

ESTATE NO. 11-254135
COURT NO. S-186288
VANCOUVER REGISTRY

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN THE MATTER OF THE RECEIVERSHIP OF

MORNINGSTAR GOLF CLUB LTD.



BETWEEN:

REALCOR MORTGAGE CORP.

PETITIONER

AND:

MORNINGSTAR GOLF CLUB LTD.
CANADIAN WESTERN BANK
NATIONAL LEASING GROUP INC.
ROYNAT INC.
ICE CUBE LEASING INC.

RESPONDENTS

THIRD REPORT OF THE RECEIVER-MANAGER

May 19, 2021



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Purpose of the Report and Background

Purpose

1. By Order of the Supreme Court of British Columbia (the “**Court**”) dated the 1st day of June 2018 (the “**Order**”), G. Powroznik Group Inc. of G-Force Group (“**G-Force**”), was appointed the Receiver and Manager (the “**Receiver**”) in respect of the assets, undertakings, and properties (the “**Assets**”) of Morningstar Golf Club Ltd. (“**MGC**”) upon an application made by Realcor Mortgage Corp. (“**Realcor**”).
2. A copy of Court Order and other documents pertinent to the receivership are posted on the Receiver’s website, which can be located at the following URL: <https://www.g-forcegroup.ca/morningstar-golf-club/>.
3. The Receiver issued its Confidential Memorandum and First Report, both dated September 24, 2019 (“**First Report**”), to update the Court on its activities since its appointment, including its restructuring and marketing activities, and to seek an increase of its Borrowing Charge and interim approval of its activities and accounts, including the accounts of its counsel. All requests to the Court were granted.
4. The Receiver issued its Second Report (“**Second Report**”) to:
 - a. Update the Court on its activities since its appointment, including its restructuring, marketing, and sales activities;
 - b. Seek an increase of its Borrowing Charge and interim approval of its activities and accounts, including the accounts of its counsel;
 - c. Seek the authority to engage in the Land Exchange with Lot G Holdings Ltd. and amalgamate the Postage Stamp with MGC Lands; and
 - d. Seek a vesting of the rights, title, and interest of the land subject to the Land Exchange to Lot G Holdings and MGC, as required by the Land exchange.All requests to the Court were granted.
5. The Receiver’s Third Report (“**Third Report**” or “**Report**”, and collectively with the First and Second Reports, the “**Reports**”) should be read in conjunction with the First and Second Reports. All capitalized terms used herein that are undefined have the meanings ascribed thereto in the First Report and Second Report, unless otherwise indicated.
6. The purpose of the Third Report is to:
 - a. Update the Court on the Receiver’s activities generally since the date of its Second Report;
 - b. Provide the Court with the results of the recent independent appraisal of MGC’s Assets and the independent appraisal received in April 2020;

- c. Provide the Court with the details of the credit bid submitted by Realcor (the “**Credit Bid**”);
- d. Seek the approval of the Court for the approval of the Asset Purchase Agreement (the “**APA**”) the Receiver has entered into with Realcor Mortgage Corp or its assignee (collectively the “**Purchaser**”), subject to the approval of the Court;
- e. Seek a vesting of the rights, title and interest of the Assets in the Purchaser;
- f. Seek approval of the discharge of the Receiver upon the filing of a certificate of completion whereby the Receiver certifies that to the knowledge of the Receiver, all matters to be attended to in these receivership proceedings have been completed (“**Certificate of Completion**”), whereupon the Receiver will be discharged on the day it completes the service of the Certificate of Completion to the parties on the Service List and files it with the Court (the “**Discharge Date**”);
- g. Seek approval of the Receiver’s activities and its accounts for fees and disbursements for the receivership from June 1, 2018, to April 30, 2021;
- h. Seek authorization for fees and disbursements of the Receiver from May 1, 2021, to the Date of Discharge to a maximum of \$125,000 without further court order;
- i. Seek approval of the Receiver’s counsel, DLA Piper’s accounts for fees and disbursements for the period March 1, 2021, to April 30, 2021; and
- j. Seek authorization for the fees and disbursements of the Receiver’s counsel from May 1, 2021, to the Discharge Date to a maximum of \$125,000 without further court order.

Restrictions and Qualifications

7. This Report on the administration of the receivership of MGC summarizes the Receiver’s administration, findings, and conclusions since the date of the Second Report.
8. In conducting its investigations and administration and in preparing the Third Report, the Receiver obtained information and representations from a variety of sources including, Realcor and its counsel, Canadian Western Bank (“**CWB**”) and its counsel, MGC’s management Wedgewood, suppliers, creditors, golf club members, DLA Piper and other third parties. The information, data and documentation furnished by others was presumed to be reliable and, except as expressly noted in the Third Report, was not verified, or otherwise audited by the Receiver. Accordingly, the Receiver assumes no responsibility for the accuracy of third-party information provided unless otherwise indicated.

Background

9. MGC is located at 525 Lowry’s Road, Parksville, BC. It was originally acquired by Realcor in 1997 along with adjacent development property. Realcor holds real estate assets for the Operating Engineers’ Pension Fund (“**OEPP**”) of the International Union of Operating Engineers Local 115 (“**IUOE 115**” or “**Union**”). MGC’s current owners are Paul and Shayne McCracken (the “**McCrackens**”) of Edmonton. The McCrackens purchased the Assets in early 2010 and Realcor provided a vendor take-back mortgage.

10. The OEPP also holds land adjacent to fairways and holes 6 and 7 ("**Holes 6 and 7**") of the Morningstar Golf Course ("**Morningstar**"), that it did not sell to the McCrackens. The land is referred to as ("**Lot G**") and is held in trust by Lot G Holdings Ltd. ("**Lot G Holdings**") for the OEPP.
11. Other details of the current owners' insolvency and financial difficulties were summarized in the First Report. This included the details of the registration of collateral security for its loans to the owners' Alberta companies by the Canadian Western Bank ("**CWB**") of a second mortgage against MGC's land and buildings and a General Security Agreement on the non-real estate assets (the "**CWB GSA**").

Summary of Receiver's Activities Since the Second Report

12. Since the date of the Second Report, the Receiver performed and undertook the following key activities and initiatives:
- a. Maintained operating accounts for the operating business and the Receiver, including banking, credit card processing, utilities, security, WorkSafeBC and Canada Revenue Agency;
 - b. Provided oversight and support to Morningstar's operational management company, Wedgewood, on material operating matters including:
 - i. Hiring of a new Golf Director and determining an expanded role for the position;
 - ii. Development of a new Academy at MGC;
 - iii. Monitoring the new permit application process for the use of recycled water from the RDN plant;
 - iv. Investigating the purchase or lease of new golf cars;
 - v. Negotiating a contract for a new electronic payment processing facility;
 - vi. Addressing the reported theft of goods and electronic payment processing terminal that was fraudulently used to process credits on MGC's bank account, pursuing the Bank for a claim under its insurance and considering options for improved risk management;
 - vii. approvals for membership programs, new significant suppliers, and systems;
 - c. Paid outstanding professional fees for the remediation, pre-2021 operating losses and professional fees for the Receiver and its counsel;
 - d. Monitored Wedgewood's management of MGC's Pandemic Operating Procedures and the evolving BC Pandemic Guidelines and Orders;
 - e. Worked with Wedgewood to improve the net margins on all profit centres given the increased membership revenue and green fee play;
 - f. Retained an appraiser to provide a current appraisal of MGC's Assets, including preparing and delivering current budgets, financial statements and other specific management, operations and financial information;

- g. Provided periodic updates to CWB on the restructuring of MGC's operations, the marketing and potential purchasers for MGC's Assets, and advised CWB of the unlikely prospects of any recovery of its claim against MGC;
- h. Reviewed the monthly operating and financial reports provided by management and provided feedback on priority matters for action;
- i. Provided monthly operating and financial reports and project specific reports to Realcor;
- j. Prepared and filed an update of the Form 87 Report as required under Section 246(2) of the *Bankruptcy and Insolvency Act* ("BIA");
- k. Responded to enquiries from potential prospects to purchase the MGC;
- l. Worked to address encroachment and other issues affecting MGC's dealings with Lot G and Lot G Holdings;
- m. Negotiated the APA and supporting agreement on the removal of encroachments and cooperation on the development of Lot G as it relates to the MGC lands (the "**Encroachment Removal and Development Co-operation Agreement**" or "ERDCA");
- n. Updated schedules of assets and contracts relating to MGC's operations that were to be included in the APA and provided them to the Purchaser and its counsel;
- o. Provided updated calculations of accrued unpaid interest on the Receiver's borrowings for Realcor;
- p. Finalized reporting and prepared materials and affidavit evidence for Court application on April 22, 2021;
- q. Prepared an initial detailed list of transition issues to be addressed by the Purchaser, Wedgewood, and the Receiver;
- r. Provided Wedgewood with ongoing consultation and direction to facilitate a quick Closing with the Purchaser that would minimize the interruptions to, and impairment to, MGC's business;
- s. Negotiated a final settlement of the outstanding lease balance on the main MGC photocopier; and
- t. Updated the Receiver's website to provide information on the receivership proceedings and administration.

Receiver's Strategy and Priorities from the Second Report

13. As reported in paragraph 55 in the Second Report, since the transactions with the previous purchaser did not proceed, the Receiver confirmed Realcor's intention to acquire the MGC Assets through its Credit Bid. Based upon Realcor's intention, the Receiver embarked on the following course of action:
 - a. Updated its assessment of the current market value of MGC's Assets, including obtaining an updated appraisal, that could be compared to the previous offers made and the intended Credit Bid by Realcor;
 - b. Worked with Realcor's counsel to develop a Credit Bid that would be acceptable to the Receiver, subject to approval by the Court;

- c. Continued to actively support management's current operational and capital improvement plans for 2021;
- d. Took steps to further work on the Land Exchange, Postage Stamp Amalgamation, and plans for eliminating the Encroachments; and
- e. Worked with management and Realcor to ensure an efficient transition of responsibilities for MGC's going-concern operations.

Receiver's Marketing and Sales Activities

Marketing and Sales Program Activities

14. Under the Receivership Order, the Receiver is authorized to market and sell any or all the Company's Property ("**Assets**") and to negotiate such terms and conditions of sale as the Receiver, in its discretion, may deem appropriate, subject to the approval of the Court.
15. As reported in the First Report and the Second Report, the Receiver has been marketing the Assets for sale since 2018. The First Report and the Second Report provided details of the substantial activity generated by the marketing activities, the five offers that were generated from dozens of inquiries and the more extensive due diligence performed by the Serious Prospects.
16. The Receiver described in paragraph 42 in the Second Report that, by the end of May 2020, the initial concerns of the negative effects of the Pandemic on MGC's operations had been overcome. The demand for golf and new memberships was robust and the Receiver's objective of reaching a break-even operating result (with a good management team in place), appeared to be achievable. Being break-even would create a turn-key business acquisition opportunity for a prospective purchaser. Also, achieving break-even operating performance would make attracting a potential purchaser easier, and, if a third-party purchaser at an acceptable price could not be found, provide a basis for Realcor to make a fair market value credit bid for MGC. Since Realcor's secured claim against MGC significantly exceeded the existing appraised value of MGC's Assets and any offers made to date, Realcor was receptive to making a credit bid as an exit from receivership, and its attendant costs.
17. In June 2020, Realcor informed the Receiver that it would support an offer by a third-party to purchase MGC's Assets from the Receiver for a minimum of \$2.8 million . Otherwise, Realcor would be prepared to make an offer to buy the MGC Assets, as an offset to the debt it was owed (the "**Credit Bid**") and thereby take ownership of Morningstar again. This price was \$300,000 higher than the highest offer the Receiver had received to date, being the one in May 2020 for \$2.5 million. This price was also the same as the appraised fair market value received in early May 2020.

18. As detailed in the Second Report, the Receiver ultimately negotiated the offer to \$2.8 million and it became part of an MOU for a complex lease and deferred sale ("**Lease/Purchase**") to the previous purchaser (the "**Previous Purchaser**").
19. As described in Paragraph 54 of the Second Report, in February 2021, the Previous Purchaser decided not to complete the Lease/Purchase and instead made an offer that was not acceptable to the Receiver and Realcor.
20. Since Realcor was prepared to make the Credit Bid and its secured claim significantly exceeded the current market value and the highest offer the Receiver received from the market, the Receiver curtailed its proactive marketing activities by suspending the listing with LoopNet on March 3, 2021 to eliminate unnecessary costs.
21. Despite the lack of a formal listing of MGC's Assets, it is widely known in the industry that MGC is still in receivership and that the Receiver must sell the Assets. As a result, the Receiver is still receiving expressions of interest from prospects. Since the termination of negotiations with the Previous Purchaser, six new prospects have made enquiries. The Receiver did not get the impression from its follow up and contact with any of these prospects that they would be willing to pay much more than market value and certainly not anywhere near the amount required to pay out Realcor's secured claim. As such, the Receiver did not wish to be drawn into lengthy discussions or negotiations with these parties who would need a lot of information and time to consider whether they would make an offer and thereby stalling the process for Realcor's offer to be presented to the Court for approval.

Assessment of Fair Market Value for the Assets

22. The Receiver had previously retained Colliers International Realty Advisors Inc. in Vancouver ("**Colliers**") in September 2018 to prepare a valuation of MGC's assets and operations. Its initial appraised value as at September 19, 2018 was \$2.5 million. By this time, the Receiver had only three months to design and begin implementing its restructuring plan.
23. Colliers was again retained in April 2020 to provide an update of its independent assessment of value. By then the Receiver had implemented much of its restructuring activities but MGC's condition had been so impaired before the receivership, measurable improvements to operating result were only beginning to show promise in the spring of 2020 but were overshadowed by the early affects of the Pandemic. Colliers' report of May 9, 2020 is included in this report as **Appendix "A"** and contains an appraised value of \$2.5 million as of April 17, 2020.
24. During the balance of 2020 and into early 2021, the Receiver's restructuring plan, augmented by renewed interest in golf since it was one of the few sports one could play with adequate social distancing during the Pandemic, was producing significantly improved operating results for MGC.

25. Colliers was again retained by the Receiver and its report dated April 28, 2021 is included in the report as **Appendix "B"**. Colliers appraised value as at April 28, 2021 is \$2.95 million.
26. Colliers' two most recent two appraisals for the Receiver are approximately one year apart. The appraisals utilize two primary approaches for an investment property and business like MGC: *the income approach and the direct comparison approach*. Colliers states in the appraisal that the income approach is normally the preferred method relied upon to determine fair market value for these types of assets and the direct comparison approach is used to support it. Colliers has relied upon the Receiver's latest budgets and actual operating results to determine its value of \$2.95 million from the income approach. It has also reviewed several recent sales over the past few years that supports that value.
27. The offer from the Previous Purchaser was negotiated in July 2020 and was \$2.8 million. It is the Receiver's view that Colliers' valuation appears reasonable when considering previous offers received by the Receiver and the improvement in operating results that has occurred over the past year.

Realcor's Credit Bid

28. Included as **Appendix "C"** is a summary of accumulated amounts due to Realcor under its security for the balance of its mortgage with accrued interest totalling \$1,962,183.58, protective disbursements of \$269,760.93, and advances under Receiver's certificates and accrued interest of \$2,558,196.72 for a total amount due of \$4,790,141.23 or approximately \$4.79 million as at May 15, 2021.
29. If Realcor as Purchaser acquires MGC's Asset for a fair market value of \$2.95 million as an offset against its total debt of \$4.79 million, it will suffer a shortfall of an estimated \$2.25 million after taking into account the following:
- a. Payment of the statutory priority claims of \$181,804.32 (as summarized in **Appendix "D"** of the Report) that the Purchaser has to pay on closing;
 - b. Payment of the property taxes for 2021 on the MGC lands and buildings of \$26,729.65 that are not included in **Appendix "D"**;
 - c. Payment of the outstanding fees, disbursements and taxes of the Receiver and its counsel as set out in paragraphs 40 (\$50,646.25) and 41 (\$65,145.79) of the Report respectively;
 - d. Payment of the estimated fees and disbursements, for the Receiver and its counsel to complete their duties as estimated in paragraphs 43 (\$80,000) and 44 (\$80,000) respectively, but excluding any provision for costs of \$100,000 relating to a taxing of accounts, should it occur;
 - e. Less the estimated cash on hand by the Receiver of \$72,082.72, at the planned date of closing of the sale under the APA of June 30, 2021 (the "**Closing**"); and

- f. Less the estimated net cash from MGC's operations of \$2,385, including recovery of the GST paid on professional fees, to Closing.
30. The net effect of the Credit Bid by Realcor is that all statutory priority claims, Receiver's borrowings and accrued interest and receivership costs, net of operating revenues, are paid by Realcor and Realcor looks to recover the principal balance of its mortgage, protective disbursements and unpaid accrued interest from the future earnings and growth in value from the MGC Assets that have achieved net positive EBITDA earnings, likely for the first time since the financial recession of 2007-8.
31. It is the Receiver's opinion that it is extremely unlikely for a third-party prospect to pay a price for the MGC's Assets that would pay out Realcor in full and provide a residual amount to CWB. CWB has not had any expectations that it would recover anything from a sale for almost two years. Under these circumstances, the Receiver's opinion is that Realcor should be entitled to acquire MGC's Assets and that no other creditor with a subsequent charge will be prejudiced as there is no hope of recovery for other creditors.

The Terms of Asset Purchase Agreement

32. The APA is included as **Appendix "E"** to the Report. The APA includes all of the tangible and intangible assets of MGC listed in its Schedules as well as the Contracts, Leases, Licenses and Permits required for MGC to operate as a going-concern. The Purchaser intends to hire Wedgewood as its manager and all of the employees currently employed by the Receiver.
33. As set out in the Second Report, MGC has existing encroachments on Lot G that must be removed. There were two areas of encroachments mentioned in the Second Report, a ditch near Hole 5 and portions of the golf car path that borders Holes 6 and 7. There are, in fact, two additional car paths connecting green #5 and tee #8 with tee #6 and green #8 that must be removed.
34. The Second Report also describes a Land Exchange and a Postage Stamp Amalgamation that are required by the RDN as a condition for it to grant approvals to Lot G Holdings for its Applications for subdivision. Both the Land Exchange and the Postage Stamp Amalgamation are beneficial to MGC but will also require a discharge of some existing easements in favour of MGC in exchange for new ones required for the Land Exchange. The Receiver has negotiated with Lot G Holdings an Encroachment Removal and Development Cooperation Agreement. The ERDCA covers all of the issues relating to the removal of the encroachments, removal of existing easements and registration of new easements, the Land Exchange and the Postage Stamp Amalgamation and is included as a Schedule to the APA.

Recent Operating Results and Challenges

35. We have included in **Appendix "F"** a sample monthly report from Wedgewood that summarizes key operational information for March 2021, the financial results for the month and fiscal year to date, being the four months ended March 31, 2021 ("**YTD**"), and the status of the progress made on capital expenditures and deferred maintenance budgets for YTD. The key results from the Statement of EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) for March 2021 and YTD and the status of expenditures on the Capital Expenditures/Improvement Budget as of March 31, 2021 include:
- a. Membership has doubled to 220 in the last twelve months and is now capped to ensure adequate capacity for daily green fee golfers;
 - b. There were 2,978 rounds of golf played in March alone and that is 57% higher than for the entire four-month period ending March 31 of the prior year;
 - c. YTD rounds of 6,046 are up 3.2 times the level of last year;
 - d. March golf income of \$92,048 is up 2.65 times than for March 2020 even after considering the Federal Government's CEWS subsidy for March 2020;
 - e. YTD revenue of \$412,400 is up 33% from 2020;
 - f. Food & Beverage revenues are significantly lower as a percentage of golf revenues due to Pandemic restrictions by the BC Government; and
 - g. Several capital and deferred maintenance projects are being addressed.
36. There has been a significant increase in the number of rounds of golf being played at MGC. This is putting significant strain on MGC in the following ways:
- a. It must increase the number of seasonal staff and train them quickly;
 - b. Some of the needed capital replacement has not yet occurred;
 - c. Managing the facility during the Pandemic requires higher than normal diligence in servicing golfers and keeping everyone safe;
 - d. There is uncertainty about what food and beverage activities will be allowed in the coming peak seasonal golf play months; and
 - e. There are still a number of deferred maintenance projects outstanding.
37. Although MGC's operations have improved, achieving stability requires more experienced staff, managing a high volume of golfers, and continuing to upgrade the facility and equipment. It is important to Realcor that the operational transition be seamless. Every effort is being made by the Receiver, Wedgewood and Realcor to minimize the disruption of operations through the transition and the continuing Pandemic where significant additional procedures are required to maintain a healthy and safe environment. A review of the BCRF Restaurant COVID-19 Safety Plan included in **Appendix "F"** provides an example of the extensive additional procedures required for the food and beverage operation. Other safety procedures are employed throughout the golf course operation.

Receiver's Receipts and Disbursements and Fees and Disbursements

38. The Receiver has included as **Appendix "G"** its Statement of Receipts and Disbursements for the Period June 1, 2018 to May 19, 2021 for its HSBC account used for managing the Receiver's borrowings, providing financing for operations as needed and payment of professional fees.
39. The Receiver has included as **Appendix "H"**, its Statement of Receipts and Disbursements for Morningstar's Operations for the period June 1, 2018 to April 30, 2021. The Receiver's operating account is maintained with BMO in Parksville and is co-managed with Wedgewood.
40. **Appendix "I"** is the Receiver's Fees, Disbursements and Taxes and time for the month of April 2021. The Receiver's Billings include \$47,204.30 in fees, \$1,034.03 in disbursements and \$2,407.92 for GST for total billings of \$50,646.25. All fees were charge at the Receiver's standard hourly rates and a discount was provided. **Appendix "J"** is a Summary of the Receiver's Time, totalling 136.29 hours, expended by the Receiver's staff in relation to the matters described in the Receiver's billing for April 2021 included in Appendix "I".
41. The invoices for fees, disbursements and taxes of the Receiver's counsel, DLA Piper, for the period March 1, 2021 to April 30, 2021, are included in **Appendix "K"** ("**DLA Piper's Billings**"). DLA Piper's Billings include \$57,952.50 in fees, \$231.40 in disbursements, \$6,961.89 in taxes for total billings for DLA Piper of \$65,145.79.
42. The Receiver has reviewed the accounts of DLA Piper rendered in this matter and is satisfied that the work detailed therein was completed by DLA Piper at the request of the Receiver and was necessary. In the Receiver's experience, the fees and rates charged by DLA Piper in its invoices are consistent with those charged by other law firms for work of a similar nature and complexity in British Columbia.
43. The Receiver's fees up to March 31, 2021 have already been approved by the Court. The APA contemplates a closing date by no later than June 30, 2021. The Purchaser intends to be proactive in assuming responsibility for MGC Assets and operations from the Receiver as quickly as possible to help minimize remaining receivership costs. The Receiver intends to work closely to facilitate a smooth and quick transition to the Purchaser and also complete its remaining statutory and administrative activities quickly as reasonably possible after the Closing. Based upon these assumptions and barring any unforeseen events, interruptions or requirements, the Receiver has estimated that its fees and disbursements for completing its activities from May 1, 2021 to the Discharge Date will not exceed \$80,000.
44. The fees and disbursements for the Receiver's counsel, DLA Piper, up to February 28, 2021 have already been approved by the Court. DLA Piper estimates that its fees and disbursements for completing its activities from May 1, 2021 to the Closing Date of the sale to the Purchaser will not exceed \$80,000.

