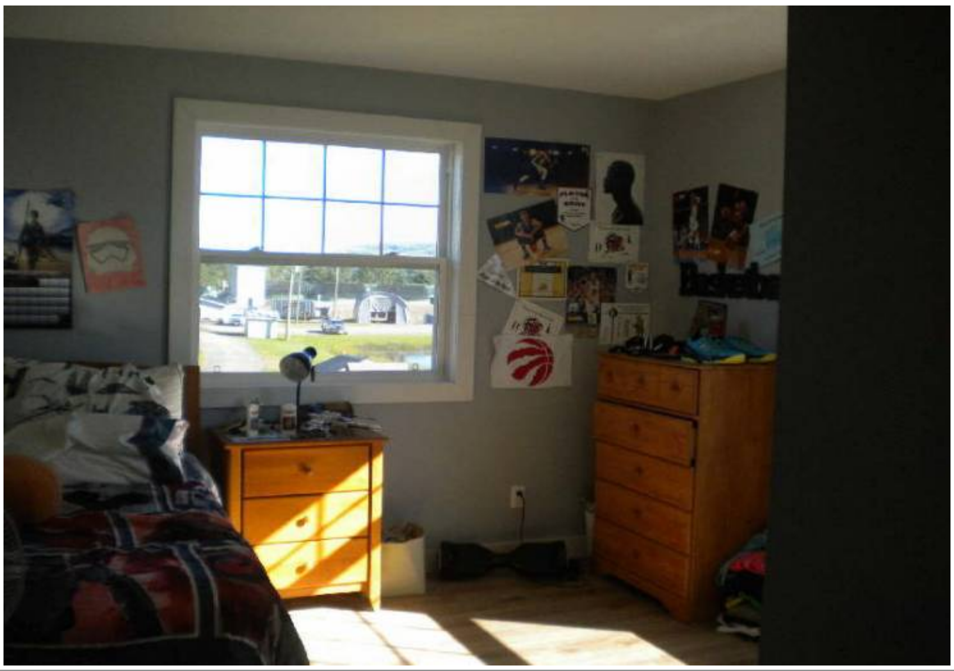
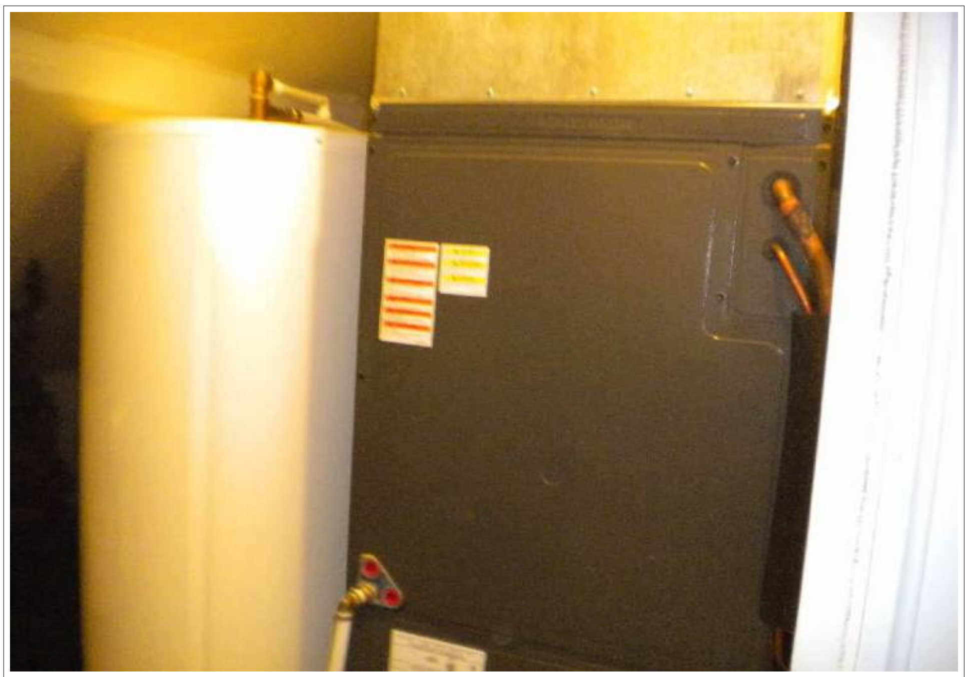
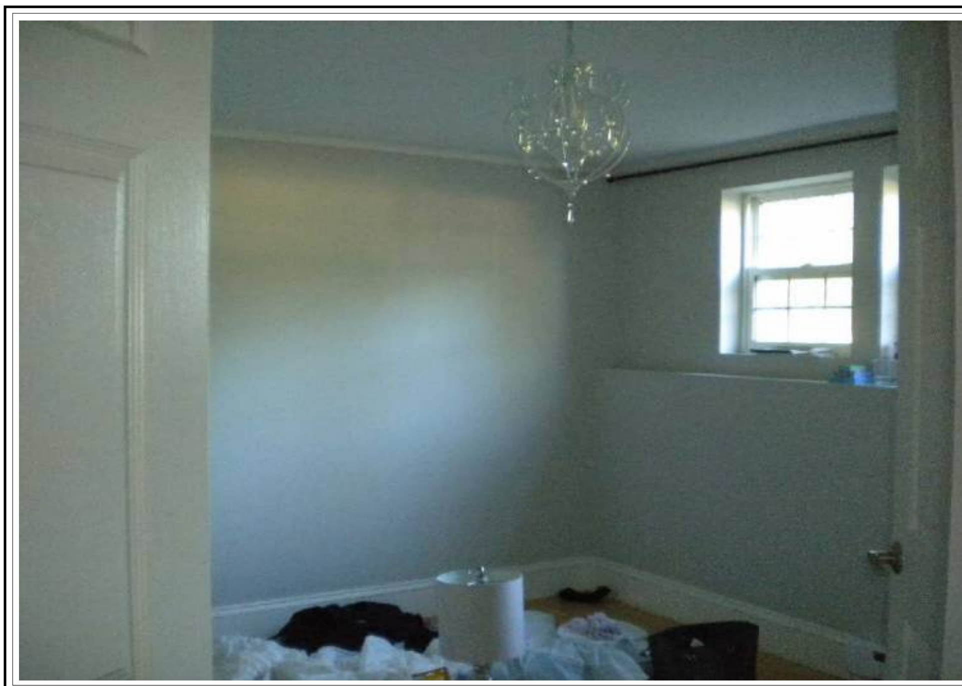