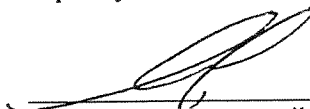
45. In addition, an amount of \$100,000 is expected to be held in trust to cover the costs of a taxing of the Receiver's accounts and those of its counsel, should it occur.
46. The APA contemplates that Realcor will pay to the Receiver the estimated amounts for the professional fees and contingency amounts for a taxation of its accounts, including those of its counsel, to the Discharge Date. These amounts will be held in trust until such time as the statutory period for a creditor to request a taxation of the Receiver's accounts expires or any such requested taxation is completed. Any unused funds will then be returned to Realcor.

Court Approval Sought

47. The Receiver respectfully requests that this Honourable Court grant an order that, among other things:
- a. Approves the APA;
 - b. Vests all of the rights, title and interest of the Assets in Realcor upon closing;
 - c. Authorizes the discharge of the Receiver and termination of these within proceedings upon the filing of a certificate of completion;
 - d. Approves the Receiver's activities and its accounts for the receivership from June 1, 2018, to April 30, 2021;
 - e. Authorizes the payment of the Receiver's fees and disbursements from May 1, 2021, to the Date of Discharge up to a maximum of \$80,000 without further court order;
 - f. Approves the Receiver's counsel's, DLA Piper, accounts for fees and disbursements for the period March 1, 2021, to April 30, 2021; and
 - g. Authorizes the payment of the Receiver's counsel's fees and disbursements from May 1, 2021, to the Date of Discharge up to a maximum of \$80,000 without further court order.

All of which is respectfully submitted this 19th day of May 2021.

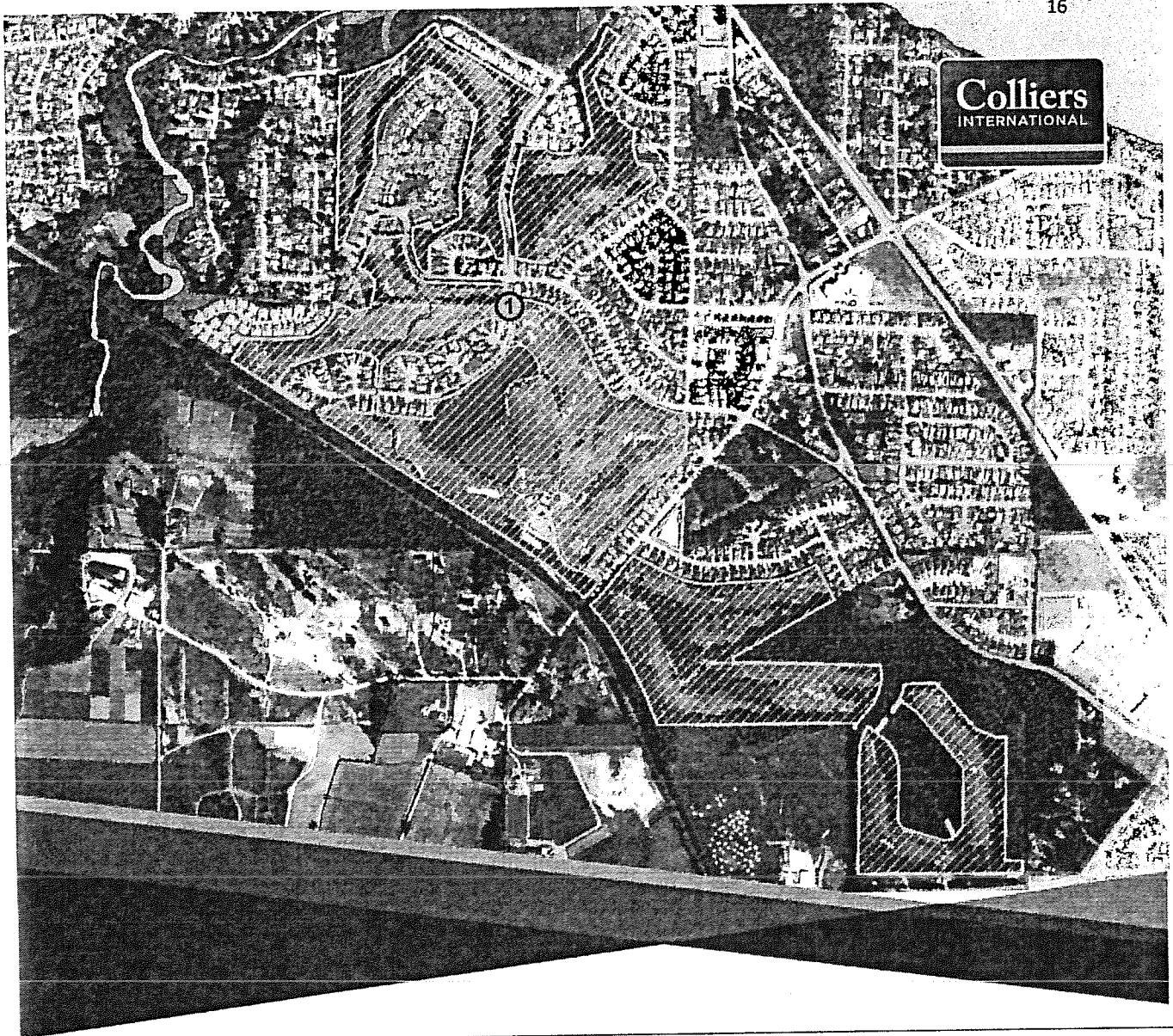
G. Powroznik Group Inc.
in its capacity as Receiver and Manager for
Morningstar Golf Club Ltd. and not in its personal
capacity



Per: Gary D. Powroznik
Managing Director

Appendix A

Colliers Appraisal of Morningstar Golf Course
April 17, 2020



Narrative Appraisal

Morningstar Golf Course
525 Lowry's Road
Parksville, British Columbia
Effective Date: April 17, 2020
Report Date: May 29, 2020

Prepared For
Gary Powroznik, FCPA, CIRP, LIT
Managing Director
G. Powroznik Group Inc. Receiver-Manager Morningstar Golf Club Ltd.

Prepared By
James Glen, AACI, P.App
Vice President, Vancouver
Valuation & Advisory Services

200 Granville Street
19th Floor
Vancouver, BC V6C 2R6
www.colliers.com

MAIN 604 681 4111
FAX 604 661 0849



Our File: YVR200180

May 29, 2020

G. Powroznik Group Inc. Receiver-Manager Morningstar Golf Club Ltd.
750 West Pender Street, 250
Vancouver, BC V6C 2T7

**Attention: Gary Powroznik, FCPA, CIRP, LIT
Managing Director**

Dear Mr. Powroznik;

**Re: Appraisal of Morningstar Golf Course
525 Lowry's Road, Parksville, British Columbia**

In accordance with your request, we have carried out an analysis of the above-mentioned property in order to estimate its current market value as is. Based on our investigations, it is our opinion that the current market value as is of the fee simple as a going concern interest in the Subject Property, as of April 17, 2020, is estimated to be as follows:

VALUE TYPE	INTEREST APPRAISED	DATE OF VALUE	VALUE
Current Market Value As-is	Fee Simple As A Going Concern	April 17, 2020	\$2,500,000

The above value estimate is based on an exposure period of 12 to 18 months, assuming the basis of a transaction involving cash to the vendor and is in conjunction with the Assumptions and Limiting Conditions stated within this appraisal. Of particular note are the Hypothetical Conditions, Extraordinary Assumptions and Extraordinary Limiting Conditions outlined within the Terms of Reference section.

This report describes the methods and approaches to value in support of the above conclusion, and contains the pertinent data gathered in our investigation of the market.

Should you have any questions, we would be pleased to discuss the valuation further.

Yours very truly,

COLLIERS INTERNATIONAL REALTY ADVISORS INC.

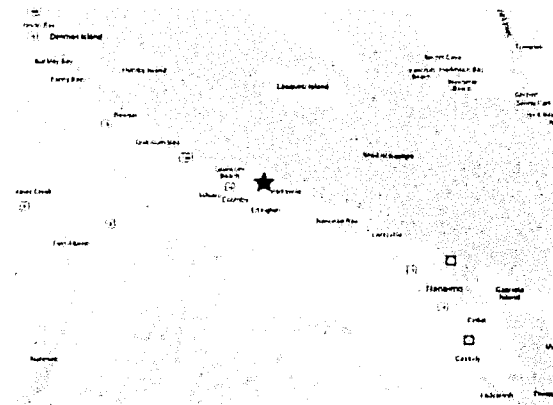
James Glen, AACI, P.App
Vice President, Vancouver



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Executive Summary



PROPERTY INFORMATION

Property Name	Morningstar Golf Course	Course Size (Yards)	6,893
Address	525 Lowry's Road, Parksville	Course Size (Holes)	18
Property Type	Golf Course - Daily Fee	Number of Buildings	8
Year Built	1991	Gross Building Area (SF)	17,875
Site Area (acres)	187.3	District	Electoral Area 'G'
Land Use/Zoning	RC1 (Recreation 1)	Parking (UG / Surface / Other)	0 / 104 / 15

VALUE CONCLUSION

Final Value Estimate	\$2,500,000
Effective Date	April 17, 2020
Value per Acre	\$13,348
Value per Yard	\$362.69
Going-In Overall Capitalization Rate	8.38%

VALUATION SUMMARY

Direct Comparison Approach	\$2,350,000
Income Approach	
Direct Income Capitalization	\$2,200,000
Discounted Cash Flow	\$2,600,000

INCOME APPROACH

Stabilized Net Operating Income	\$209,599
Operating Expense Ratio	83.12%
Replacement Reserve	4.00%
Overall Capitalization Rate	7.75%
Initial Value	\$2,700,000
Adjustments	(\$500,000)
Adjusted Value	\$2,200,000

DIRECT COMPARISON APPROACH

Concluded Value/GM	1.75
Initial Value	\$2,850,000
Adjustments	(\$500,000)
Adjusted Value	\$2,350,000
Value per GM	1.44

DISCOUNTED CASH FLOW ANALYSIS

Investment Horizon	10 years
Discount Rate	10.50%
Terminal Capitalization Rate	8.00%
Inflation	Varies
Value	\$2,600,000
Reversionary Value	\$4,396,858

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

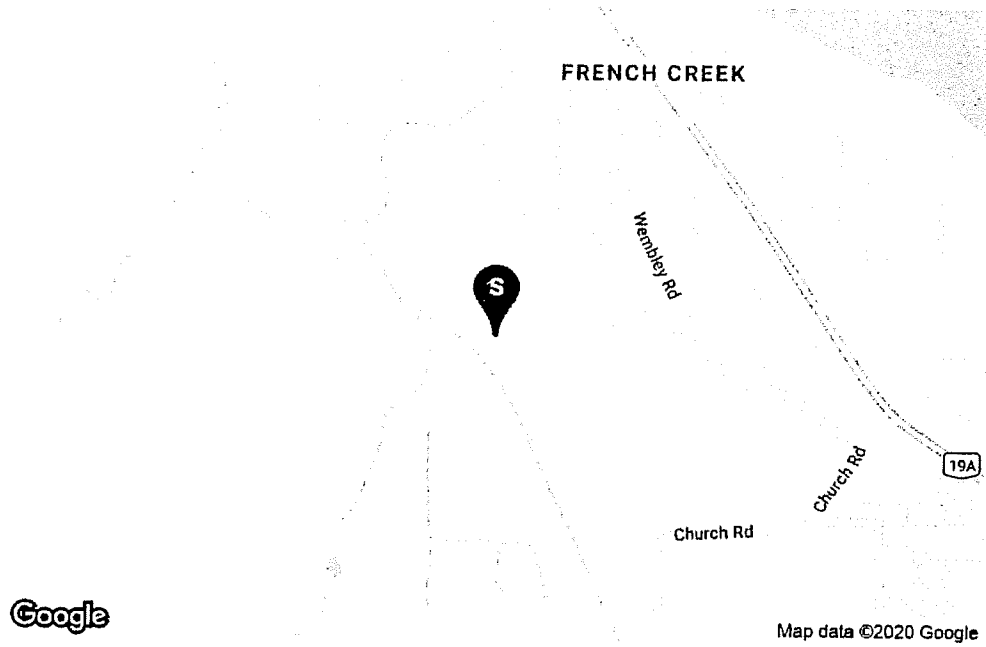




Investment Sales

Index No.	Property Name Property Address	Year Built Size (SF) Site Area (SF)	Sale Date Analysis Price Analysis Price / SF	NOI NOI / YARD SOCR
1	Salmon Arm Golf Club	1995	8-Jan-20	\$340,000
	3641 Highway 97B	8,584	\$3,500,000	\$39.61
	Salmon Arm, BC	8,759,916	\$408	9.71%
2	Arbutus Ridge Golf and Country	1989	21-Jul-19	\$425,460
	3515 Telegraph Road	6,193	\$4,500,000	\$68.70
	Cobble Hill, BC	6,995,736	\$727	9.45%
3	Sunset Ranch Golf and Country	1990	20-Dec-18	\$337,000
	5101 Upper Booth Road South	6,500	\$4,000,000	\$51.85
	Kelowna, BC	5,177,542	\$615	8.43%
4	Bighorn Golf and Country Club	-	1-Dec-17	\$187,500
	1000 Clubhouse Dr	6,953	\$2,500,000	\$26.97
	Kamloops, BC	5,654,088	\$360	7.50%
5	Fairwinds Golf Club	1988	31-Jul-15	\$227,116
	3730 Fairwinds Drive	6,204	\$4,223,967	\$36.61
	NanOOSE Bay, BC	6,167,094	\$681	5.38%

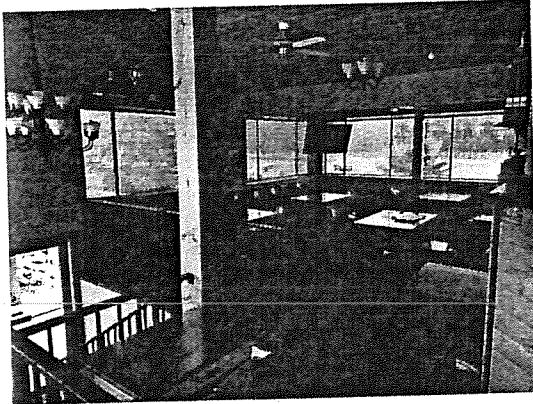
General Location Map



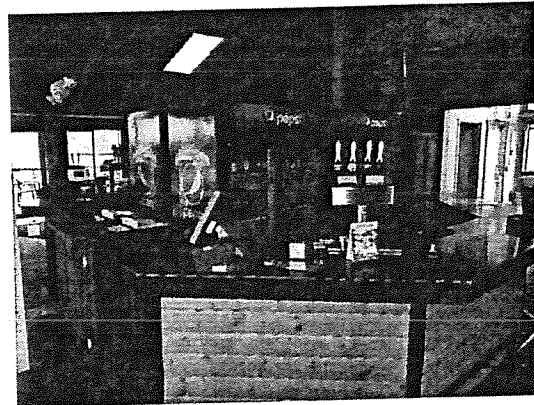
Aerial Photograph



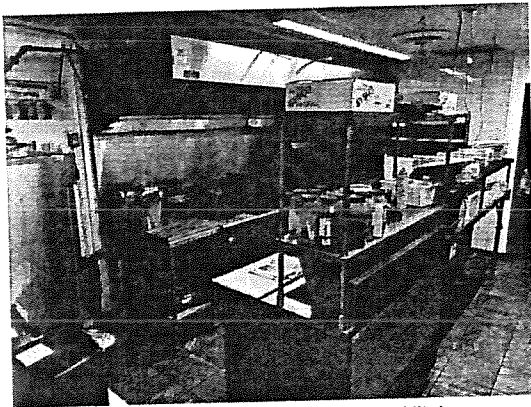
Photographs of Subject Property



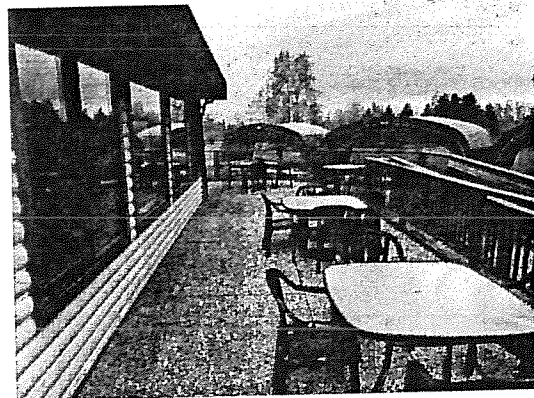
Interior of Clubhouse Restaurant



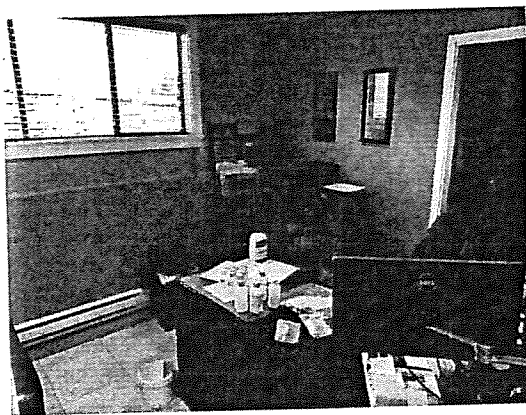
Interior of Clubhouse Restaurant – Bar Area



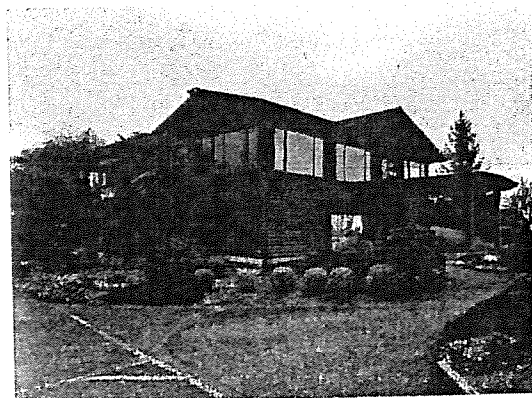
Interior of Clubhouse Restaurant - Kitchen



Exterior View of Clubhouse Restaurant Patio

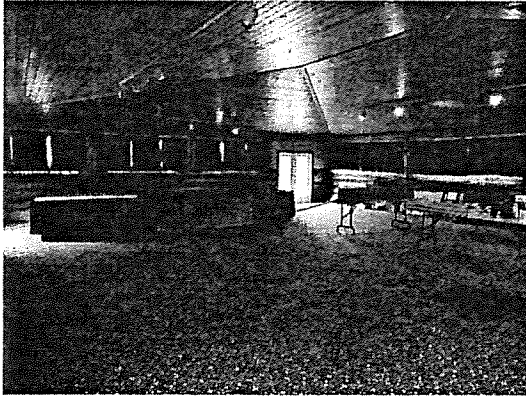


Office on lower level of Clubhouse



Exterior View of Clubhouse

Photographs of Subject Property (continued)



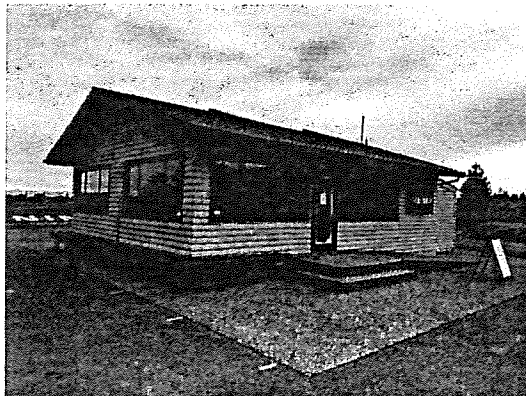
Banquet Hall Interior



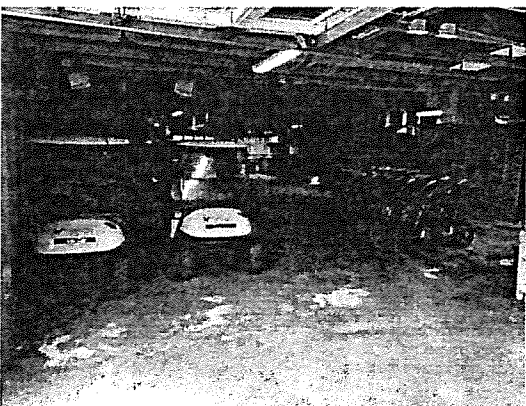
Exterior View of Banquet Hall



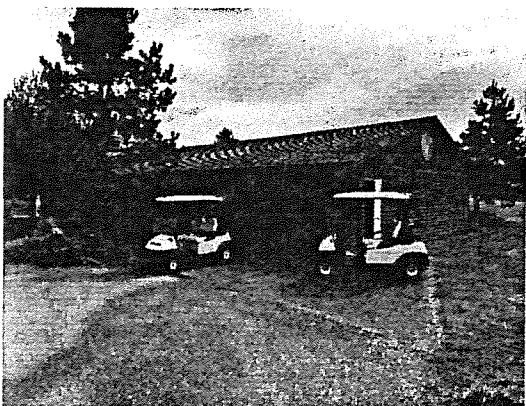
Pro Shop Interior



Exterior View of Pro Shop

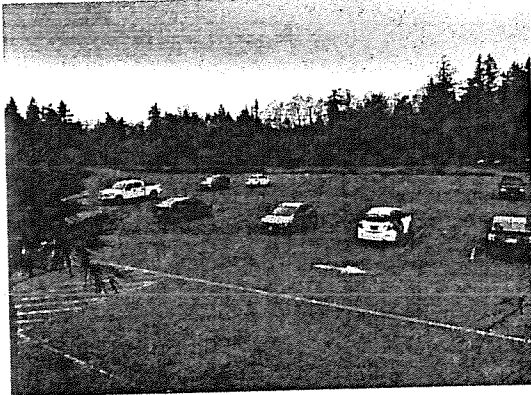


Golf Cart Barn Interior

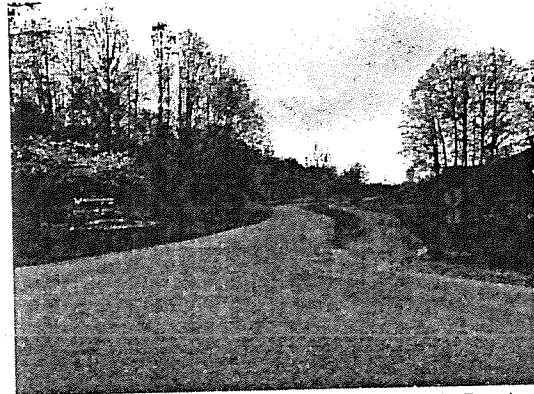


Exterior View of Golf Cart Barn

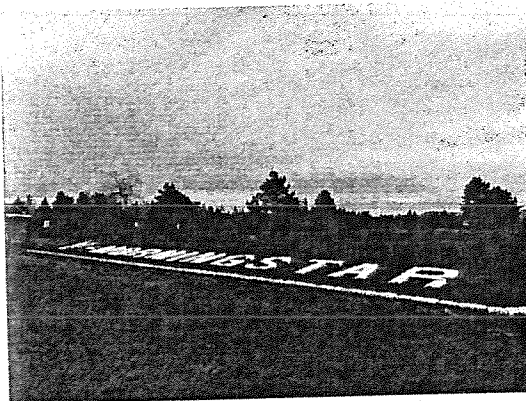
Photographs of Subject Property (continued)



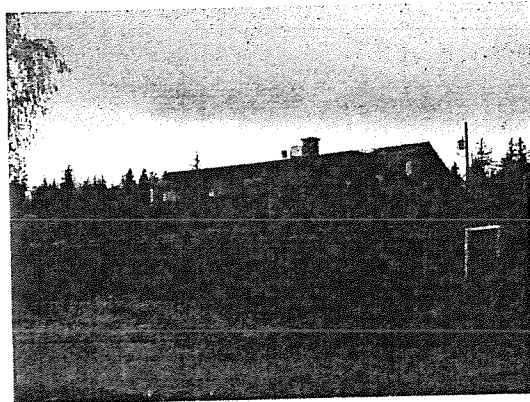
View of Parking Area from Clubhouse



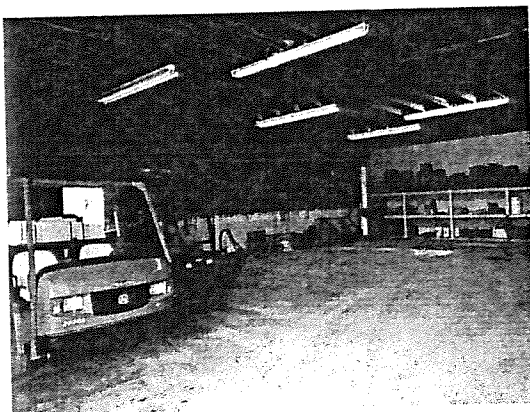
Viewing Golf Course Entrance from Lowry's Road
Looking Northwest



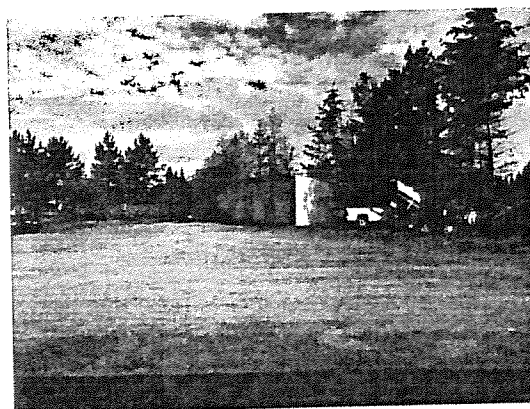
Feature signage near First Hole



Exterior view of Clubhouse



Maintenance Shop Interior



Exterior View of Maintenance Yard Facing Northeast

Photographs of Subject Property (continued)



Driving Range



Driving Range



Third Hole Fairway



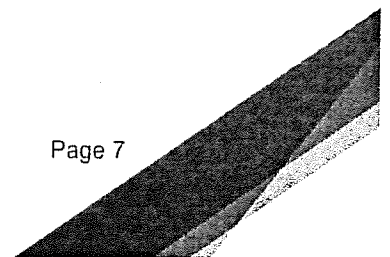
Ninth Hole Green



Main Irrigation Pond



Main Irrigation Pond



Terms of Reference

Client and Intended User

The Client of this appraisal is G. Powroznik Group Inc. Receiver-Manager Morningstar Golf Club Ltd., and the Intended User is G. Powroznik Group Inc. Receiver-Manager Morningstar Golf Club Ltd..

Purpose and Intended Use of Report

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

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

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

Indemnification and Limitation of Liability

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

Property Rights

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

Going Concern

The estimated value is based on the "total assets of the business" which includes enhancement of the value of an operating business enterprise which is provided by the assembly of land, building, labour, capital,



equipment, marketing, management, etc. The value estimated herein may include a certain amount of goodwill or enterprise value, the amount of which is sometimes related to the expertise of management. For purposes of this valuation, it is assumed that the property will be under competent management.

Effective Date

The effective date of this valuation is April 17, 2020.

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

Property Inspection

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

SUBJECT PROPERTY INSPECTION			
APPRAISER	INSPECTED	EXTENT	DATE OF INSPECTION
James Glen, AACI, P.App	Yes	Interior/Exterior	September 19, 2018
Andrew Buhr, B. Comm, AIC Candidate	Yes	Interior/Exterior	April 17, 2020

Market Value Definition

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

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

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

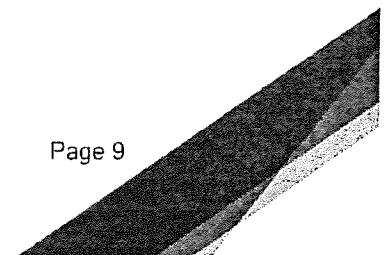
Exposure Time

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

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

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

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



In practice, the exposure time assumes the following:

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

Ongoing discussions with agents familiar with the market have indicated that properties like the Subject Property typically require a marketing period of 12 to 18 months depending on a variety of factors including its location, vacancy levels, tenant quality, size, market conditions, and motivation of the vendor/purchaser. In consideration of these factors, it is concluded that for the Subject property to sell at the market value estimated as of the effective date of this report, an exposure period of approximately 12 to 18 months would be required.

Scope of the Valuation

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

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

- Property inspection details are indicated previously within the Terms of Reference section of this report.
- This valuation has been prepared on the basis of summary financial and operating data provided directly to us by our client or their designated agents, in either hard copy or electronic form or both. It is assumed that this information, and specifically that relating to the financial performance of the Subject Property described, is accurate. This assumption is critical to the value estimate contained and the authors of this report, and Colliers reserve the right to amend our estimate(s) in whole or in part should the foregoing not be the case.
- A review has been completed of available data regarding the local market.
- Verification of current land use and zoning regulations has been undertaken. Municipal and neighbourhood information, including tax information, were sourced as noted below and verified where appropriate and possible. Site area and dimensions are from information obtained from the Client. Should further confirmation of site size and dimensions be required, a legal survey should be commissioned.
- A review of sales and listing data on comparable properties has been undertaken. Comparable market information was obtained from our information database and local real estate professionals knowledgeable in the golf course and recreational real estate market. It was confirmed, when appropriate, with public information at the LTSA or the parties involved when there was reason to doubt its accuracy.
- Discussions have been held with market participants where applicable.



SOURCES OF INFORMATION	
ITEM	SOURCE
Assessment / Tax Information	Paragon
Zoning Information	City of Parksville
Official Plan Information	City of Parksville
Site Size Information	Client
Building Size Information	Client
Demographics	Site wise
Comparable Information	MLS/Internal Files
Legal Description	LTSA
Other Property Data	Client
Income/Expense Statements	Client
Budget/Financial Projections	Client

Colliers cannot be held liable for any errors in the information that was provided by third parties or by Gary Powroznik, FCPA, CIRP, LIT of G. Powroznik Group Inc. Receiver-Manager Morningstar Golf Club Ltd.. The Appraisal Report must be used in its entirety and any reliance on any portion of the appraisal report independent of others may lead to erroneous conclusions.

Ordinary Assumptions and Limiting Conditions

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

Extraordinary Limiting Conditions

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

As of the date of this report Canada and the Global Community is experiencing unprecedented measures undertaken by various levels of government to curtail health related impacts of the Covid-19 Pandemic. The duration of this event is not known. While there is potential for negative impact with respect to micro and macro-economic sectors, as well as upon various real estate markets, it is not possible to predict such impact at present, or the impact of current and future government countermeasures. There is some risk that the Covid-19 Pandemic increases the likelihood of a global recession, however without knowledge of further anticipated government countermeasures at the national and global levels it is not possible to predict any impact at this point in time. Accordingly, this point-in-time valuation assumes the continuation of current market conditions, and that current longer-term market conditions remain unchanged. Given the market uncertainties of the Covid-19 pandemic, a force majeure event, we reserve the right to revise the value estimation set out in this report for a fee, with an update appraisal report under a separate appraisal engagement, incorporating market information available at that time.

Hypothetical Conditions

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



Extraordinary Assumptions

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

We have relied on information provided to us by our client or their designated agents with respect to the status of the tenancy and their contractual rights and obligations, and financial data relating to the income and expenses associated with the Subject Property's operations, as well as the physical attributes of the Subject Property and environmental condition of the site, including any required capital expenditures. The assumptions stated are critical to the value estimate contained and the authors of this report and Colliers reserve the right to amend our estimates should any of these assumptions be altered in whole or in part.

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

As the date of the inspection and of writing this report precedes the effective date, it is an Extraordinary Assumption that there are no material changes in the interim to either the physical or operating status of the Subject Property or the prevailing market conditions that might impact the value conclusions.

With the exception of the foregoing, there have been no other Extraordinary Assumptions employed in the preparation of this appraisal or report.

Assemblage

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

Anticipated Public or Private Improvements

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

Personal Property

When relevant to the assignment, CUSPAP requires that personal property must be considered and analyzed as to the effect on value. In the instance of the Subject Property, personal property is considered to be a relevant factor, and the impact has been considered and analyzed within the valuation analyses contained herein.



Property Data

Municipal Address

The Subject property is municipally described as 525 Lowry's Road, Parksville, British Columbia.

Legal Description

The Subject property's legal description is as follows:

LOT A, DISTRICT LOTS 29, 81, 83 AND 126, NANOOSE DISTRICT, PLAN 49145, EXCEPT PARTS IN PLANS VIP51714, VIP52613, VIP76030 AND VIP79051

PID 014-884-275

Current Ownership

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

TITLE NO.	SEARCH DATE	REGISTERED OWNER	SOURCE OF TITLE INFORMATION
CA1545576	April 8, 2020	MORNINGSTAR GOLF CLUB LTD.	L TSA

Ownership History

Ownership of the Subject Property last transferred on April 30, 2010. According to the information available, the current owner, EAGLESTAR GOLF INC., acquired the Subject Property from MORNINGSTAR GOLF CLUB LTD. for the reported consideration of \$3,323,000. This transaction is understood to have occurred at arm's length.

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

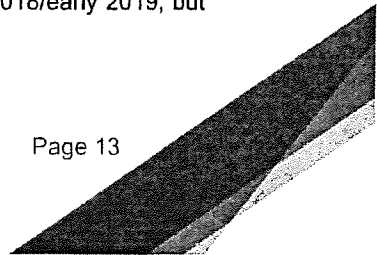
Current Contracts

Based upon discussions with Gary Powroznik, Managing Director of G Powroznik Group Inc. Receiver-Manager for the Subject Property, the Subject is currently listed for sale at an asking price of \$3,300,000. Mr. Powroznik reports that in February/March 2019 there were two verbal offers to purchase the property, one for \$1,000,000 and \$1,250,000. The Receiver-Manager did not respond to or counter these offers as they were believed to be far below market value for the property. In November/December 2019, Mr. Powroznik reports that a potential buyer submitted two Letters of Intent (LOI). The first was for an offer price of \$2,000,000, while the second was for \$2,200,000. At the same time, the Receiver-Manager was in the process of changing golf-course management and felt that the potential buyer should see the new manager's budget for the next two years, and therefore did not respond, or counter the price in the LOI.

As of late May 2020, it is our understanding that the Receiver-Manager has received a written Letter of Intent to purchase the property for \$2,500,000. A copy of this LOI was not provided, nor were further details provided beyond that Receiver-Manager stating it was Vancouver Island based buyer. The Receiver-Manager intends to counter the LOI at a higher price.

Recent Activity

As we understand it, the property has been listed for sale for \$3,300,000 since late 2018/early 2019, but other than aforementioned verbal offers, there been no other activity on the property.





Title Encumbrances

The Subject Property encumbrances are summarized below:

NO.	REGISTRATION TYPE	REGISTERED BY
M76300	EXCEPTIONS AND RESERVATIONS	ESQUIMALT AND NANAIMO RAILWAY COMPANY
S6060	UNDERSURFACE RIGHTS	WEYERHAEUSER COMPANY LIMITED
S97207	COVENANT	HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF BRITISH COLUMBIA THE REGIONAL DISTRICT OF NANAIMO
S97213	STATUTORY RIGHT OF WAY	HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF BRITISH COLUMBIA
EC103437	UNDERSURFACE AND OTHER EXC & RES	HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF BRITISH COLUMBIA
EC95138	COVENANT	HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF BRITISH COLUMBIA THE REGIONAL DISTRICT OF NANAIMO
EC95146	STATUTORY RIGHT OF WAY	HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF BRITISH COLUMBIA
EC98512	COVENANT	PROVINCIAL AGRICULTURAL LAND COMMISSION
EF171715	STATUTORY RIGHT OF WAY	EPCOR WATER (WEST) INC.
EF171717	STATUTORY RIGHT OF WAY	REGIONAL DISTRICT OF NANAIMO
EG41354	EASEMENT	APPURTENANT TO LOT C, PLAN 49145
EH128035	STATUTORY RIGHT OF WAY	HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF BRITISH COLUMBIA
EH137066	EASEMENT	APPURTENANT TO LOT C, PLAN 49145
EL99059	COVENANT	REGIONAL DISTRICT OF NANAIMO
CA 1545577	MORTGAGE	REALCOR MORTGAGE CORP.
CA 4484571	MODIFICATION	MODIFICATION OF CA 1545577
CA 5895281	MORTGAGE	CANADIAN WESTERN BANK
CA 5895282	ASSIGNMENT OF RENTS	CANADIAN WESTERN BANK
WX2086315	TAXATION (RURAL AREA) ACT LIEN	HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF BRITISH COLUMBIA

For the purposes of this analysis, the instruments registered against the title(s) to the Subject Property are assumed not to have a significant effect on the Subject Property's marketability or its market value. For greater certainty a legal opinion should be solicited for a full explanation of the effects of these encumbrances. The Subject Property has been valued as if free and clear of any financing. A copy of the Subject Property title has been included in the Appendix for further reference.

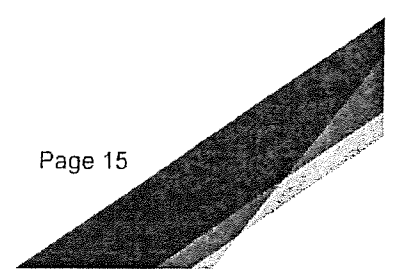


Realty Taxes / Assessment

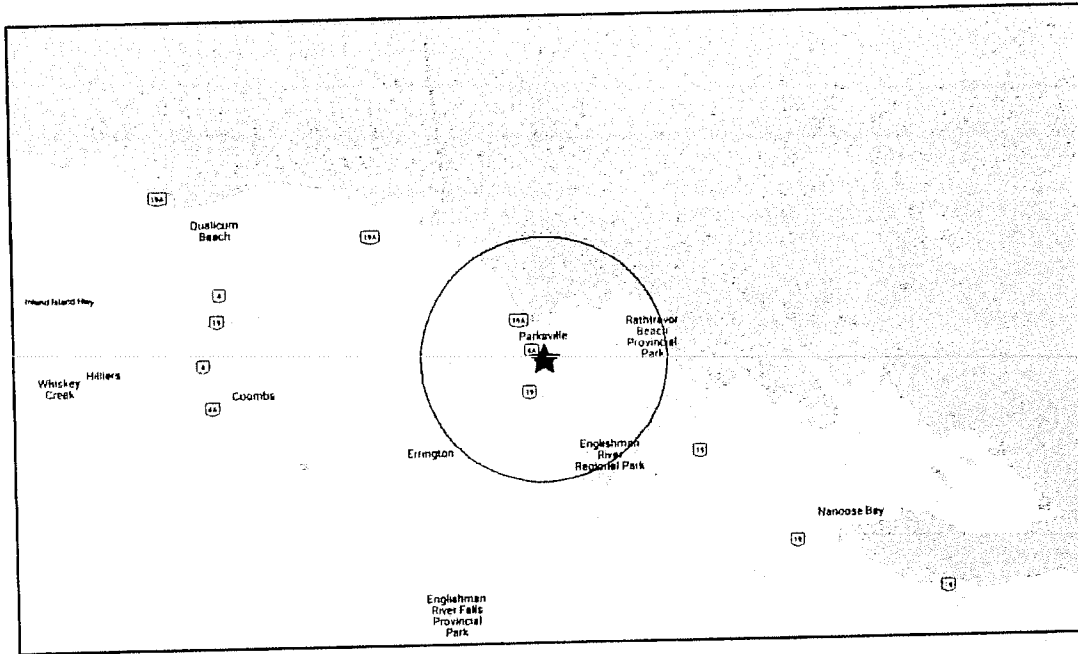
The current realty tax and assessment information for the Subject Property is summarized as follows:

ASSESSMENT & TAXES				
ROLL NO	TOTAL 2020 ASSESSMENT	TOTAL ASSESSMENT PER ACRE	TOTAL 2019 TAX LEVY	TOTAL TAX LEVY PER ACRE
769009205.201	\$3,645,000	\$19,461	\$24,253	\$129.49

Information relating to realty taxes on a sampling of comparable properties can be found within the Expense Comparables table presented within the Income Approach.



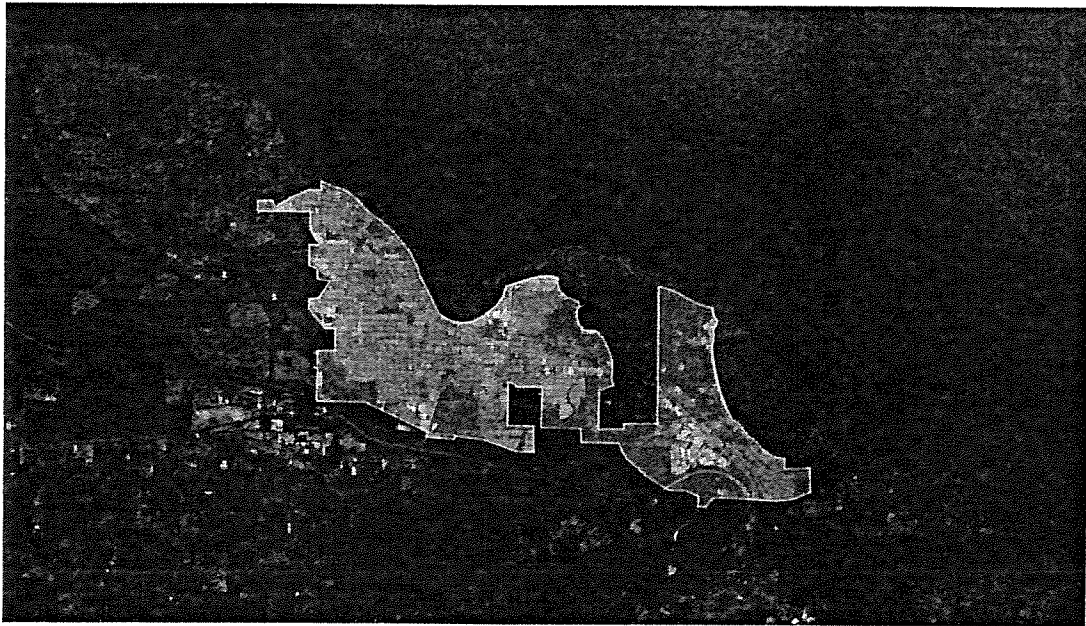
Location Overview – Parksville



The property is situated in the municipality known as Parksville, BC. Parksville is located approximately 38 kilometres northwest of Nanaimo's central business district. Major arterials for the district include: Island Highway West (Highway 19A), Inland Island Highway (Highway 19), Alberni Highway (Highway 4A), and Hirst Avenue. Parksville benefits from its diverse inventory and its arterial access via Island Highway and Highway 19.

	District Boundaries	Adjacent Districts
North	Strait of Georgia	Strait of Georgia
South	Wildgreen Way	Errington
East	Strait of Georgia	NanOOSE Bay
West	Island Highway W	French Creek

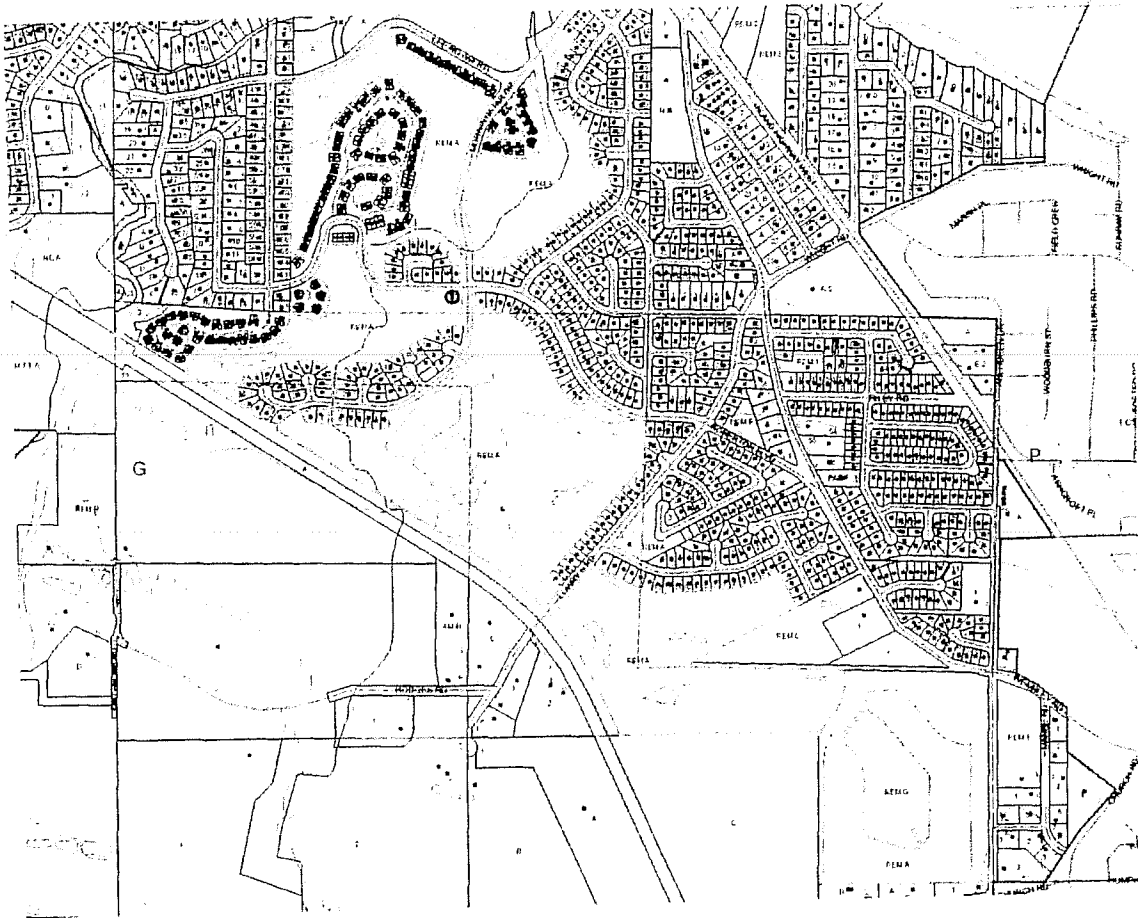
The Parksville area is developed with a strong mixture of residential and commercial properties. The district contains primarily detached residential with attached and strata apartments focused along the Island Highway, Hirst Avenue, Moilliet Street, and Alberni Highway corridors. The area also hosts larger commercial type users and multi-tenant commercial facilities along Island Highway. Retail inventory is focused along the Island Highway corridor with intermittent amenities dispersed throughout the city. There is a limited supply of purpose built office space weithin the area. Light industrial space remains east near Island Highway with a focus in light manufacturing and warehousing.



Aerial Image: Parksville, BC



Site Description



Area

The site comprises a total area of 187.30 acres (8,158,788 square feet), more or less.

Configuration

The site is essentially irregular in its configuration, as shown on the site plan above.