bedroom



utility room



bedroom original basement

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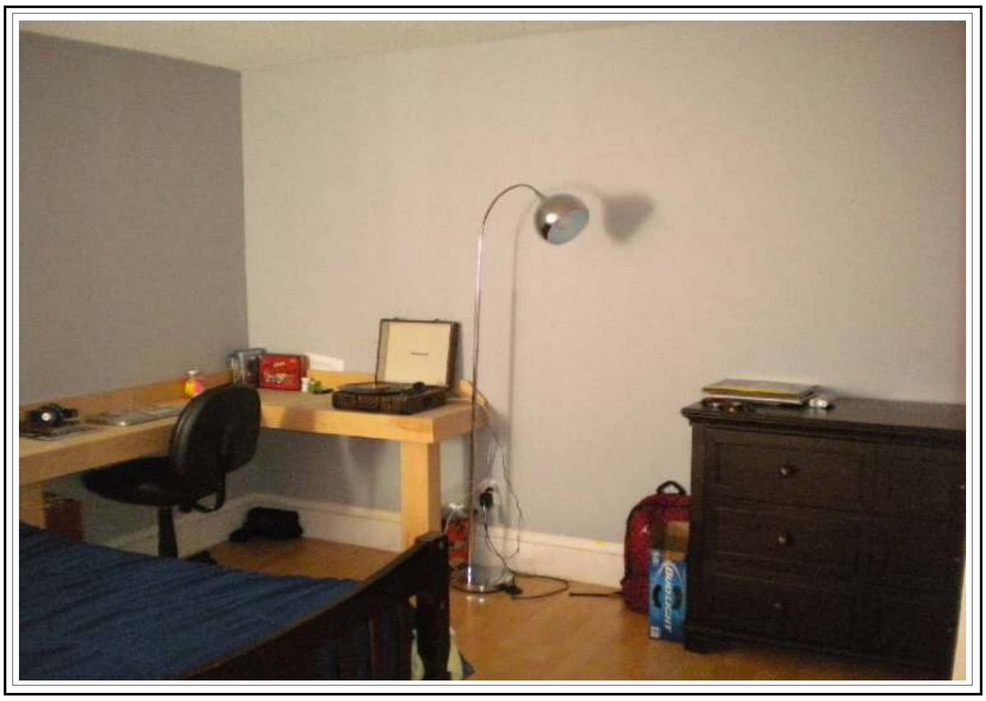
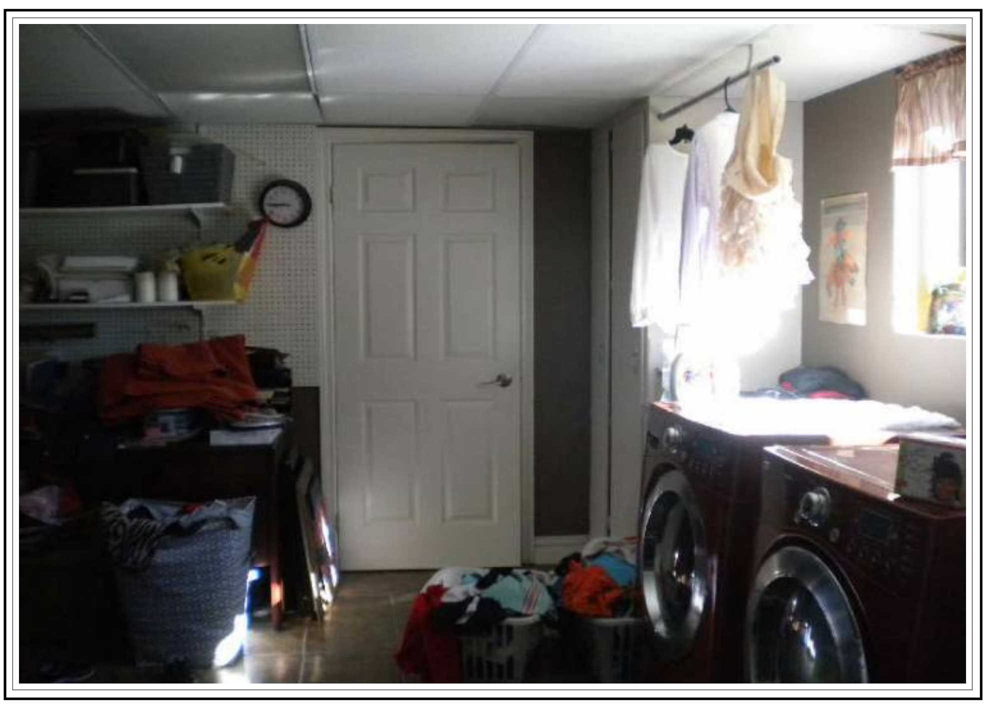
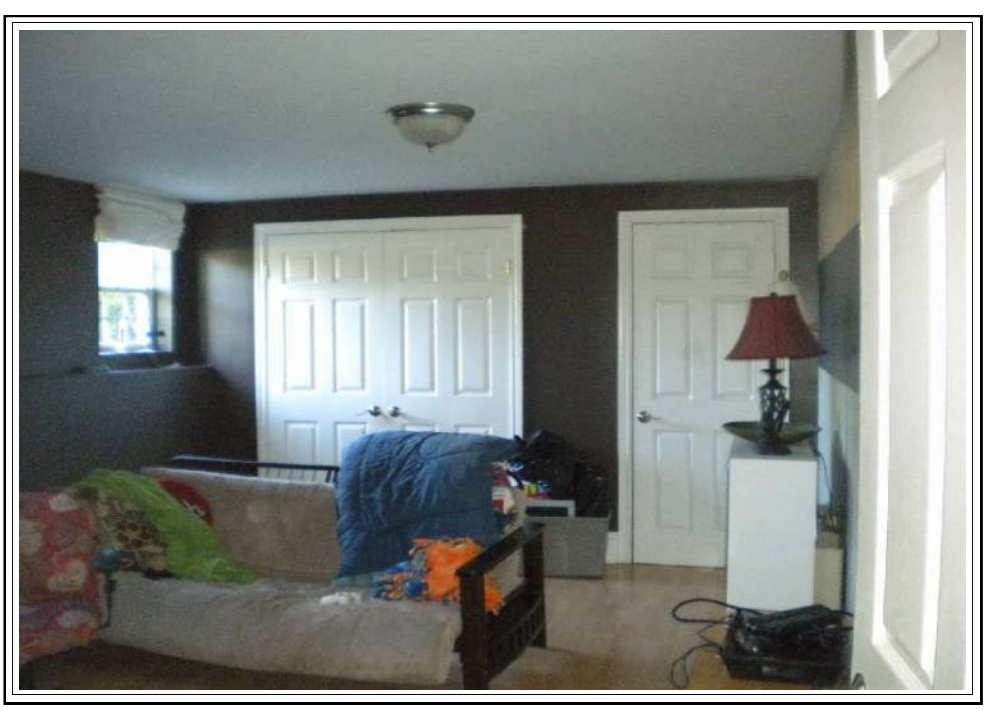