Street Improvements / Frontage

Street improvements for the Subject Property are as outlined below:

Street Improvements	Frontage	Direction	No. Lanes	Street Type	Curbs	Sidewalks	Streetslights	Center Lane	Gutters
Lowry's Road	Varies	Two-Way	Two-Lane	Minor Arterial		✓			
Roberton Boulevard	Varies	Two-Way	Two-Lane	Minor Arterial	✓	✓			
Morningstar Drive	Varies	Two-Way	Two-Lane	Connector Street	✓	✓			
Osprey Way	Varies	Two-Way	Two-Lane	Connector Street	✓	✓			



Land Use Classification (Zoning)

The Regional District of Nanaimo Zoning Bylaw 500 currently designates the property as RC1 (Recreation 1).

Access / Exposure

Overall access to the property is considered to be average. The site enjoys average exposure characteristics.

Site Coverage Ratio

The site has been developed to a Site Coverage Ratio of 0.00%.

Excess Density

The site has no excess density.

Services

The site is fully serviced.

Topography

The site's topography is variable and at street grade with adjacent roadways and properties.

Soil Conditions

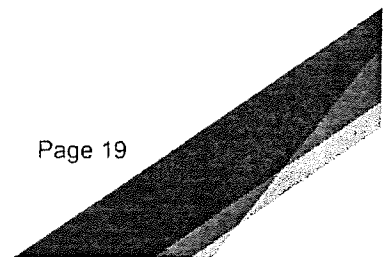
We have not undertaken a detailed soil analysis, and as we are not qualified to comment on soil conditions, we have assumed that there are no contaminants affecting the site. However, a full environmental assessment would be required for certainty, and any cost of remedy could potentially impact the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

Demographics

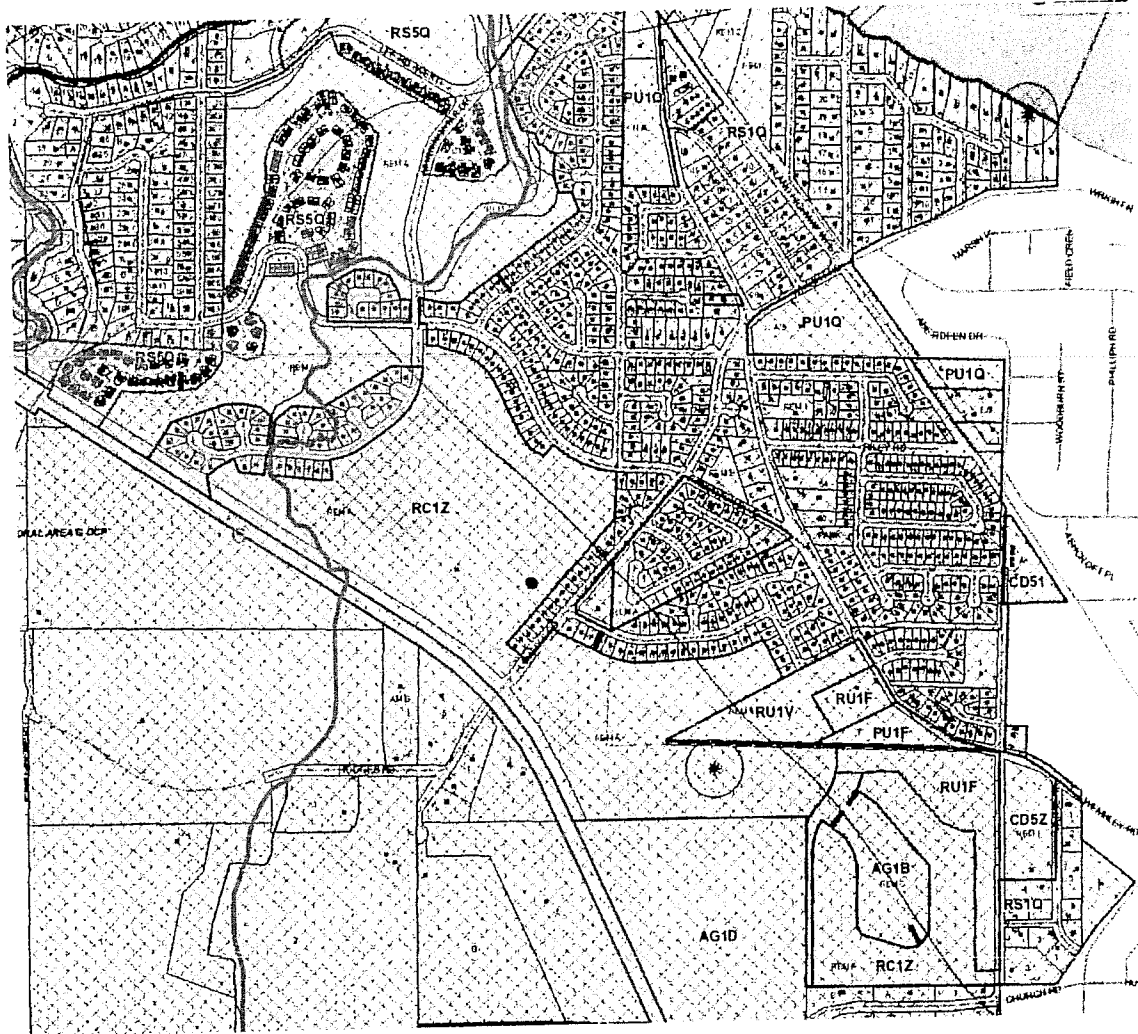
DEMOGRAPHICS AND STATISTICS		
Population	1 km radius	1,690
	3 km radius	12,848
	5 km radius	22,432
Average Household Income	1 km radius	\$92,256
	3 km radius	\$97,266
	5 km radius	\$91,932

Summary

The site provides average access and average exposure characteristics and no adverse influences are visually apparent.



Land Use / Zoning



Introduction

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

According to the relevant land use / zoning bylaw for the Regional District of Nanaimo, the Subject Property is currently classified RC1 (Recreation 1). An excerpt from the zoning bylaw is included in the appendices to this report.

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



ZONING SUMMARY	
Municipality Governing Zoning	Regional District of Nanaimo
Zoning Bylaw Number	500
Current Zoning	Recreation 1 (RC1)
Permitted Uses	Campground, Outdoor Recreation, Residential Use (1 per parcel)
Current Use	Golf Course
Is Current Use Legally Permitted?	Yes
Zoning Change	Not Likely

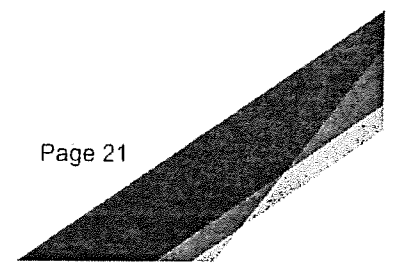
ZONING REQUIREMENTS	
Conforming Use	The existing improvements represent a conforming use within this zone.
Minimum Yard Setbacks	
Front (Meters)	8
Rear (Meters)	5
Side (Meters)	5
Maximum Building Height	8.0 Meters
Parcel Coverage	10%

Source: Regional District of Nanaimo

Zoning Conclusions

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

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

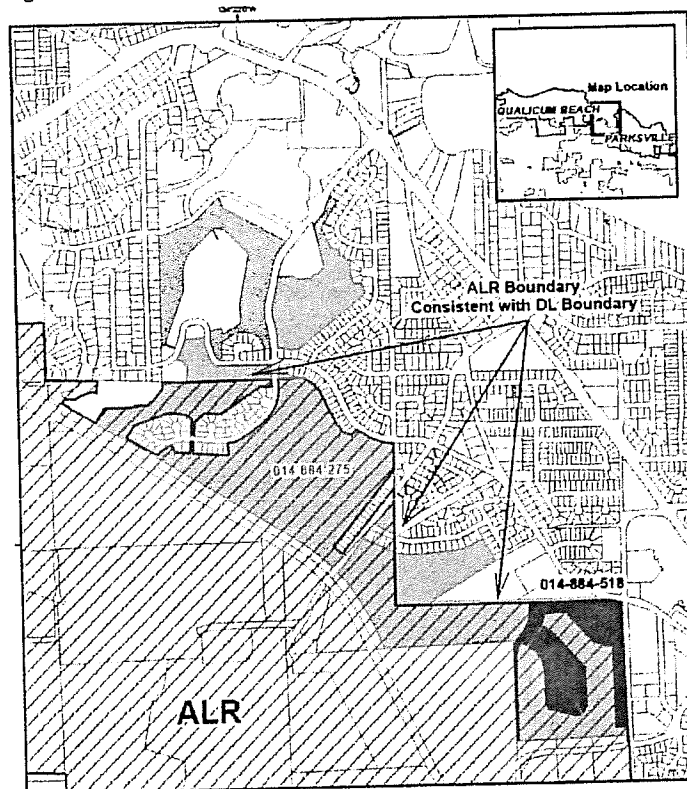


Agricultural Land Reserve

Approximately two-thirds of the subject property (± 125.6 acres out of ± 187.3 acres) lies within the Agricultural Land Reserve. The Agricultural Land Reserve (ALR) is a provincial zone in which agriculture is recognized as the priority use. Farming is encouraged and non-agricultural uses are controlled. The ALR covers approximately 4.7 million hectares. It includes private and public lands that may be farmed, forested or vacant land. Some ALR blocks cover thousands of hectares while others are small pockets of only a few hectares.

In total, the ALR comprises those lands within BC that have the potential for agricultural production. The Agricultural Land Reserve takes precedence over, but does not replace other legislation and bylaws that may apply to the land. Local and regional governments, as well as other provincial agencies, are expected to plan in accordance with the provincial policy of preserving agricultural land.

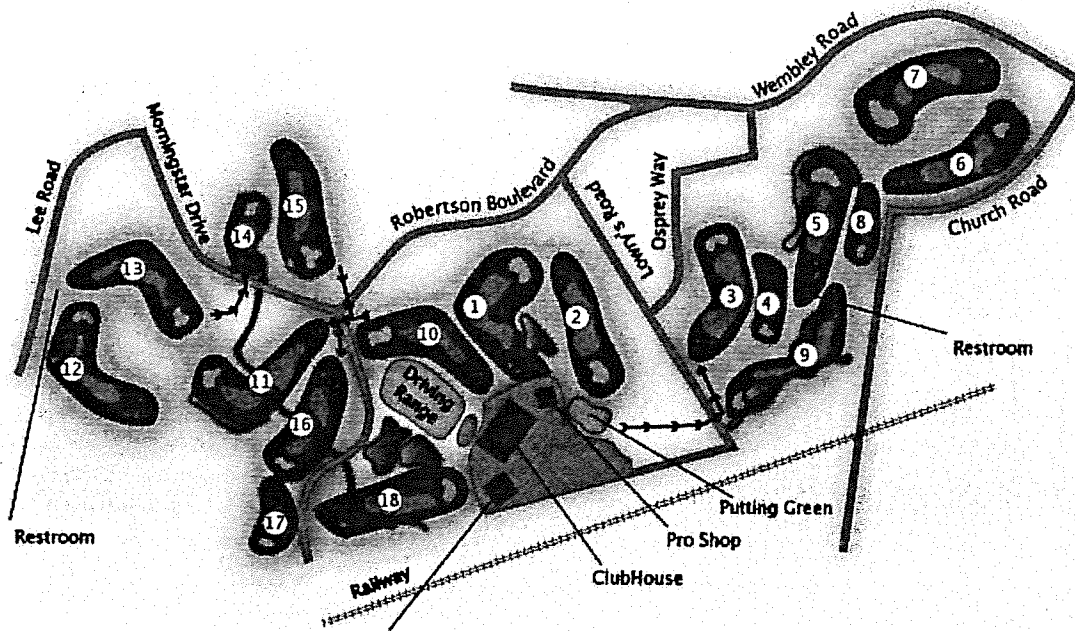
The *Agricultural Land Commission Act* sets the legislative framework for the establishment and administration of the agricultural land preservation program.



ALC Context Map
Map Scale: 1:12,500

ALC Issue File #: 61070
Mapsheet #: 02F 039
Map Produced: June 12, 2018
Regional District: Nanaimo

Description of the Improvements



Property Type Golf Course / Daily Fee w/Membership

Course Description The subject is a Daily Fee w/Membership golf course designed by architect Les Furber which opened in 1991. The course features 4 par five's, 10 par four's and 4 par three's. The layout is rated 72.1 with a slope rating of 138.

Fairways feature slightly undulating topography, with the 12th and 13th hole fairways featuring more dramatic sloping topography. The holes are well shaped, and of average width with water hazards coming into play on some holes. The 3rd through 9th holes are separated with a mixture of mature fir and cedar trees, in a combination of mature and second growth. Greens are average in size, well protected by strategically placed bunkers. Greens appear in fair to average condition, with adequate drainage. The holes are separated by various residential streets and housing subdivisions.

Irrigation System The irrigation system provides sprinkler fed water to the course greens, tee boxes, fairways and rough and to the driving range. The system is controlled and activated through a computer-based application (Toro Site Pro V2.1), allowing for water to be applied to specific areas and at specific times. The application can be overridden to permit limited hand-watering, as and where needed.

The irrigation system draws its water from the main storage pond and is distributed through a series of underground pipes and valves to pop-up sprinkler heads. The main storage pond receives water from an adjacent secondary holding pond and



three smaller ponds on the property. All the ponds are fed by rain-water. During the months of February and March the main and secondary ponds can be filled from Morningstar Creek and added to from three wells during the whole year. All irrigation ponds are essentially full by the end of May, when the draws for irrigation start to deplete the reservoirs.

Water is driven through the whole system by pumps of varying capacity depending on required flows. Portable pumps and hose are used to move water from the Creek into storage ponds. The golf course holds water licenses for the storage ponds and for the diversion of water from Morningstar Creek. Licenses for the three wells are being applied for, as required under new regulations.

From 1990 to 2014, the course supplemented its use of storm water with effluent water under permit from the Ministry of Environment and an agreement from the Regional District of Nanaimo (RDN). The effluent was being pumped from the sewage plant at French Creek through pipe running alongside Morningstar Drive to the holding pond, prior to adding it to the main storage pond. The pipe and pump are owned by the golf course. In 2014, sea water found its way into the effluent and thus into the ponds, causing damage to greens and other vegetation on the course, as well as complaints about the strong odour. As a result, the RDN suspended the agreement, pending upgrades to the transfer system by the golf course and tighter controls and monitoring to use the effluent. It is our understanding that the RDN has fixed the issue that caused sea water to be introduced to the golf course's irrigation system.

From 2014 to 2018, with no effluent available, the limited fresh water was used strategically to keep greens and tee boxes green, while the fairways were allowed to brown.

In 2019 the Receiver-Manager, in consultation with the RDN, upgraded the transfer system and developed procedures and, with the approval of the Ministry of Environment and the RDN, treated effluent became available to the golf course and was applied. There are reported to be no issues with water.

The course irrigation system, including the storage ponds and the supplemental effluent sub-system, were constructed, licensed and commissioned in 1990/1991.

The irrigation system is being regularly maintained and repaired, but repairs became more reactive than planned in recent years due to inadequate funding. Improvements have been made under the Receiver-Manager, but a more comprehensive program is needed in the longer term.

The main storage pond was built partially above grade, requiring the construction of a soil berm (or dam). Recent Dam Safety Regulations (under the Water Sustainability Act) requires all dams to comply with certain rules, including the preparation of an Operating Manual and an Emergency Plan. The manual and plan were prepared by the Receiver-Manager and approval by the authorities. The dam



inspector advised the golf course owner that trees planted on the berm needed to be removed and a spillway repaired. Urgent repairs were made in November 2018 to rebuild the overflow from the secondary pond to the primary pond, and there is an ongoing program to remove vegetation.

Building Age(s),
Size and Layout

The Clubhouse is a two-storey wood frame building on a concrete slab foundation with log siding constructed in 1991. The upper floor is improved as a restaurant and bar with patio and kitchen facilities. A Liquor Primary Licence (Bar) specifies indoor seating capacity of 18 with a patio capacity of 12. A Food Primary Licence specifies an indoor capacity of 54, a patio capacity of 48. The lower level is improved with four office spaces for Morningstar Golf Club Limited's administration, men's and women's washrooms, walk-in refrigerator, freezers and utility and storage areas.

The Pro-Shop building is a one-storey wood frame building constructed in 1991. Approximately 1,000 SF of space that provide golf and other related retail services including equipment sales, collection of green fees, golf lesson fees, golf car rental.

The Pavilion is a one-storey wood frame building over a concrete slab with log siding and an asphalt shingle roof. Approximately 2,025 SF, this building is primarily used for holding banquets, weddings and other events. This premise also has a food Primary Liquor License specifying a capacity of 160.

The Maintenance Workshop building has two bays with overhead doors. This building is primarily used for storage of equipment. There is also an office area along with two washrooms, shower and a lunchroom. A gravel paved yard in the immediate vicinity is used for outdoor storage and parking maintenance vehicles and equipment.

The Golf Cart Shed is approximately 2,600 SF and constructed in 2010. This area is primarily used for the storage of golf carts and member's equipment along with charging the golf carts.

Other facilities include an approximately 200 SF gazebo, covered toilets and sheds. The power for each building is assumed to be adequate for the current and future uses.

Year Built

The improvements to the property were originally constructed in 1991.

Quality & Condition

The property represents average quality construction in average overall condition.

Parking

The Subject property has on-site parking.

Paved Surface	104 stalls
Gravel Surface (Overflow Parking)	<u>15 stalls</u>
Total	119 stalls



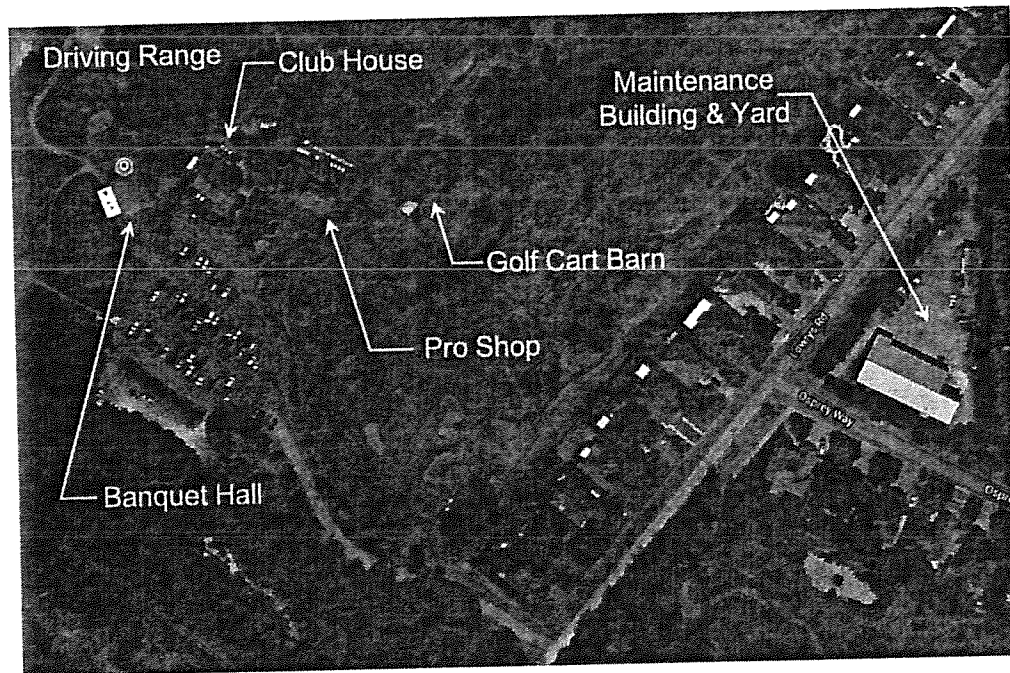
Age / Life Analysis Subject to the above description and the comments below, the following is a summary age / life analysis.

Actual Age	29 years
Effective Age	30 years
Economic Life	60 years
Remaining Economic Life	30 years

The above Age/Life Analysis pertains to the economic viability of the Subject Property in its current state, being the object of professional property management and proactive repairs and maintenance, with regularly scheduled capital expenditures occurring. The Remaining Economic Life does not necessarily represent the remaining physical viability of the existing improvements.

Observed Condition The property represents average quality construction in average overall condition.

Comments The golf course and its amenities and supporting structures appear to be of average maintenance and in average condition. It is noted that since the receiver took over operations of the property in June 2018, the level of maintenance has increased, such that some deferred maintenance has been addressed. It is our understanding from the receiver that this process will continue with a view toward returning the golf course to a level of good maintenance and condition.



Market Overview

COVID-19 Market Update

Introduction

The COVID-19 pandemic continues to have a wide range of impact on political, social and economic infrastructure. Within the Canadian Commercial Real Estate (CRE) sector, investors, landlords and occupiers are all assessing impacts, adjusting operations, and building and executing contingency plans to support their people and their businesses.

The severity of COVID-19 on the Canadian market is not yet known, as the situation continues to unfold, and forecasts are continuously adjusting. Within the short-term, the immediate health and safety of the public is of utmost importance. It's unclear how long the spread of COVID-19 will last but the longer its time frame extends, the higher a priority it becomes for businesses to mitigate economic impact. With this in mind, we take a quick look at five sectors in the Canadian CRE space to assess the impact of COVID-19 and how key considerations for decisions can help these sectors through this changing climate.



Real Estate Implications Office

Impact

Significant areas of impact for the office sector include remote working adoption and support of technology required to make this remote work productive. Canadians have been slow to embrace the concept of remote working, with Canadian Internet Registration Authority (CIRA) reporting as of 2019 that although 54% of Canadians with home internet work from home at least occasionally, only 20% say they do often. As employers shift operations from a physical office to an online environment, they will be testing the capacity of their existing mobility programs while simultaneously implementing new processes to account for unforeseen inefficiencies.

Most large organizations and tech-savvy companies have already established remote working options for their employees, but others aren't quite there yet. Typically, companies that are heavily dependent on paper, are tethered to in-office technology, or have strict or defined business processes may not have well-established or tested work-remote programs. In these cases, this period serves as a catalyst for workplace transformation, as such companies rapidly learn and adopt new practices and perspectives on where and how employees can work.

Key Considerations

Occupiers will find that despite the numerous benefits of remote working, diminished face-to-face interaction may present challenges for employee engagement and collaboration. This scenario will be more difficult for some industries than others, depending on the level of interaction that is generally required.

Throughout the process, maintaining effective methods of communication should be a top priority for occupiers, as should ensuring the appropriate technical infrastructure and support are set in place to enable large employee bases to work remotely. To learn more about Colliers' 12 best practices while working remotely, please visit: <https://knowledge-leader.colliers.com/editor/12-ways-to-work-remotely-during-covid-19/>

Occupiers are also beginning to plan for cost reduction and containment. Relocation decisions are being deferred through shorter term extensions. In the long-term, however, occupiers may be faced with either having to downsize or leave their office space. In these cases, communication with an advisor would be essential, as potential options could include sublease agreements.

For landlords, continuously monitoring the safety and risk levels of their buildings and effectively communicating this information to tenants is paramount. Landlords should be monitoring local, provincial and federal health agency bulletins, as well as industry communications, to evaluate any confirmed or suspected cases in regions where they manage assets. This practice also assists landlords in tracking any reported cases in adjacent buildings with which they may share infrastructure or common areas.

Real Estate Implications **Industrial/Supply Chain**

Impact

Canada's industrial sector is expected to be heavily impacted by disruption in international supply chains. With China being the largest global manufacturer of components, the ripple effect of plant closures in the automotive, electronic and pharmaceutical industries has caused a severe disruption.

As a precaution, Beijing ordered an extension of the Lunar New Year holiday plant closures, resulting in plant production coming to a standstill. Chinese manufacturers already had built-up inventory, but only to last through the regular holiday closure; therefore, the extension is causing a massive supply shock in the international supply chain, with inventories being depleted and manufacturers unable to replenish stocks.

Plant closures and cancelled sailings and flights from China have also resulted in unorganized assets on a global scale. This imbalance has created challenges for exporters struggling to find the appropriate containers and capacity to handle their goods. In Canada, this situation has resulted in Port of Vancouver reporting an 85% decline in volume of Chinese container shipments with 50% fewer sailings. Logistic companies in Toronto have reported 60% fewer inbound containers. Overall, approximately 10% of intermediate goods sourced from China are used to make finished products in Canada; the current climate could result in shortages for various sectors depending on how much Canadian businesses rely on global suppliers.

Key Considerations

In planning for the future, industrial occupiers should assess their risk tolerance to determine inventory levels required to handle different disruption scenarios. This approach might include increasing inventory levels as contingency in some cases, but it also might incorporate employing enhanced sourcing strategies, taking into consideration geographic spread and coordinated inventory management with critical vendors. Occupiers may be required to restructure their financials to allow for more liquidity and seek larger spaces to accommodate the extra inventory if their model is too lean. Doing so could be challenging, given the historically low industrial vacancy rates in Canada's major markets, with 0.4% vacancy in the Greater Toronto Area and 1.2% in the Metro Vancouver Area as of Q4 2019.

Optimization of their current holdings allows businesses to redefine their operations and focus on their plan of action for when the plants reopen. As supply returns to the market, industrial occupiers should capitalize on the demand opportunities to regain their lost capital.

Real Estate Implications

Retail

Impact

Due to warnings to avoid high-traffic indoor areas and places without proper ventilation, many shopping malls and underground pathways have seen a large reduction in shoppers. Assets that are in a retail node with necessity-based retailers, primary grocery and pharmacy, will find that their consumer traffic remains very high. Depending on the governmental decrees, neighbourhood streetfront retailers may actually find their foot traffic not significantly reduced, as the perception of safety is higher within this retail subtype.

Retailers may also experience an accelerated shift to online transactions, which we anticipate to have two impacts: 1) short-term pressure on brick retailers and 2) medium-term concern with the delivery and distribution channel workforce while COVID-19 measures take hold.

Given the impact on Asian manufacturing sectors, some retailers can expect a delay in receiving new products due to supply chain disruption. Other retailers will experience a surge in stockpiling from consumers as they provide the essential items ranging from groceries to disinfectants. The luxury market will also be impacted as it leans heavily on Chinese consumers, who are set to contribute almost two-thirds of global growth in luxury spending, according to McKinsey & Company.

Key Considerations

Concerns over the spread of COVID-19 has led to retailers announcing temporary store closures ranging from a week to two weeks. Enclosed mall managers have all announced reduced operating hours. It will be harder for retail tenants to navigate these challenges, as foot traffic is essential to the prosperity of their business.

During this period, the consumer's perception of safety is crucial to maintain and investing in sanitization will make all the difference. Retail businesses and retail landlords should communicate to their customer base the safety precautions they are taking using online channels and asset-level signage. It's recommended that there be a heavy emphasis on marketing campaigns so businesses can bounce back once the risk of COVID-19 declines.

Real Estate Implications Investments

Impact

Commercial sales activity in all asset classes in Canada remained strong in 2019, totaling \$53.3 billion and buoyed by a strong year-end with a 13% annual increase in Q4, according to Altus Group's Investment Trends Survey. The current uncertainty surrounding the long-term effects of COVID-19, however, has certainly paused investment activity in Q1 2020 as investors are postponing marketing efforts, product launches and plans for expanding their portfolios.

First among the concerns are the short- and long-term impacts the pandemic could have on underlying property fundamentals and returns, including constraints in supply chain, consumer spending, business investment, hospitality and international trade. The downturn in the oil and gas sector (apparently only partly to blame on COVID-19) will also continue to negatively impact specific markets and slow their already hesitant recovery. Furthermore, public commercial real estate companies, coming off one of their strongest years ever in 2019, have seen their unit and share prices decline significantly, which will impact further expansion from the public sector.

Key Considerations

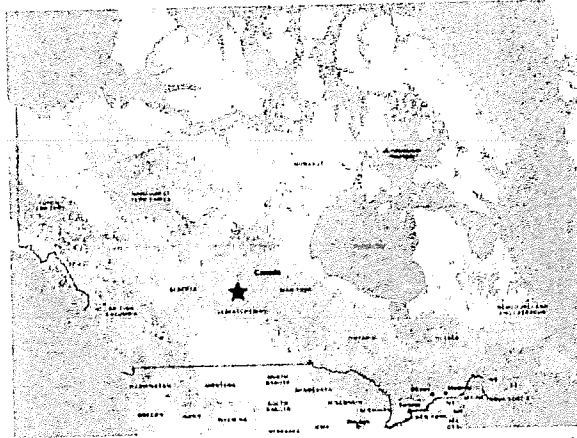
The massive decline in interest rates instituted to help deal with the crisis (Five-year Canada bonds are 0.61% at the time of writing, down more than 100 bps from 2019 year-end.) is a significant mitigating factor. Investors traditionally look to hard assets like real estate in times of uncertainty and the real estate market in Canada represents an attractive opportunity. Prior to the crisis, Canada's economy was on a roll, with the labour market adding 398,000 jobs (2.1% growth) nationally in 2019 and population growth at more than 530,000 persons (1.4% growth), it is anticipated strong growth will resume once normalcy returns.

The commercial real estate investment market is expected to make a strong recovery once the pandemic concerns lessen. In particular, weak expected returns in many other sectors should drive capital to commercial real estate (both direct investment and public real estate equity) and the low interest rates should allow investors to lock in favourable financing rates to expand their real estate portfolio. Given the recent strength of the underlying fundamentals of the Canadian commercial real estate market, it is anticipated the effects of COVID-19 on the market will be temporary and significantly shorter than those of past financial credit crises.

Economic Overview – Canada

The observations and projections below are taken from the Conference Board of Canada's latest "Metropolitan Outlook" report. As noted therein, "This forecast was prepared on January 2nd [2020], before the coronavirus outbreak and the commodity price crash." As such, this information is included herein to provide an indication of the economic conditions and projections in place prior to these events, but should not be viewed as predictive of future conditions, as these significant events have caused a great deal of uncertainty in the current and near term future economic climate. Readers are accordingly cautioned to factor this into their analysis and understanding of the information below. Colliers does not undertake any responsibility to update or correct the information below at a later date.

Canada has the world's 38th largest population and the world's second largest land mass. The country's population is dispersed among 10 provinces and 3 territories with nearly 90% of its people living within 160 kilometers of the United States border. Canada consistently receives a top fifteen Human Development Index ranking and a top twenty ranking for GDP (nominal) per capita.



Canada's economy consistently receives a top twelve world ranking. International trade makes up a large part of Canada's economy, with the United States as its largest trading partner followed by the European Union and China. Key Canadian exports

include petroleum, automobiles and auto parts, precious metals, machinery including computers, wood, electrical machinery, aircraft and spacecraft, pharmaceuticals and aluminum. More recently, Canada's high knowledge industries of manufacturing, business services, engineering and computer and management services have received a top ten global knowledge economy ranking from the World Bank Institute.

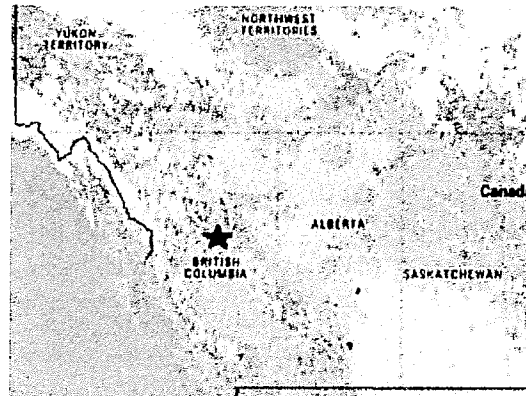
Canada						
Economic Indicators	2019	2020	2021	2022	2023	2024
Real GDP (2007 \$ millions)	2,086,564	2,123,517	2,164,178	2,200,947	2,235,517	2,270,081
percentage change	1.6	1.8	1.9	1.7	1.6	1.5
Total employment (000s)	19,043	19,242	19,436	19,629	19,822	20,016
percentage change	2.1	1.0	1.0	1.0	1.0	1.0
Unemployment rate (%)	5.7	5.6	5.6	5.5	5.5	5.5
Personal Income per Capita (\$)	49,378	51,325	52,827	54,377	55,989	57,579
Population (000s)	37,466	37,833	38,198	38,568	38,941	39,314
percentage change	1.3	1.0	1.0	1.0	1.0	1.0
Single-family housing starts (000s)	60.4	62.9	59.6	56.4	52.8	48.8
Multi-family housing starts (000s)	154.7	149.2	149.6	149.8	148.1	144.5
Retail Sales (\$ millions)	617,449	635,617	654,515	674,012	694,008	714,489
percentage change	1.9	2.9	3.0	3.0	3.0	3.0
CPI (base year: 2002=1.0)	1.359	1.385	1.414	1.442	1.472	1.501
percentage change	1.9	2.0	2.0	2.0	2.0	2.0

Metropolitan Outlook 1: Economic Insights into 13 Canadian Metropolitan Economies – Winter 2020. Ottawa: The Conference Board of Canada, 2020.
 Figures for 2020 and forward reflect forecasts prepared January 2, 2020.

Economic Overview – British Columbia

The observations and projections below are taken from the Conference Board of Canada's latest "Metropolitan Outlook" report. As noted therein, "This forecast was prepared on January 2nd [2020], before the coronavirus outbreak and the commodity price crash." As such, this information is included herein to provide an indication of the economic conditions and projections in place prior to these events, but should not be viewed as predictive of future conditions, as these significant events have caused a great deal of uncertainty in the current and near term future economic climate. Readers are accordingly cautioned to factor this into their analysis and understanding of the information below. Colliers does not undertake any responsibility to update or correct the information below at a later date.

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



British Columbia is Canada's fourth largest economy. While resource-based industries continue to be the primary economic drivers in many regions, British Columbia is home to the largest number of small businesses and service-oriented economies in Canada. Today, just over three-quarters of economic activity originates from the service sector, and nearly four-fifths of its workforce are employed in this sector. As Canada's Pacific Gateway, British Columbia's economy is also experiencing growth as a global trading partner for goods, services and people travelling to and from the Asia-Pacific region to Canada and the United States. Emerging sectors such as green technology, agri-foods, aviation and aerospace, biotechnology, digital entertainment and technology are expected to drive the province's future growth.

Province of British Columbia						
Economic Indicators	2019	2020	2021	2022	2023	2024
Real GDP (2007 \$ millions)	252,703	260,151	265,098	269,093	272,279	275,524
<i>percentage change</i>	2.5	2.9	1.9	1.5	1.2	1.2
Total employment (000s)	2,569	2,613	2,637	2,663	2,686	2,706
<i>percentage change</i>	3.0	1.7	0.9	1.0	0.8	0.8
Unemployment rate (%)	4.8	4.3	4.4	4.5	4.7	4.7
Personal Income per Capita (\$)	51,227	53,325	55,033	56,695	58,358	60,030
Population (000s)	5,059	5,117	5,172	5,227	5,282	5,337
<i>percentage change</i>	1.4	1.1	1.1	1.1	1.1	1.0
Single-family housing starts (000s)	9.5	9.1	8.0	7.1	6.4	5.9
Multi-family housing starts (000s)	36.2	28.8	28.9	25.8	25.0	24.4
Retail Sales (\$ millions)	86,751	89,634	92,369	95,015	97,543	100,205
<i>percentage change</i>	0.9	3.3	3.1	2.9	2.7	2.7
CPI (base year: 2002=1.0)	1.314	1.340	1.366	1.394	1.422	1.451
<i>percentage change</i>	2.3	2.0	2.0	2.0	2.0	2.0

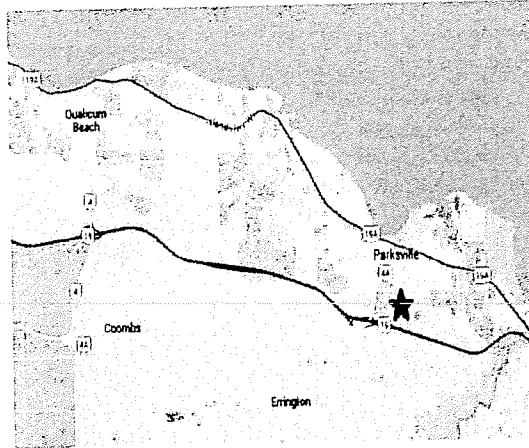
Metropolitan Outlook 1: Economic Insights into 13 Canadian Metropolitan Economies – Winter 2020. Ottawa: The Conference Board of Canada, 2020. Figures for 2020 and forward reflect forecasts prepared January 2, 2020.



2019 Parksville Economic Overview

Location

The town of Parksville is located on eastern side of Vancouver Island, near Nanaimo, on the Strait of Georgia/Salish Sea. It is part of the Regional District of Nanaimo, along with the City of Nanaimo, Town of Qualicum Beach and District of Lantzville, as well as 7 unincorporated electoral areas. Highway 19 provides the primary access route from larger municipalities across Vancouver Island. Air service to the area is available at Nanaimo Airport, providing service to Vancouver, Abbotsford, Comox, Victoria and Calgary, or Qualicum Beach Airport for local, personal air traffic. Ferries to the mainland and Gulf Islands are accessible at Nanaimo. Public transportation in the area is with BC Transit, based through the Regional District of Nanaimo.

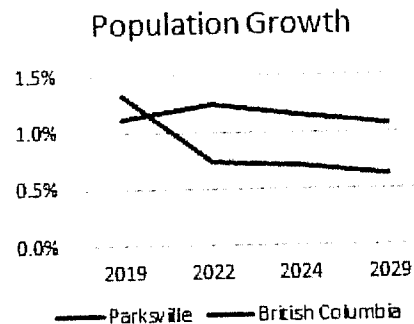


Economic Activity

Part of the traditional territory of several First Nations, the Parksville area started to be claimed by Europeans in 1873, and a post office was established by 1877. When the railroad was built out from Nanaimo, settlement grew, based on the logging industry and tourism. Parksville became incorporated as a village in 1945. Today, tourism, construction and the service industry are Parksville's chief employment sectors, due to the long history of catering to people coming into the area to explore the wonderful beaches. Visitors are now catered to by numerous resorts, hotels, motels and RV parks, attractions such as provincial parks, mini golf, adventure tours, and even a parrot refuge and wildlife recovery centre. Primary sector industries include fishing and forestry, but overall their contribution to the local economy is much smaller than it was historically. The town has an active retail core, with home supplies, food shopping, financial services restaurants and more being well supplied, mainly along the Island Highway corridor, but also spreading out to the south of the highway.

Population

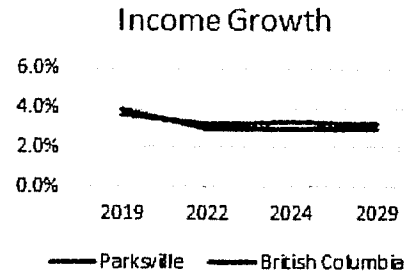
With a population of 13,000 people, the City of Parksville contains less than 1.0% of British Columbia's total population. From 2014 to 2019, Parksville's population has grown an average of 1.3% annually, outpacing British Columbia's growth average of 1.1%. Over the next ten years, however, Parksville's population growth is projected to slow to 0.7% annually, slower than the provincial growth forecast of 1.1%. By the end of 2029, Parksville's population is projected to reach 13,900 residents.





Income

The average income for Parksville households is \$79,200 which is 24.9% lower than British Columbia's average of \$105,500. However, over the next ten years, Parksville's average household income is projected to grow at 3.4% annually, outpacing British Columbia's growth rate of 3.3%. By the end of 2029, Parksville's average household income is projected to reach \$109,220 which continues to lag behind British Columbia's average of \$141,380. Furthermore, the income gap will narrow from 24.9% to 22.7%.

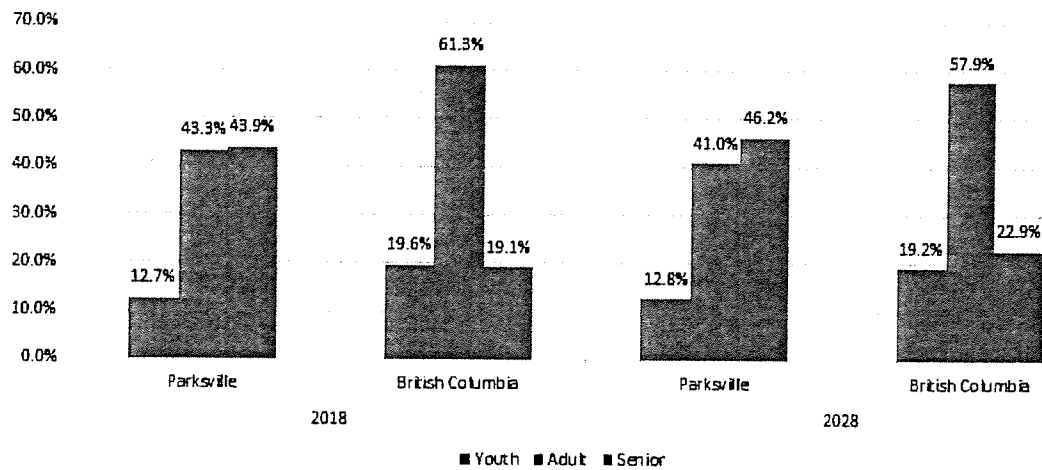


Demographics

On average, the population of Parksville is older than the rest of British Columbia. In 2019, Parksville's median age was 61.3 years of age as compared to 42.3 years of age for the rest of British Columbia. Overall, Youth comprise 12.7% of Parksville's population while Adults represent 43.3% and Seniors at 43.9%. This compares to provincial averages of 19.6%, 61.3% and 19.1% for Youth, Adults and Seniors.

By 2029, it is expected that Parksville's median age will grow to 62.2 years of age with the city's Youth population growing slightly to 12.8%, Adult population falling to 41.0% and Seniors growing to 46.2%. British Columbia's median age is expected to rise to 43.6 years of age with its Youth population falling to 19.2%, Adult population falling to 57.9% and seniors growing to 22.9% of British Columbia's population.

Demographics





The Golf Course Market

The following overview has been based on our review of various market studies of the golf market which have been completed in recent years including "Golf Tourism in British Columbia" prepared for the BC Ministry of Tourism, Recreation and Culture, "Golf Course Development in the Lower Mainland" prepared for the Development Services Department of the Greater Vancouver Regional District in May 1991, and "Analysis and Valuation of Golf Courses and Country Clubs" published by the Appraisal Institute in 2003, "2016 British Columbia Golf Market" published by British Columbia Golf, as well as our general research and experience.

Demographics

Approximately 4.3 million rounds of golf are played annually in British Columbia by a total of 618,000 golfers (2016 British Columbia Golf Market). The 65+ segment accounts for approximately 50% of all golfers. The most relevant feature of the golf market is that participation tends to increase with age and higher levels of income and education. Seniors are regarded as an important target market and are also more likely to take a golfing vacation than the average golfer. Participation rates are much lower in Generation X (born between 1965 and 1981) and Millennials (born between 1982 and 2001), with 150,000 and 162,000 golfers in each group respectively.

Historical Review

Demand in the late 1980's resulted in a strong interest in golf course development, particularly for lands located in the Agricultural Land Reserve (ALR) within Greater Vancouver. In 1988, an Order-in-Council removed the authority of the Agricultural Land Commission (ALC) to refuse golf course development within the ALR. The Order-in-Council changed the status of golf courses from conditional uses to outright uses. Subsequently, there were many golf course development applications within a number of Greater Vancouver municipalities. However, each municipality had to approve a development application and had specific criteria for evaluating such proposals.

Many municipalities throughout Greater Vancouver were under significant pressure from public interest groups not to approve further golf course developments. In fact, due to strong public opposition to golf course development on agricultural and environmentally sensitive lands in central areas, local governments rejected several proposals. As a result, the preceding legislation was repealed in November 1991, by the newly elected provincial government, and a moratorium on applications for golf course development was enacted in 1992 (known as Bill 33, Golf Course Development Moratorium Act), which still remains in force today.

The preceding legislation froze the number of outstanding applications. These applications were reviewed by the ALC in terms of quality of agricultural land involved, impact on adjacent agricultural areas and the stage of development of each proposal. A number of applications were exempted from the moratorium as they were either completed or nearly completed, or were considered to have a limited negative impact on agriculture, while some proposals were rejected outright as they had not received final approvals from local governments. The remaining proposals were allowed to proceed as they had received initial zoning approvals from local governments. However, these proposals were subject to the restrictions that the majority control of the property could not be disposed of and that the golf course had to be completed either within two years after the date which the ALC set the terms and conditions for the golf facility application, or April 6, 1994.

The net effect was a significant reduction in the number of golf course proposals in the ALR as well as the amount of golf course lands available. In addition, we note that a number of the proposed golf courses did not proceed as the development costs were beyond the capability of the small investor and the landowner was limited in his ability to sell the land. However, during the outright approval period, a significant number of golf courses were developed.

Golf Course Ownership Structure

The four typical ownership structures are municipal, semi-private, private and public. Municipal courses are owned by the local government as part of their parks and recreational facilities and are run on a break-even basis. Semi-private and private courses are owned by members of the club and operate as non-profit societies with any excess profits being returned to the course in the form of upgraded maintenance or a reserve for future capital expenditures. These forms of golf course ownership are rarely sold. Public courses are privately owned and operate on a profit-making basis with play available to the general public and conducted on a green fee format with a variable green fee structure. This form of ownership is the type of facility which is typically sold.

Golf Course Investment

The overall investment market for existing golf course facilities and potential golf course developments was very strong in the late 1980's and peaked in early 1991. Generally, local investors tend to look at golf course development as a short-term investment while foreign investors see it as longer term. Demand for this type of property stemmed from heightened local and international interest and from international investors, particularly from Japan. This strong interest resulted in a fairly significant amount of existing golf courses and development sites being actively marketed or informally available for sale, and at very aggressive prices that would have been unheard of a few years earlier.

In many cases, purchase prices offered were so high that owners were motivated to sell when they would not have been otherwise induced. Normal financing considerations did not support the prices paid, with capitalization rates as low as 4% for share sales of both the operating businesses and the underlying real estate. Many of these investors were from Asia, particularly Japan and Taiwan, where there is an extreme shortage of developable land. Japanese businessmen were reportedly accustomed to paying up to \$500 per round and up to \$1,000,000 for membership in exclusive private golf clubs. As such, alternative golfing locations, and particularly in North America, were sought to meet the demands of this market. The investors were also attracted to golf course developments having additional development potential, particularly in the form of residential uses.

In Greater Vancouver, such investors were, among other factors, attracted to the additional residential development rights represented by the sales of Furry Creek, Swaneset Bay, Morgan Creek and Fort Langley. Further, another motivation to pay high prices for golf properties was the perceived ability to sell high priced memberships to Japanese businessmen and other wealthy golfers. Sales of memberships could quickly recapture a substantial amount of the original investment capital. However, the Japanese market segment expected to account for such memberships had declined significantly, due to problems in Japan's economy, and in the case of the local market, this demand appeared to have been over-estimated. Of those existing golf courses in the Vancouver area, such as Mayfair Lakes, and those newly developed, such as Swaneset Bay and Furry Creek, membership sales were reportedly very slow, and, in the case of Furry Creek, the membership concept has been abandoned.