bedroom original basement



laundry



bedroom basement original

ATLANTIC REALTY ADVISORS
www.ara.ca

October 27, 2016

Ernst & Young Inc
RBC Waterside Centre
1871 Hollis Street
Halifax, NS

OUR FILE 16-1289a

Attn: Christopher Keliher

Re: Appraisal --- Property of Gray Aqua Farms Ltd
Residential Portion
<u>Northampton, New Brunswick</u>

Pursuant to our discussion relative to the residential property and any possible reduction in values in respect to the possible sale of this portion of the property separate and apart from the Hatchery and Warehouse/manufacturing properties adjacent, please accept this letter as our findings.

It is our opinion that these other portions of the property and in particular the hatchery would be considered a private nuisance in that they would have a negative impact on the enjoyment of the residential lands if the purchaser was separate and apart from the ownership of the hatchery. The hatchery by nature does include higher than normal traffic volumes, noise and operation issues, and includes possible biological issues do to the operation that would negatively impact the residential component. It is our opinion that a discount in both value estimates would be warranted to reflect same.

While definitive market information is limited locally, it would be our opinion that a reduction in the range of 50% would be appropriate to allow for this factor. The original appraisal indicated Market Value estimate of $375,000 and Forced Sale value estimate of $281,000 as of the effective date. Therefore, it is our opinion that a Market Value estimate in the range of $187,500 and Forced Sale Value estimate of $140,000 would be reflected given this scenario of separate sales.

Please feel free to contact the undersigned at any time should you have any questions or require any further information on this property. Please note this letter is not intended to be a stand alone appraisal but appendix to the full appraisal as referenced.

Respectfully,

LEECH APPRAISALS/ARA
Per

Andrew L Leech, CRA
NBAREA No 202960

LEECH
APPRAISALS

530 Main Street
Woodstock, NB E7M 2C3

tel:506.328.3120
fax:506.328.2686
www.leechappraisals.ca