Current Operating Environment

Due to the number of new golf courses that were developed during the early 1990's, a perceived oversupply of golf courses has occurred at the time and is still an issue in some areas of the province. Particularly affected were golf courses with below average quality course improvements and clubhouse facilities or courses that previously did not have direct competition and provided facilities to the beginner to average player. For example, the Vancouver Island market has shown a number of golf course sales over the past fifteen years. Morningstar in Parksville, Duncan Lakes in Duncan and Glengarry in Qualicum Beach are three courses that all sold in 1997. Morningstar represented a court ordered sale and both Duncan Lakes and Glengarry were affected by financial difficulty. The preceding is considered somewhat similar to the Lower Mainland market where there has been a softening trend. Olympic View in Victoria, representing a championship golf course and an established facility, was acquired in early 1998. Duncan Meadows a 160 acre 18-hole golf course in Duncan sold for \$3,472,000 in 2007. In BC's interior, The Dunes, an 18-hole 7,131-yard course in Kamloops sold in 2006 for \$5,000,000 and the Kokanee Springs, a 6,604 yard 18-hole layout sold in 2007 for \$9,500,000. In the East Kootenays, the Radium Hot Springs Resort sold in 2010 for an estimated consideration of \$10,823,100. This transaction included two 18-hole golf courses and the resort facilities.

While the 2008 global financial crisis resulted in difficulties for several golf courses, resulting in various courses being sold via court order, the last five years has seen a resurgence in golf course sales activity, which has followed some increased interest in the game itself. Although not anything like the 1980's and early 1990's, there is a feeling amongst golf course owners and managers that years of declining rounds and lower memberships may have turned a corner.

Selected sales over the last ten years have included:

- Court ordered sale of The Tower Ranch Golf Course in Kelowna in March 2012 for \$3,973,000
- Court ordered sale of The Falls in Rosedale in April 2012 for \$4,166,000 (including residential development lands)
- Court order sale of the Tobiano Golf Course in Kamloops for \$4,000,000 in May 2013
- Mayfair Lakes in Richmond for \$10,156,000 in February 2015
- Westwood Plateau in March 2015 for a reported \$13,200,000
- Surrey Golf Club for \$11,100,000 in April 2015
- Fairwinds Golf Course for \$4,223,967 in July 2015 (part of large mixed-use property)
- Glen Meadows Golf and Country Club in North Saanich in December 2017 for an undisclosed price.
- Bighorn Golf and Country Club in Kamloops in December 2017 for \$2,500,000
- Long Lands Golf Course in Comox in March 2018 for \$2,100,000
- Sunset Ranch Golf and Country Club in Kelowna in December 2018 for \$4,000,000
- Arbutus Ridge Golf and Country Club in Cobble Hill in July 2019 for \$4,500,000
- Salmon Arm Golf Club in January 2020 for \$3,500,000

Summary

The demand by investors and developers for golf course facilities and development sites was very strong and peaked in early 1991; demand began to slowly return over the next 10 to 15 years, only to face the 2008 global financial crisis. As a result, the golf course environment has become increasingly competitive, with some courses, particularly in more suburban markets with average quality improvements, having run

Morningstar Golf Course, 525 Lowry's Road, Parksville, British Columbia



into financial difficulty. Golf courses having found niches in the market or courses with superior locations with amenities have fared much better. This has also been coupled with increasing interest in both the game and ownership over the last five years (albeit not at levels seen in the 1980's and early 1990's).

The subject property is located in central Vancouver Island, which is a destination golfing area, with competition primarily from Pheasant Glen Golf Resort and Eaglecrest Golf Club in Qualicum Beach and Fairwinds Golf Club in Nanoose Bay.

Valuation

Highest and Best Use

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

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

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

The four criteria the highest and best use must meet are analyzed following in relation to both the property as vacant and as currently improved.

As Vacant Analysis

Legal Permissibility

The subject property comprises a single, "hooked" legal parcel that is separated into seven areas by residential subdivisions and public roadways. Based on information provided by the client, the total site area is ± 187.3 acres. We note that this differs from the site area of ± 206.61 acres indicated by BC Assessment. A professional survey is recommended to determine the actual site area.

According to the Regional District of Nanaimo, the property is designated as Parkland / Green Space / Natural Area within the Official Community Plan for Area 'G', and zoned "RC1" (Recreation 1) which allows for recreational uses such as a playing field, botanical garden, arboretum, outdoor exhibit, golf course, driving range.

Approximately two-thirds of the subject, meaning ± 125.6 acres out of an estimated site area of ± 187.3 acres, lies within the Agricultural Land Reserve (ALR). The Agricultural Land Reserve (ALR) is a provincial zone in which agriculture is recognized as the priority use. Farming is encouraged and non-agricultural uses are controlled. The ALR covers approximately 4.7 million hectares. It includes private and public lands that may be farmed, forested or vacant land. Some ALR blocks cover thousands of hectares while others are small pockets of only a few hectares.

In terms of compatibility, the surrounding properties are classified and developed with a variety of recreational and residential properties complementary to the subject.

Legally, the site, as if vacant, is suitable for golf and other ancillary uses.

Physical Possibility

Regarding physical characteristics, the Subject site is irregular in shape and has variable topography with average access and average exposure. Physical and locational features appear supportive of recreational uses for the site's highest and best use.



Financial Feasibility

Based on a physical inspection, the property is considered to be functional for golf course use, with the possibility of financial feasibility being achieved if costs are contained and revenues enhanced. However, based on a review of past financial statements, the current operations are not yet financially feasible.

Maximum Productivity

Of the various legally permissible, physically possible, and financially feasible uses available, the maximum productivity of the property would be achieved with development for recreational use.

As Vacant Conclusion

Limited to development as recreational uses by the land use regulations. All other uses would require an OCP amendment and re-zoning. Additionally, two-thirds of the property is within the ALR, which would limit alternate land use to those agricultural in nature.

As Improved Analysis

Legal Permissibility

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

Physical Possibility

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

Financial Feasibility

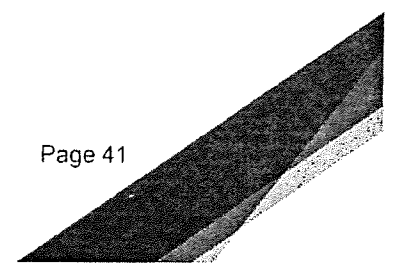
Based on a review of past financial statements, the current operations are not financially feasible, unless costs are reduced and revenues enhanced. The economic viability of the subject property should be apparent following a period of stabilization. The property should be an income generator once stabilized within the limits of the existing allowable land use.

Maximum Productivity

Of the various legally permissible, physically possible, and financially feasible uses of the property as improved, the current use is considered to represent the maximum productivity of the property with a view towards increasing revenues and controlling costs.

As Improved Conclusion

Based on the previous discussion, the highest and best use of the Subject property as-improved is concluded to be represented by a continuation of its existing use as a Daily Fee w/Membership Golf Course development.



Valuation Methodology

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

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

The selection of a relevant methodology depends upon the nature and characteristics of the real estate under consideration.

- 1) **The Cost Approach** is a method through which a value indication is derived for the fee simple estate by estimating the current cost to construct a reproduction of (or replacement for) the existing structure, including an entrepreneurial incentive or profit; deducting depreciation from the total cost; and adding the estimated land value. Adjustments may then be made to the indicated value of the fee simple estate in the Subject property to reflect the value of the property interest being appraised.
- 2) **The Direct Comparison Approach** examines the cost of acquiring equally desirable and valuable substitute properties, indicated by transactions of comparable properties, within the market area. The characteristics of the sale properties are compared to the Subject property on the basis of time and such features as location, size and quality of improvements, design features and income generating potential of the property.
- 3) **The Income Approach** is based on the premise that properties are purchased for their income producing potential. It considers both the annual return on the invested principal and the return of the invested principal. This valuation technique entails careful consideration of contract rents currently in place, projected market rents, other income sources, vacancy allowances, and projected expenses associated with the efficient operation and management of the property. The relationship of these income estimates to property value, either as a single stream or a series of projected streams, is the essence of the income approach. The two fundamental techniques utilized within the Income Approach include the Overall Income Capitalization and Discounted Cash Flow Techniques.

The Overall Income Capitalization Technique analyzes the relationship of current projected stabilized net operating income to total property value. The stabilized net operating income is capitalized at a rate that implicitly considers expected growth in cash flow and growth in property value over a buyer's investment horizon. The implied value may be adjusted to account for non-stabilized conditions or required capital expenditures to reflect an as is value.

The Discounted Cash Flow Technique models a property's performance over a buyer's investment horizon from the date of acquisition through the projected sale of the property at the end of the holding period. Net cash flows from property operations and the reversion are discounted at a rate reflective of the property's economic and physical risk profile.



Selection of Relevant Methodology

As the Subject is an investment property, the Income Approach represents the decision making process of knowledgeable buyers and sellers of this property type. Accordingly, the Income Approach is deemed applicable, and has been utilized herein. The Overall Income Capitalization and Discounted Cash Flow techniques are both deemed applicable, as they would be reflective of the actions of typical prudent purchasers for properties of this type. Accordingly, both techniques have been utilized within this analysis.

While the Direct Comparison Approach is most pertinent in the valuation of owner occupied or vacant properties, it is also commonly utilized as a supporting approach in the valuation of income generating properties. Accordingly, the Direct Comparison Approach is deemed applicable, and has been utilized herein.

Knowledgeable buyers and sellers typically do not rely on the Cost Approach for valuing properties similar to the Subject. Accordingly, the Cost Approach has not been utilized herein.



Income Approach

The Income Approach is based on the premise that properties are purchased for their income producing potential. It considers both the annual return on the invested principal and the return of the invested principal. As the subject is a going-concern golf course property, the process of estimating is to prepare future operating projections. The relationship of these income estimates to property value, either as a single stream or a series of projected streams, is the essence of the income approach. The two fundamental techniques utilized within the Income Approach include the Overall Income Capitalization and Discounted Cash Flow Techniques. The Overall Income Capitalization method has been used in this analysis.

Firstly, to determine revenues we must examine the local competitive set and determine the reasonableness of the projected revenues.

Competitive Market Analysis

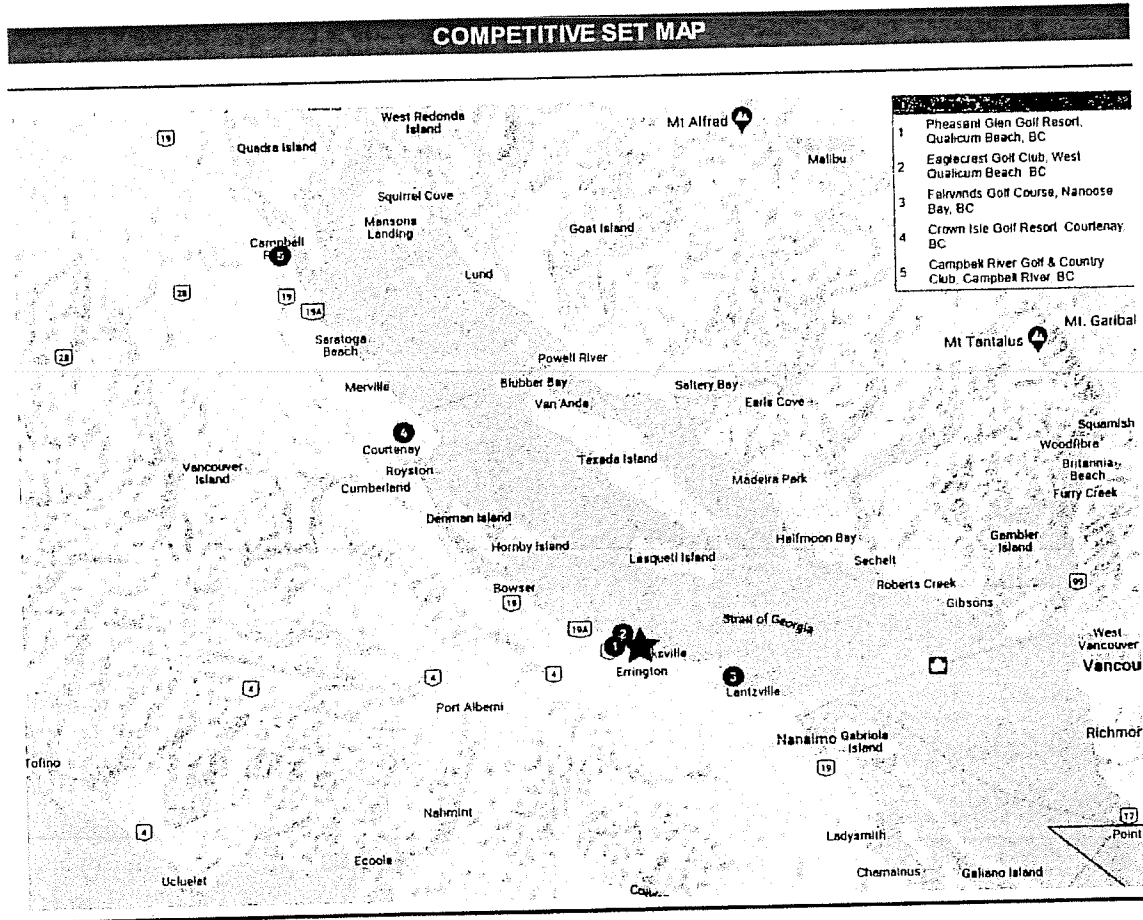
The subject's competitive set is comprised of facilities in proximity to the subject property that are considered to represent a reasonable alternative to the subject. Although there are many golf courses within the subject vicinity, not all are considered to compete directly with the subject. Based on discussions with the course manager for the subject, the subject's competitive set is summarized in the chart below.



Morningstar Golf Course, 525 Lowry's Road, Parksville, British Columbia

COMPETITIVE SET

Name	Address	Location	Province	Course Type	Number of Holes	Yards	Slope	Rating	Par	Amenities
Pheasant Glen Golf Resort	1025 Qualicum Road	Qualicum Beach	BC	Daily Fee w/Membership	18	6,928	128	73.5	72	Pheasant's Nest Restaurant, Banquet Facilities, Practice Facilities
Eaglecrest Golf Club	2035 Island Highway	West Qualicum Beach	BC	Daily Fee w/Membership	18	6,417	128	70.6	71	Restaurant and Lounge, Banquet Hall, Pro Shop
Fairwinds Golf Course	3730 Fairwinds Drive	Nanoose Bay	BC	Daily Fee w/Membership	18	6,204	130	69.9	71	Fairwind Bar & Grill, Pro Shop, Banquet Area, Covered Practice Facility
Crown Isle Golf Resort	399 Clubhouse Drive	Courtenay	BC	Daily Fee w/Membership	18	7,024	120	74.2	72	Family Friendly Bar and Grill, Banquet/Meeting rooms, Practice facilities, Snack bar, Pro shop, On-site accommodation
Campbell River Golf & Country Club	700 Petersen Road	Campbell River	BC	Daily Fee w/Membership	18	6,051			70	Velocity Lounge - Casual Dining, Event Facility, Pro Shop, Practice Facility
Morningstar Golf Course (Subject)	525 Lowry's Road	Parksville	BC	Daily Fee w/Membership	18	6,893	138	72.1	72	Clubhouse, restaurant with Class 1 liquor license, Banquet facilities, Pro shop, Driving range.



Green Fees and Rounds

For Daily Fee w/Membership properties such as the subject, revenue is derived from members, day golfers visiting the property to play golf, rent golf carts, use the driving range and any other practice facilities, and patronize the pro shop and food and beverage outlets. Out of these revenue streams, revenue from green fees is often the largest (although not always). A review of green fees as quoted on each competitive property's website is not necessarily relevant to the actual average green fee a property generates during a typical year as there are often discounts, group rates, and complementary rounds provided. Having said this, the competitive set's rack rates do provide a useful picture of the reasonableness of the subject's rack rates.

One of the primary metrics on which revenue can be projected is the number of golf rounds a property generates. Such information is not always readily available, with many course owners and managers viewing such statistics as proprietary business information. Nevertheless, we have obtained some figures and estimates of other figures in our discussions with various individuals familiar with the general market.



COMPETITIVE SET MARKET SURVEY			
Name	Peak Rates	Shoulder Season Rates	Winter Season Rates
Pheasant Glen Golf Resort	\$47.00 Early Start	\$46.00 7:30-9:00	\$35.00 (18 holes) / \$27.00 (9 holes)
	\$73.00 8:00-1:00	\$58.00 9:00-1:00	
	\$59.00 1:00-2:30	\$38.00 1:00-2:00	
	\$49.00 2:30-3:30	\$33.00 2:00-3:00	
	\$39.00 3:30-4:30	\$28.00 After 3:00	
Eaglecrest Golf Club	\$28.00 After 4:30	\$52.00 - 18 holes	\$25.00
	\$60.00 - 18 holes	\$42.00 - 18 holes (Island Resident)	
	\$50.00 - 18 holes (Island Resident)	\$34.00 - 13 holes	
	\$42.00 - 13 holes	\$32.00 - Early Twilight (Noon)	
	\$40.00 - Early Twilight (Noon)	\$28.00 - Late Twilight (2 pm)	
Fairwinds Golf Course	\$30.00 - Late Twilight (2 pm)	\$25.00 - Dusk (4 pm)	\$41.00 8:00-11:00 \$31.00 11:00-2:00 \$26.00 After 2:00
	\$25.00 - Dusk (4 pm)	\$53.00 Early Start	
	\$53.00 Early Start	\$64.00 7:30-12:00	
	\$64.00 7:30-12:00	\$73.00 12:00-2:00	
	\$73.00 12:00-2:00	\$53.00 2:30-4:30	
Crown Isle Golf Resort	\$32.00 After 4:00	\$26.00 After 4:00	
	\$32.00 After 4:00	\$53.00 7:30-12:00	
Campbell River Golf & Country Club	\$53.00 2:30-4:30	\$47.00 12:00-2:00	Closed
	\$32.00 After 4:30	\$41.00 2:00-4:00	
Morningstar Golf Course (Subject)	\$32.00 After 4:30	\$26.00 After 4:00	\$30.00 - 18 holes \$20.00 - 9 holes
	\$32.00 After 4:30	\$26.00 After 4:00	

Based on the above information the subject property is, as of 2019, achieving 18,821 rounds, which represents a market penetration of approximately 75%. Based on the competitive set, the fair share of rounds for the subject is 25,236. The low rate of market penetration is due to the physical and management issues that have been present at the course between 2012 and early 2018.

MARKET ANALYSIS - ROUNDS	
Market Number of rounds	151,409
Market Number of holes	108
Market Rounds per hole	1,402
Subject Rounds	18,821
Subject Rounds per hole	1,046
Market Penetration	75%
Subject fair share rounds	25,236

Membership

Another source of revenue for the subject is the sale of memberships. As noted in the historical statistics table in previous section, membership steadily declined between 2012 and 2018 as financial and physical problems with the course increased. Since the property has been placed in receivership, significant physical improvements have been completed to address irrigation issues. Professional management has been rationalizing costs, but also working to convince previous members to the return to the club, as well as attract new members. This has been reflected in the increase of members between 2018 and 2020.



Discussions with the Receiver-Manager indicate between three and five new members have been processed over the last two weeks.

Similar to average green fees (not rack rates) and number of rounds played, the number of members each club in the competitive set is generally considered proprietary information and is challenging to obtain. Membership dues are typically easier to obtain. Information obtained is summarized below.

COMPETITIVE SET MEMBERSHIP DETAILS			
Name	Entrance Fees	Annual Dues	Approx. Number of Members
Pheasant Glen Golf Resort	\$1,000	\$2,660	300
Eaglecrest Golf Club	\$500	\$750	200
Falwinds Golf Course	TBC	TBC	250
Crown Isle Golf Resort	n/a	\$3,900	300
Campbell River Golf & Country Club	n/a	\$4,750	150
Morningstar Golf Course (Subject)	n/a	\$2,665	155

According to the study "2016 British Columbia Golf Market" as published by British Columbia Golf in March 2017 (and the most current data available) there is a significant relationship between age and golf participation. The report states that the participation rate amongst those 65 years and older is the highest of any age segment. Based on the current estimated number of members within the competitive set, the subject currently has a market member penetration of 62.69%. Similar to the number of rounds played, this is primarily due to the physical and management issues that have been present on the course between 2012 and 2018. With changes implemented since then the subject fair share of members is estimated at 223.

There is potential for membership to increase in the marketplace due to the demographics present in the subject vicinity. Following is a 20-minute drive-time analysis that indicates the potential number of members for the market may be approximately 1,720, meaning the potential fair share for members may be 287 members.

MARKET ANALYSIS - MEMBERSHIP

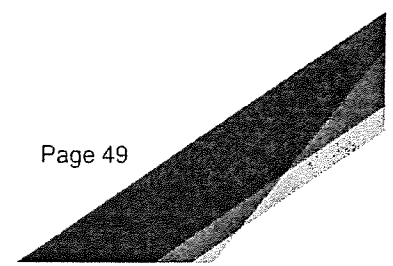
Market Number of members	1,340
Market Number of holes	108
Market Members per hole	12.41
Subject Members	140
Subject Members per hole	7.78
Market Penetration	62.69%
Subject Fair Share of members	223
Total Population Over 65 - 20 min drivetime	14,253
Participation Rate per Golf BC Report	26.85%
20 min drivetime area Golfers Over 65	3,827
% Over 65 Golfers that are "Core" Golfer per Golf BC Report	75%
Number of Core Golfers Over 65 - 20 minute drivetime	2,870
Assumed 60% of Core Golfers Over 65 become members	60.0%
Potential Market Number of members	1,720
Potential Market Member per hole	15.93
Potential Subject Fair Share of members	287

Revenue and Expense Analysis

Revenue

As noted, the property derives its revenue from number of departments, the most important being green fees, annual memberships, and ancillary golf revenues such as pro-shop retail sales, cart rentals and food and beverage sales at the restaurant.

We have reviewed financial statements provided by the Receiver-Manager for the years of 2014 to 2019, as well as a budget for the current year. These statements, which also show expenses, are shown on the following page:



Morningstar Golf Course, 525 Lowry's Road, Parksville, British Columbia

YEAR	2014		2015		2016		2017		2018		2019		FORECAST 2020	
	TOTAL	%	TOTAL	%	TOTAL	%	TOTAL	%	TOTAL	%	TOTAL	%	TOTAL	%
ROLLS														
Green Fees	8,234	8.9%	8,900	9.7%	8,794	9.4%	8,611	9.2%	8,250	8.8%	8,404	9.0%	8,500	9.1%
Member Rounds	14,531	15.7%	13,134	14.3%	12,456	13.4%	11,681	12.5%	10,812	11.6%	10,903	11.7%	11,500	12.3%
TOTAL ROLLS	22,765	24.6%	22,034	24.0%	21,162	22.8%	20,292	21.7%	19,062	20.4%	19,307	20.7%	20,000	21.4%
AVERAGES PER TOTAL ROUND														
Total Revenue	\$8,171	\$70.7%	\$8,007	\$68.0%	\$8,007	\$68.0%	\$8,007	\$68.0%	\$8,007	\$68.0%	\$8,007	\$68.0%	\$8,007	\$68.0%
Green Fees	\$1,842	\$15.6%	\$1,842	\$15.6%	\$1,842	\$15.6%	\$1,842	\$15.6%	\$1,842	\$15.6%	\$1,842	\$15.6%	\$1,842	\$15.6%
Golf Cart Revenue	\$4,51	\$37.8%	\$4,51	\$37.8%	\$4,51	\$37.8%	\$4,51	\$37.8%	\$4,51	\$37.8%	\$4,51	\$37.8%	\$4,51	\$37.8%
Other Golf Course Revenue	\$4,08	\$34.0%	\$4,08	\$34.0%	\$4,08	\$34.0%	\$4,08	\$34.0%	\$4,08	\$34.0%	\$4,08	\$34.0%	\$4,08	\$34.0%
Food & Beverage	\$14,54	\$123.5%	\$14,54	\$123.5%	\$14,54	\$123.5%	\$14,54	\$123.5%	\$14,54	\$123.5%	\$14,54	\$123.5%	\$14,54	\$123.5%
Pro Shop	\$4,89	\$40.6%	\$4,89	\$40.6%	\$4,89	\$40.6%	\$4,89	\$40.6%	\$4,89	\$40.6%	\$4,89	\$40.6%	\$4,89	\$40.6%
Number of Members	253		243		222		191		96		125		155	
Average Membership Revenue Per Member	\$1,904		\$1,757		\$1,828		\$2,063		\$2,250		\$2,465		\$2,390	
Average Membership Revenue Per Member Round	\$13.59		\$16.86		\$12.59		\$33.38		\$47.26		\$26.33		\$31.00	
REVENUE	TOTAL	%	TOTAL	%	TOTAL	%	TOTAL	%	TOTAL	%	TOTAL	%	TOTAL	%
Green Fees	\$170,604	16.5%	\$175,930	16.8%	\$174,251	16.7%	\$173,031	16.6%	\$172,286	16.5%	\$170,950	16.4%	\$170,000	16.3%
Membership Revenue	\$481,623	46.4%	\$477,015	46.0%	\$465,966	45.6%	\$452,992	44.8%	\$429,127	42.4%	\$428,117	42.3%	\$426,500	42.1%
Golf Cart Revenue	\$102,297	9.8%	\$92,936	9.0%	\$105,505	10.2%	\$85,402	8.3%	\$92,044	9.0%	\$85,058	8.3%	\$118,095	11.6%
Other Golf Course Revenue	\$2,380	0.2%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$3,066	0.3%	\$60,039	5.9%	\$69,000	6.8%
Food & Beverage	\$29,009	2.8%	\$34,863	3.4%	\$30,263	2.9%	\$25,174	2.5%	\$65,514	6.4%	\$77,268	7.6%	\$207,111	20.3%
Pro Shop	\$106,332	10.2%	\$127,901	12.4%	\$185,117	18.1%	\$162,237	15.8%	\$15,365	1.5%	\$28,606	2.8%	\$84,857	8.3%
TOTAL GROSS REVENUE (TOP)	\$1,489,283	100.0%	\$1,458,733	100.0%	\$1,377,834	100.0%	\$1,224,538	100.0%	\$1,224,538	100.0%	\$1,224,538	100.0%	\$1,224,538	100.0%
EXPENSES	TOTAL	%	TOTAL	%	TOTAL	%	TOTAL	%	TOTAL	%	TOTAL	%	TOTAL	%
Departmental Expenses	\$771,311	52.0%	\$773,598	53.1%	\$688,009	50.0%	\$520,319	42.5%	\$512,571	41.9%	\$509,258	41.6%	\$500,140	40.8%
Golf Course Maintenance	\$10,769	0.7%	\$10,000	0.7%	\$4,813	0.4%	\$1,785	0.1%	\$7,169	0.6%	\$10,500	0.9%	\$10,320	0.8%
Golf Cart Expense	\$584,261	39.3%	\$594,379	40.8%	\$552,752	40.1%	\$177,969	14.5%	\$13,492	1.1%	\$128,729	10.5%	\$115,403	9.4%
Pro Shop Labour/COGS	\$418,544	28.1%	\$436,609	30.0%	\$520,211	37.8%	\$292,012	23.9%	\$42,354	3.5%	\$128,140	10.5%	\$121,868	9.9%
Food and Beverage Expenses	\$302,087	20.3%	\$270,742	18.6%	\$209,838	15.2%	\$114,994	9.4%	\$16,193	1.3%	\$52,690	4.3%	\$68,145	5.6%
General & Administrative	\$43,610	2.9%	\$40,749	2.8%	\$38,121	2.8%	\$35,500	2.9%	\$34,358	2.8%	\$34,500	2.8%	\$34,500	2.8%
Repairs & Maintenance	\$1,000	0.1%	\$1,000	0.1%	\$1,000	0.1%	\$1,000	0.1%	\$1,000	0.1%	\$1,000	0.1%	\$1,000	0.1%
Marketing	\$2,037	0.1%	\$2,458	0.2%	\$1,999	0.1%	\$1,353	0.1%	\$1,353	0.1%	\$1,353	0.1%	\$1,353	0.1%
Professional Fees	\$10,295	0.7%	\$12,442	0.9%	\$10,500	0.8%	\$7,785	0.6%	\$7,785	0.6%	\$7,785	0.6%	\$7,785	0.6%
Utilities	\$52,093	3.5%	\$57,869	4.0%	\$43,592	3.2%	\$43,592	3.6%	\$43,592	3.6%	\$43,592	3.6%	\$43,592	3.6%
Other Expenses	\$2,837	0.2%	\$2,443	0.2%	\$2,443	0.2%	\$2,443	0.2%	\$2,443	0.2%	\$2,443	0.2%	\$2,443	0.2%
Real Estate Taxes	\$40,973	2.7%	\$41,611	2.8%	\$42,728	3.1%	\$42,728	3.5%	\$42,728	3.5%	\$42,728	3.5%	\$42,728	3.5%
Insurance	\$1,899,503	127.6%	\$1,817,573	124.5%	\$1,817,573	131.9%	\$1,302,079	106.3%	\$488,753	40.0%	\$1,183,683	96.7%	\$1,227,761	100.1%
NET OPERATING INCOME	\$1,910,252	127.6%	\$1,585,135	109.3%	\$1,440,025	104.5%	\$1,224,538	100.0%	\$1,224,538	100.0%	\$1,224,538	100.0%	\$1,224,538	100.0%

* 2018 is 16 months as course was closed for 4-5 months.
 ** Departmental Expenses are % of Department Revenue. Undistributed and Other Expenses are % of Total Gross Revenue

The subject has not been profitable in recent history, however with prudent management it is assumed that the property can be brought to profitability over time. Therefore, our analysis will focus on Year 5 Net Operating Income, the estimated year of project stabilization..

Green Fees

Golf revenues generated approximately 25.3% to 39.5% of the total gross income of the subject property over the period of 2014 to 2019. Total fees generated are a function of the number of rounds played by the public and the average fee collected per round.

The current year budget for green fees is 31.86% of total gross income, or \$390,930. Based on our market analysis this amount is considered reasonable. Adopting this figure for the current year and assuming growth as outlined in the Discounted Cash Flow Analysis (DCF) section, green fees are projected at **\$540,977**.

Membership Revenue

The subject has a membership category that sell annual golf privileges to individuals. This category generated between 27.4% and 32.4% historically, with the low end of the range coming in 2018 when the club went into receivership. Membership revenue increased during 2019 and is budgeted at 29.06% of total gross income, or \$356,500. Our review of membership rates of the competitive set indicates the subject's current rates are reasonable, although this is partially due to the need to attract members to the property. Based on our assumed growth rates, Stabilized Year membership revenue is projected at **\$524,522**.

Golf Cart Revenue

Revenues in this category are generated from golf cart rentals, or fees charged for the use of golfer-owned carts on the course. Golf cart revenue has accounted for 6.0% to 11.9% of total revenue historically. The current budget has this category at 9.66% of total revenue, or \$118,495. The golf course manager indicates that historically the subject has average between \$4.00 and \$5.00 per totaled round played. The current budget of \$5.86 per projected total rounds played is considered reasonable and has therefore been adopted. Based on our assumed growth rates, Stabilized Year golf cart revenue is projected at **\$162,466**.

Other Golf Course Revenues

This category encompasses all golf related revenues not associated with the preceding three categories and includes driving range fees, tournament revenue and trail fees. This category has ranged from 0.0% to 7.0% with the lower figure due to fact that such revenues have been historically included within either green fees or golf cart revenues. The current budget indicates 5.62% of total revenue, or \$69,000. Based on our assumed growth rates, the Stabilized Year revenue for this category is projected at **\$94,484**.

Pro Shop Revenue

Pro-shop revenues ranged from 2.2% to 14.6%, of total revenue between 2014 and 2019. Management's current budget has pro shop revenue 6.92% of total revenue, or \$84,857. For the purpose of projection, we have forecasted an amount of **\$89,179** in our stabilized year.

Food & Beverage

The property's food and beverage operations consist of income from the sale of food and beverage items in the clubhouse and throughout the golf course. This total income has ranged from 10.1% to 22.1% on a

historical basis. The current budget as prepared by management has this income category at \$207,111, or 16.88% of total revenue. Although this department has struggled in recent years due to mismanagement and un-controlled costs, as well as closing for a period through 2017 and 2018, it is an expected amenity on a higher quality golf course. For the purpose of stabilization, we have projected this income at **\$215,521** during our stabilized year.

Expenses

Golf course properties such as the subject typically have three primary categories of expenses.

Direct Expenses are costs associated with a specific revenue department such as green fees, or food and beverage. Such expenses can include the cost of goods sold, labour related to operating or maintaining the department, and any maintenance and repairs directly associated with that department.

Undistributed Expenses are costs that are limited to a specific department and typically include general and administrative costs, general repairs and maintenance, management, marketing, professional fees and utilities.

Fixed, or Other Expenses are costs such as real estate taxes and insurance for the property.

Given the subject's operating history, and in order to determine an appropriate level of expenses for the subject on a stabilized basis, we have reviewed expenses for golf course properties throughout the province of BC as such information is not always readily available. This expense survey is shown on the following page.



Morningstar Golf Course, 525 Lowry's Road, Parksville, British Columbia

EXPENSE COMPARABLES													
COMPARABLE	COMP 1	COMP 2	COMP 3	COMP 4	COMP 5	LOW	HIGH	AVG					
Region/Area	Capital	South Vancouver Island	Central Vancouver Island	Greater Vancouver	Greater Vancouver	Greater Vancouver	Greater Vancouver	Greater Vancouver					
Province	BC	BC	BC	BC	BC	BC	BC	BC					
Expense Year	2018	2017	2015	2019	2018	2015	2019	2017					
Actual/Budget	Actual	Actual	Proforma	Actual	Actual	-	-	-					
TOTAL REVENUE/ROUND	\$100.19	\$88.96	\$71.89	\$37.21	\$130.72	\$37.21	\$130.72	\$85.79	LOW	HIGH	AVG		
	\$/RND	%	\$/RND	%	\$/RND	%	\$/RND	%	\$/RND	%	AVG		
Golf Course Maintenance	\$30.62	52.6%	\$20.57	53.1%	\$25.69	60.0%	\$14.49	79.8%	\$31.94	45.4%	45.38%	79.77%	58.18%
Golf Cart Expenses	\$0.61	14.8%	\$1.20	32.4%	-	-	-	-	-	-	14.75%	32.45%	23.60%
Pro Shop Labour/COGS	\$7.97	84.0%	\$11.08	183.8%	\$3.87	70.0%	\$2.50	67.1%	\$20.86	99.7%	67.05%	183.82%	100.93%
Food and Beverage Expense/COGS	\$24.28	89.9%	\$27.96	78.0%	\$19.54	90.0%	\$10.27	67.1%	\$39.83	109.8%	67.05%	109.84%	86.97%
General & Administrative	\$7.22	7.2%	\$1.76	2.0%	\$4.85	6.8%	\$1.91	5.1%	\$14.94	11.4%	1.98%	11.43%	6.50%
Repairs & Maintenance	\$8.73	8.7%	\$0.33	0.4%	\$2.52	3.5%	\$1.65	4.4%	\$5.93	4.5%	0.37%	8.71%	4.31%
Management	\$2.06	2.1%	-	-	-	-	-	-	-	-	2.06%	2.06%	2.06%
Marketing	\$2.42	2.4%	\$1.13	1.3%	\$2.16	3.0%	\$0.15	0.4%	\$0.04	0.0%	0.03%	3.00%	1.42%
Professional Fees	-	-	\$0.11	0.1%	\$2.30	3.2%	-	-	\$1.23	0.9%	0.12%	3.20%	1.42%
Utilities	\$2.76	2.8%	\$2.13	2.4%	\$2.34	3.3%	\$0.66	1.8%	\$2.34	1.8%	1.78%	3.25%	2.39%
Real Estate Taxes	\$1.44	1.4%	\$1.16	1.3%	\$0.90	1.3%	\$0.76	2.0%	\$2.34	1.8%	1.25%	2.04%	1.57%
Insurance	\$0.62	0.6%	\$0.64	0.7%	\$0.18	0.3%	\$0.46	1.2%	\$1.23	0.9%	0.25%	1.24%	0.76%
Ground Rent	-	-	\$1.03	1.2%	-	-	-	-	\$9.15	7.0%	1.16%	7.00%	4.08%
TOTAL EXPENSES/ROUND	\$88.74	86.6%	\$69.09	77.7%	\$64.34	89.5%	\$32.84	86.3%	\$129.83	99.3%	77.7%	99.3%	88.66%

* Golf, Pro Shop and Food & Beverage are % of Departmental Revenue

The operating expenses and taxes projected for the Subject property are outlined above. The following table summarizes the corresponding expenses for a selection of comparable properties.

Direct Expenses

Golf Course Maintenance

Traditionally, these expenses include the clubhouse expenses and the course maintenance costs directly related to the golf operations, including wages and supplies for the upkeep of the property and activities such as the collection of fees and the provision of services to golfers while on the courses. The golf operations category includes customer services (employee wages & benefits and supplies). The club's maintenance includes all wages, benefits and supplies required to maintain the courses in top playing condition. The club has historically seen costs in this category range from 54.9% to 85.7% of golf course revenues (excluding cart revenue). The Receiver-Manager's budget has reallocated some of these costs into other categories and has a current year cost of 71.06% of golf course revenue (excluding cart revenue). For the purpose of this valuation, we have adopted the current budget and then, stabilized this category at 60.0% of golf revenue (excl. golf cart) for year two, declining to 50.0% thereafter.

Golf Cart Expenses

This category relates to maintenance, repair and supplies for golf carts. The subject has historically seen costs in this category range from 0.0% to 20.3% of golf cart revenue (with the lower figure likely due to allocations to other departments). The current budget has 8.71% of cart revenue. For the purpose of our analysis, we have adopted the current budget and then stabilized this category at 10.0% of golf cart revenue thereafter.

Pro Shop Labour/Cost of Goods

This expense category includes the cost of goods sold in the shops plus the direct expenses in achieving these sales, i.e. labour, benefits and supplies. These expenses have historically ranged from 129.2% to 432.2% of retail revenues, which is consistent with the theme of mismanagement of the subject. The current budget indicates an expense of 136.00% which represents a transition towards this department building profitable in the future. Similar golf courses have historically maintained a cost in the range of 67% to 100% of revenues, leaving a departmental profit of 0% to 33%. As a result, we have stabilized this cost at 100.0% of pro shop revenue in the year after the initial budgeted year, and then declining to 90.0% thereafter.

Food and Beverage Labour/Cost of Goods

The property's food and beverage costs have historically ranged from 72.3% to 359.2% of food and beverage revenue. Management's budget for this category for the current year is at 58.84%. Full-service food and beverage operations in first class golf clubs usually achieve an expense ratio of 70% to 90%. We have therefore forecasted these costs at 80.0% of food & beverage revenue in all years after the initial budget year.

Undistributed Expenses

General and Administrative

This category includes all expenses that are incurred in operating the property but that cannot be charged to a specific operating department. These expenses have varied in the range of 2.4% to 20.3% of total revenue. The Receiver-Manager's budget has forecast this category at 5.61% of total revenue the current year. We have stabilized this expenses category at 5.0% of total revenue.

Repairs & Maintenance

These expenses include on-going maintenance of the property, including repairs, of non-departmental portions of the property. Historically, this expense category has ranged from 1.9% to 4.5% of total revenue. The Receiver-Manager has budgeted this category at 0.46% of total revenues for 2019 and 1.3% for 2020. For the purpose of stabilization, these expenses are maintained at 1.5% of total revenues on a stabilized basis, which is believed appropriate given the nature & quality of the property.

Management

The property has not typically allocated a management fee for the property. However, since the Receiver-Manager's appointment a management fee of ranging from 14.6% to 21.0% of total revenue. For the purposes of our analysis we have used a stabilized 10.0% of total revenue.

Marketing

The resort has historically spent between 0.4% to 2.4% of total revenues on promoting the property. The Receiver-Manager's current budget has forecast this category at 1.80% of total revenues. For the purpose of this valuation, we have stabilized these expenses at 2.0% of total revenue.

Professional Fees

These costs have historically ranged from 0.1% to 2.1% of total revenues. The Receiver-Manager's budget has allocated these costs to other categories and so there are no expenses for the current year budget. For the purpose of this report, we have stabilized this expense category at 0.5% of total revenue.

Utilities

These costs have historically ranged from 2.4% to 5.3% of total revenue. The Receiver-Manager's budget has forecast this category at 4.13% of total revenue for the current year. For the purpose of this valuation, we have applied a 4.0% of total revenue to the budgeted figure each year of analysis.

Other Expenses

Other expenses include real estate taxes and insurance. Our stabilized estimates are based on actual expenditures for 2014 through 2019 and the Receiver-Manager's budgeted amounts, at 2.09% of total revenue for real estate taxes and 2.13% of total revenue for insurance. For the purpose of stabilization, we have projected a 2.0% increase per annum for the current budgeted insurance and property tax costs each year of the analysis.

Reserve for Capital Replacement

In addition to the operating expenses above, investors typically include an allowance for structural repairs or other non-recoverable expenses for the purpose of valuation. In this respect, a Contingency Allowance

Morningstar Golf Course, 525 Lowry's Road, Parksville, British Columbia



equal to 4.00% of the Effective Gross Income has been deducted within our Pro Forma Income Projection. In Year One this allowance has been forecast at \$64,932.

Total Expenses

Adding the expenses as described above results in forecast Stabilized Operating Expenses in an amount equal to \$1,417,549.

Net Operating Income

Based on the foregoing, Stabilized Net Operating Income is projected at \$208,064.



Pro Forma Income Statement

Based on the foregoing, a Pro Forma Income Statement for the Subject Property is presented below.

PRO FORMA INCOME STATEMENT			
Green Fees	24,961 rounds	@ \$21.68 avg/round	\$541,154
Membership Revenue	195 members	@ \$2,365 avg/member	\$461,097
Golf Cart Revenues			\$153,760
Other Golf Course Revenue			\$169,236
Food & Beverage			\$215,522
Pro Shop			\$82,532
POTENTIAL GROSS INCOME			\$1,623,301
EXPENSES			
Golf Course Maintenance			(\$585,744)
Golf Cart Expenses			(\$15,376)
Pro Shop Labour/COGS			(\$74,279)
Food and Beverage Expense/COGS			(\$172,418)
General & Administrative			(\$81,165)
Repairs & Maintenance			(\$97,398)
Management			(\$162,330)
Marketing			(\$32,466)
Professional Fees			(\$8,117)
Utilities			(\$64,932)
Real Estate Taxes			(\$27,797)
Insurance			(\$28,285)
Contingency / Structural Allowance @	4.00%	EGI	(\$64,932)
TOTAL EXPENSES			(\$1,415,237)
NET OPERATING INCOME			\$208,064

(1) Less excluded tenants where applicable.



Significant Investment Characteristics of the Subject Property

The following summarizes the major investment attributes of the Subject Property that potential investors would consider when determining an appropriate return and yield when making a purchase decision.

Market

Low value of the Canadian dollar versus the US currency is keeping local residents north of the border.
The same weak Canadian currency is attracting foreign real estate investment.
Long term growth potential in both the number of golfers and general population in the area.

Location

In a rural environment in the Parksville area, approximately 35 kilometres north-west of Nanaimo and 120 kilometres north-west of the Victoria/Capital Regional District.
Accessible from Highway 19 (Inland Island Highway), a major provincial highway via Highway 4A.

Physical Attributes

A modern layout attractively landscaped with predominately forested terrain, multiple tee boxes and some riverfront holes.
A course of an average level of difficulty making for reasonably fast play
Full service restaurant on site.
Driving range.

Operational

Property has a challenging historical operating environment.
Food and beverage operations are seasonal and a challenge to operate profitably. The COVID-19 pandemic will add to the difficulty of maintaining revenue in this department.
Receiver-Manager has spent the last 12 to 18 months making major repairs to the irrigation and dam systems. The course has begun to return to historical conditions that once made the course popular.
The Receiver-Manager has also hired experienced golf managers who have history with the area, including time at competing courses.

Conclusions

Positive Aspects

Well-designed golf course with attractive layout at affordable prices in the popular Central Vancouver Island golf area
Offers food and beverage services.

Negative Aspects

Golf as a game has experienced decline since the 1990's, adding risk to the investment class, although investors have returned in the last two to three years.
Property is still in a transition phase with an expected 18 to 24 months to stabilization of revenue and profit levels.



Investment Analysis

Investment Alternatives

Following are current investment yields with respect to various alternative investments.

CANADIAN ALTERNATIVE INVESTMENTS											
Govt yields	Office REITS		Industrial REITS		Retail REITS		Apartment REITS		Diversified REITS		
BOC OR	0.25%	Allied	4.0%	Summit	5.7%	RioCan	9.6%	CAP	3.1%	Morguard	18.0%
GOC 5yr	0.46%	DREAM	4.8%	DREAM	7.6%	First Cptl.	6.4%	Killam	4.1%	H&R	15.2%
GOC 10yr	0.60%	Slate	11.0%	Granite	4.7%	Smart	9.2%	Boardwalk	4.1%	Artis	6.4%

Source: Bank of Canada, BMO Capital Markets as at April 23, 2020

Investment Parameters

Following are the results of the most recent commercial real estate return surveys, as expressed by overall capitalization rates and discount rates.

Q1 2020 Investment Parameters - Victoria		
Investment Type	Overall Capitalization Rates	Discount Rates
Industrial		
Single	5.00% - 5.25%	
Multi	5.25% - 5.50%	
Downtown Office		
Class 'AA'	5.00% - 5.25%	
Class 'B'	5.25% - 5.50%	
Suburban Office		
Class 'A'	5.25% - 5.50%	
Class 'B'	5.50% - 5.75%	
Retail		
Regional/Power	5.25% - 5.50%	
Community	5.25% - 5.50%	
Strip Plaza	5.25% - 5.50%	
Multi-Residential		
High Rise	4.00% - 4.25%	
Low Rise	4.25% - 4.50%	

Source: Colliers International Realty Advisors (OCR)

Comparable Transactions

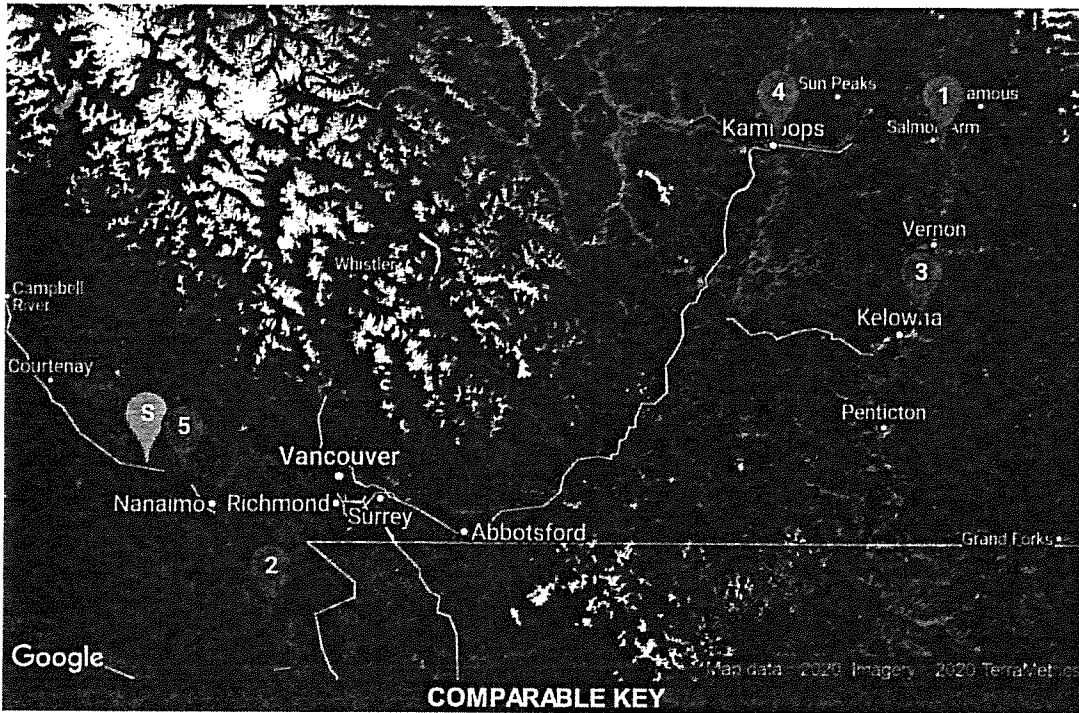
The task of determining an appropriate overall capitalization rate is best served through an analysis of current market activity. In consideration of the characteristics described above, the transactions summarized in the table on the following page have been selected and analyzed.

Further details of these transactions can be found in the Appendix section located at the end of this report.



Morningstar Golf Course, 525 Lowry's Road, Parksville, British Columbia

Morningstar Golf Course		Fairfield One		Arbutus Ridge Golf and Country Club		Sunset Ranch Golf and Country Club		Bighorn Golf and Country Club		Fair Inds Golf Club	
Subject		14401 15th Street		3515 Telegraph Road		5101 Upper Booth Road South		1000 Clubhouse Dr		3730 Fairwinds Drive	
Property Name	Address	Property Name	Address	Property Name	Address	Property Name	Address	Property Name	Address	Property Name	Address
Morningstar Golf Course	525 Lowry's Road Parksville, British Columbia	Saknon Arm Golf Club	3641 Highway 97B Saknon Arm, BC	Arbutus Ridge Golf and Country Club	3515 Telegraph Road Cobbia Hill, BC	Sunset Ranch Golf and Country Club	5101 Upper Booth Road South Kelowna, BC	Bighorn Golf and Country Club	1000 Clubhouse Dr Kamloops, BC	Fair Inds Golf Club	3730 Fairwinds Drive NanOOSE Bay, BC
Transaction Price		\$3,500,000		\$4,500,000		\$4,000,000		\$2,500,000		\$4,223,967	
Analysis Price		\$3,500,000		\$4,500,000		\$4,000,000		\$2,500,000		\$4,223,967	
Analysis Price per Yard		\$408		\$727		\$615		\$360		\$681	
Analysis Price per Acre		\$17,404		\$28,020		\$33,653		\$19,260		\$29,834	
N.O.I.		\$208,064		\$425,460		\$337,000		\$187,500		\$227,116	
Transactional Characteristics											
Transaction Status		Recorded		Recorded		Recorded		Recorded		Recorded	
Transaction Date		1/8/2020		7/21/2019		12/20/2018		12/1/2017		7/31/2015	
Market Conditions		Superior		Superior		Inferior		Inferior		Inferior	
Property Rights Conveyed		Fee Simple		Fee Simple		Fee Simple		Leasahold		Fee Simple	
Financing		Undisclosed		Undisclosed		Undisclosed		Undisclosed		Undisclosed	
Conditions of Sale		Arms-Length		Arms-Length		Arms-Length		Arms-Length		Arms-Length	
Motivation		Vendor		Neutral		Neutral		Neutral		Neutral	
Transactional Adjustment											
Site Characteristics		None		Upward		Downward		Downward		Downward	
Site Size (SF)		8,759,916		6,995,736		5,177,942		5,854,088		6,167,094	
Site Size (Acre)		201.100		160.600		118.860		129.800		141.580	
Location		Inferior		SI, Inferior		Superior		Superior		Similar	
Access		Similar		Similar		Similar		Similar		Similar	
Exposure		SI, Superior		Similar		Similar		Similar		SI, Superior	
Development Potential?		Limited		Limited		Limited		Some/Limited		Some	
Adjustment		Inferior		Inferior		Upward		Upward		Upward	
Site Adjustment											
Improvement Characteristics		None		Downward		Downward		Upward		Upward	
Property Type		Golf Course		Golf Course		Golf Course		Golf Course		Golf Course	
Sub-Type		Public Course		Public Course		Public Course		Public Course		Public Course	
Design / Layout		Similar		SI, Superior		Similar		Similar		Similar	
Quality		Similar		SI, Superior		Similar		Similar		Similar	
Condition		Similar		SI, Superior		Similar		Similar		Similar	
Course Yardage		6,893		6,193		6,500		6,953		6,204	
Year Built		1991		1989		1990		-		1988	
Improvement Adjustment											
Economic Characteristics		None		Upward		None		None		Downward	
Revenue Upside		Limited Upside		No Upside		No Upside		Revenue Upside		Limited Upside	
NOI / Yard		\$39.61		\$86.70		\$51.85		\$26.97		\$36.61	
Economic Adjustment		None		Downward		Downward		Upward		None	
Overall Capitalization Rate		9.71%		9.45%		8.43%		7.50%		5.36%	
Overall Adjustment		Downward		Downward		Inferior		Upward		Upward	
Overall Comparability		Lower Than		Lower Than		Lower Than		Higher Than		Higher Than	
Conclusion		9.71%		9.45%		8.43%		7.50%		5.36%	



COMPARABLE KEY

COMP	DISTANCE	NAME	ADDRESS	OCC.	SALE DATE	OAR	\$/SF
Subject	-	Morningstar Golf Course	525 Lowry's Road, Parksville, BC	100.0%	-	-	\$88
No. 1	396.8 km	Salmon Arm Golf Club	3641 Highway 97B, Salmon Arm, BC		1/8/2020	9.7%	\$408
No. 2	93.0 km	Arbutus Ridge Golf and Country Club	355 Telegraph Road, Cobble Hill, BC		7/21/2018	9.45%	\$727
No. 3	367.3 km	Sunset Ranch Golf and Country Club	501 Upper Booth Road South, Kelowna, BC		12/20/2018	8.43%	\$615
No. 4	327.3 km	Bighorn Golf and Country Club	1000 Clubhouse Dr, Kamloops, BC		12/1/2017	7.50%	\$380
No. 5	18.3 km	Fairwinds Golf Club	3730 Fairwinds Drive, NanOOSE Bay, BC		7/31/2015	5.36%	\$681



Capitalization rates tend to vary between properties depending to some extent on such factors as location, size and type of development, quality and condition of improvements, and amenities provided. Combining all of these features with considerations of leasing history and trends, strength of tenancy and income security, the overall capitalization rate tends generally to reflect the perceived quality and durability of the property's income earning capacity.

Properties with a strong rental history and stable tenancy with the perceived potential for increases in revenues tend to trade at comparatively low overall capitalization rates as compared to properties which have a history of vacancy, poor tenant covenants, physical and/or locational challenges, or other forms of perceived instability.

Analysis of Comparable Sales

The selected transactions pertain to activity that occurred between July 2015 and January 2020. The properties vary in size from 6,193 square feet to 8,584 yards and were originally constructed between 1988 and 1995. These transactions represent capital investments that range from a low of \$2,500,000 to a high of \$4,500,000. The stabilized overall capitalization rates indicated by these transactions vary from a low of 5.36% to a high of 9.71%.

The upper end of the range is set by Comparable Transaction No. 1, at 9.71%. In comparison with the Subject Property, this property exhibited a motivated vendor (due to a member owned ownership structure that was seeing strain from a decline in new members replacing old members who wished to retire) as well as an inferior Salmon Arm location. For these reasons, the indicated overall capitalization rate for this transaction is deemed to be over-stated in relation to the Subject Property.

The lower end of the range relates to Comparable Transaction No. 5 at 5.36%. Relative to the Subject Property, this property reflects a transaction that occurred during a period of inferior market conditions, warranting an upward adjustment. However, the property is not within the ALR and has fairly favourable medium to long-term redevelopment potential. Furthermore, this property was acquired as part of a large, comprehensive development site. Consequently, this transaction is considered to provide an under-stated overall capitalization rate indication relative to the Subject Property.

The remaining three transactions present a somewhat narrower range in overall capitalization rates of between 7.50% and 9.45% and are deemed to be generally representative of an appropriate range for the Subject. It is felt that Arbutus Ridge Golf and Country Club at 9.45% is inferior due to a portion of the property being on leasehold land, as well as the fact that a sizeable portion of the revenue stream comes from non-golf activities such as the event facilities and restaurant and bar, which typically have higher operating costs. Furthermore, it is believed there is no upside in any revenue stream. Sunset Ranch Golf and Country Club at 8.43% sold during a period of inferior market conditions and so a downward adjustment is warranted. Revenue at this property is considered to be maximized. Bighorn Golf and Country Club at 7.50% is superior to the subject due to a preferable Kamloops location and revenue upside.

Based on the foregoing analysis, it is our opinion that an appropriate overall capitalization rate applicable to the subject property is lower than Transaction No. 1 (9.71%), Transaction No. 2 (9.45%) and Transaction No. 3 (8.43%); and higher than Transaction No. 4 (7.50%) and Transaction No. 5 (5.36%).



Overall Income Capitalization

On the basis of our Revenue and Expense Analysis, the Stabilized Net Operating Income for the property has previously been projected in the amount of \$208,064.

As summarized on the previous page, overall capitalization rates extracted from the comparable investment sales reviewed range between 5.36% and 9.71%. Taking into consideration the investment characteristics of the Subject Property including its location, size, building quality and security of income, and as measured against the back-drop of the current investment climate for properties such as the Subject Property, it is our opinion that an overall capitalization rate in the range between 7.50% and 8.00% would be appropriate. Applying such rates to the projected Year One net operating income results in the following estimated value range, adjusted for holding and lease up costs and capital expenses, if required.

VALUE MATRIX - DIRECT OVERALL CAPITALIZATION				
OCR	STABILIZED NOI	VALUE ⁽¹⁾	ADJUSTMENT ⁽²⁾	ADJUSTED VALUE ⁽¹⁾⁽³⁾
7.50%	\$208,064	\$2,750,000	(\$500,000)	\$2,250,000
7.75%	\$208,064	\$2,700,000	(\$500,000)	\$2,200,000
8.00%	\$208,064	\$2,600,000	(\$500,000)	\$2,100,000

(1) Rounded to nearest \$50,000.

(2) Adjustments are detailed in the following section

(3) Adjusted for Holding and Lease Up, and Other Costs

Adjustments to Value

In the instance of the Subject Property, an adjustment is required to account for the fact that the property is not currently stabilized. We project a period of approximate five years to reach stability and achieve a fair share of market rounds and an established operating history of profitability. Given this a discount is required. A discount for the full five-year period is not warranted, as the property is projected to reach to profitability by the second year. Therefore, we have adopted a discount of two years.

The calculations of the aforementioned adjustment is summarized in the following table:

ADJUSTMENTS TO VALUE	
ADJUSTMENT ITEM	ADJUSTMENT
OTHER ADJUSTMENTS	
FV Adjustment for Stabilization - 2 year adjustment	(\$488,743)
TOTAL OTHER ADJUSTMENTS	(\$488,743)
TOTAL VALUE ADJUSTMENTS	(\$500,000)

Rounded to nearest \$50,000

Summary

Selecting the mid-point of the range, the foregoing analysis indicates an estimated value by way of Overall Income Capitalization of **\$2,200,000** (rounded) as of the effective date of this valuation.

Morningstar Golf Course, 525 Lowry's Road, Parksville, British Columbia



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

Discounted Cash Flow

The Discounted Cash Flow Technique models a property's performance over a buyer's investment horizon from the date of acquisition through the projected sale of the property at the end of the holding period. Net cash flows from property operations and the reversion are discounted at a rate reflective of the property's economic and physical risk profile.

Revenue / Expenses

The revenues and expenses were discussed and set forth within the previous section. For the first year of our analysis, we have adopted the budget as prepared by the Receiver-Manager. For each year thereafter, we have adopted stabilized expenses as outlined in the previous section.

Investment Horizon

The Subject Property's value has been analyzed using a 10-year -holding period from April 17, 2020.

Growth Rates and Future Years Revenue and Expense Assumptions

Future growth rates and revenue and expense assumptions are outlined on the following pages:

Cash Flow Projections

Based on the foregoing, the Cash Flow Projections for the property are presented on the following pages.

Net Present Value

As discussed previously, in order to convert the cash flow projections into an expression of current value two rates must be selected for an application of the DCF process; a discount or internal rate of return and an overall capitalization rate used to determine the reversionary or terminal value.

Discount Rate

Having regard to the Subject property's characteristics including its physical condition, location and leasing position, we have elected to use a discount rate of between 10.00% and 11.00%. Golf courses represent a higher risk profile than most real estate due to its nature as a going concern, the effect of weather and environmental conditions on revenues and expenses as well as the overall decline of golf from the 1990's.

Reversionary Cap Rate

Taking into consideration the Subject property's forecast income characteristics, its physical condition, locational characteristics and its anticipated future utility, a rate higher than that used for the Overall Income Capitalization Approach is justified. In this regard, the Net Operating Income projected for Year 11 will be capitalized using rates of between 7.50% and 8.50%.



Morningstar Golf Course, 525 Lowry's Road, Parksville, British Columbia

	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11
Discounted Cash Flow Assumptions										
Estimated Market Rounds	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Subject Fair Share of Rounds	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Projected Subject Rounds	10.0%	7.5%	5.0%	5.0%	3.0%	3.0%	2.0%	2.0%	2.0%	2.0%
Average Green Fees	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	2.0%	2.0%	2.0%	2.0%
Number of Members	10.0%	10.0%	10.0%	5.0%	3.0%	2.0%	2.0%	1.0%	1.0%	1.0%
Membership Revenue	1.5%	1.5%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Golf Cart Revenue	1.5%	1.5%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Other Golf Course Revenue	1.5%	1.5%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Food & Beverage Revenue	0.0%	2.5%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Pro Shop Revenue	1.5%	1.5%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Departmental Expenses										
Golf Course Maintenance	60.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%
Golf Cart Expenses	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Pro Shop Labour/COGS	100.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%
Food and Beverage Expense/COGS	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%
Undistributed Expenses										
General & Administrative	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Repairs & Maintenance	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
Management	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Marketing	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Professional Fees	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
Utilities	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Other Expenses										
Real Estate Taxes	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Insurance	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Capital Expenditures										
Reserves for Capital Replacement	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%

DISCOUNTED CASH FLOW ANALYSIS

Year	1	2	3	4	5	6	7	8	9	10	REVERSION
For the Year Beginning	Apr-20	Apr-21	Apr-22	Apr-23	Apr-24	Apr-25	Apr-26	Apr-27	Apr-28	Apr-29	Apr-30
For the Year Ending	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25	Mar-26	Mar-27	Mar-28	Mar-29	Mar-30	Mar-31
Subject Fair Share of Rounds	25,236	25,488	25,743	26,000	26,260	26,523	26,788	27,056	27,327	27,600	27,876
Projected Subject Rounds	22,085	24,305	27,128	27,434	28,806	29,670	30,560	31,171	31,794	32,430	33,079
Projected Average Green Fees Per Round	\$17.69	\$17.96	\$18.23	\$18.50	\$18.78	\$19.06	\$19.35	\$19.64	\$19.93	\$20.23	\$20.53
Projected Number of Members	155	171	188	207	217	224	228	233	238	243	248
Projected Average Membership Revenue Per Member	\$2,300	\$2,335	\$2,370	\$2,395	\$2,417	\$2,441	\$2,468	\$2,490	\$2,515	\$2,540	\$2,566
Projected Average Golf Cart Revenue per Round	\$5.36	\$5.44	\$5.52	\$5.58	\$5.64	\$5.70	\$5.76	\$5.82	\$5.88	\$5.94	\$6.00
Projected Average Other Golf Course Revenue per Round	\$3.12	\$3.17	\$3.22	\$3.25	\$3.28	\$3.31	\$3.34	\$3.37	\$3.40	\$3.43	\$3.46
Projected Average Food & Beverage per Round	\$9.37	\$9.37	\$9.60	\$9.70	\$9.80	\$9.90	\$10.00	\$10.10	\$10.20	\$10.30	\$10.40
Projected Average Pro Shop per Round	\$3.84	\$3.90	\$3.96	\$4.00	\$4.04	\$4.08	\$4.12	\$4.16	\$4.20	\$4.24	\$4.28
REVENUE											
Green Fees	\$390,830	\$436,518	\$476,313	\$507,529	\$540,977	\$565,510	\$591,336	\$612,198	\$633,854	\$656,059	\$679,112
Membership Revenue	\$358,500	\$395,200	\$445,470	\$495,397	\$524,522	\$546,656	\$562,186	\$580,281	\$598,638	\$617,327	\$636,328
Golf Cart Revenue	\$118,465	\$132,219	\$144,227	\$153,062	\$162,468	\$168,119	\$176,026	\$181,415	\$186,949	\$192,634	\$198,474
Other Golf Course Revenues	\$69,000	\$77,047	\$84,132	\$89,161	\$94,484	\$98,208	\$102,070	\$105,046	\$108,100	\$111,235	\$114,453
Food & Beverage	\$207,111	\$209,182	\$211,274	\$213,387	\$215,521	\$217,676	\$219,853	\$222,052	\$224,273	\$226,516	\$228,781
Pro Shop	\$94,857	\$98,130	\$97,422	\$98,298	\$99,179	\$99,071	\$99,972	\$99,892	\$99,801	\$99,729	\$99,666
POTENTIAL GROSS INCOME (PGI)	\$1,226,693	\$1,340,295	\$1,448,838	\$1,546,851	\$1,627,148	\$1,687,440	\$1,742,443	\$1,792,855	\$1,844,416	\$1,897,500	\$1,951,815
EXPENSES											
Departmental Expenses											
Golf Course Maintenance	(\$560,140)	(\$547,658)	(\$502,958)	(\$546,043)	(\$579,991)	(\$605,287)	(\$627,796)	(\$646,753)	(\$670,197)	(\$692,310)	(\$714,947)
Golf Cart Expenses	(\$10,326)	(\$13,222)	(\$14,423)	(\$15,308)	(\$16,247)	(\$16,912)	(\$17,603)	(\$18,142)	(\$18,695)	(\$19,263)	(\$19,847)
Pro Shop Labour/COGS	(\$115,403)	(\$86,130)	(\$78,880)	(\$79,466)	(\$80,261)	(\$81,064)	(\$81,975)	(\$82,694)	(\$83,521)	(\$84,356)	(\$85,199)
Food and Beverage Expense/COGS	(\$121,868)	(\$167,346)	(\$169,019)	(\$170,710)	(\$172,417)	(\$174,141)	(\$175,882)	(\$177,642)	(\$179,418)	(\$181,213)	(\$183,025)
Undistributed Expenses											
General & Administrative	(\$68,845)	(\$87,015)	(\$72,442)	(\$77,343)	(\$81,357)	(\$84,372)	(\$87,122)	(\$89,643)	(\$92,221)	(\$94,875)	(\$97,591)
Repairs & Maintenance	(\$5,614)	(\$80,418)	(\$86,930)	(\$92,811)	(\$97,629)	(\$101,248)	(\$104,547)	(\$107,571)	(\$110,665)	(\$113,850)	(\$117,109)
Management	(\$201,000)	(\$134,030)	(\$144,884)	(\$154,685)	(\$162,715)	(\$168,744)	(\$174,244)	(\$179,285)	(\$184,442)	(\$189,750)	(\$195,181)
Marketing	(\$22,066)	(\$26,806)	(\$28,877)	(\$30,937)	(\$32,543)	(\$33,749)	(\$34,849)	(\$35,857)	(\$36,888)	(\$37,950)	(\$39,036)
Professional Fees	\$0	(\$6,701)	(\$7,244)	(\$7,734)	(\$8,136)	(\$8,437)	(\$8,712)	(\$8,964)	(\$9,222)	(\$9,487)	(\$9,759)
Utilities	(\$50,673)	(\$53,612)	(\$57,954)	(\$61,874)	(\$65,066)	(\$67,498)	(\$69,698)	(\$71,714)	(\$73,777)	(\$75,900)	(\$78,073)
Real Estate Taxes	(\$25,680)	(\$26,194)	(\$26,717)	(\$27,252)	(\$27,797)	(\$28,353)	(\$28,920)	(\$29,499)	(\$30,088)	(\$30,680)	(\$31,304)
Insurance	(\$26,131)	(\$26,653)	(\$27,186)	(\$27,730)	(\$28,285)	(\$28,850)	(\$29,427)	(\$30,016)	(\$30,616)	(\$31,229)	(\$31,853)
TOTAL OPERATING EXPENSES	(\$1,227,796)	(\$1,235,784)	(\$1,217,414)	(\$1,291,893)	(\$1,332,463)	(\$1,398,853)	(\$1,440,875)	(\$1,479,779)	(\$1,519,750)	(\$1,560,874)	(\$1,602,924)
NET OPERATING INCOME (NOI)	(\$873)	\$104,511	\$231,424	\$254,958	\$274,685	\$297,484	\$304,504	\$315,842	\$327,463	\$338,454	\$351,749
Reserve For Capital Replacement	\$0	(\$53,612)	(\$57,954)	(\$61,874)	(\$65,066)	(\$67,498)	(\$69,698)	(\$71,714)	(\$73,777)	(\$75,900)	(\$78,073)
CASH FLOW BEFORE DEBT SERVICE	(\$873)	\$50,899	\$173,471	\$193,084	\$209,599	\$221,289	\$232,070	\$241,962	\$250,890	\$260,726	\$270,610



Results of the Discounted Cash Flow, along with a sensitivity matrix are shown below:

PRESENT VALUE OF CASH FLOW								
MARKET VALUE AS IS								
YEAR	PERIOD	CASH FLOW	DISCOUNT FACTOR @ 10.25%	PRESENT VALUE	DISCOUNT FACTOR @ 10.50%	PRESENT VALUE	DISCOUNT FACTOR @ 10.75%	PRESENT VALUE
1	Apr-20-Mar-21	(\$873)	0.9070	(\$792)	0.9050	(\$790)	0.9029	(\$789)
2	Apr-21-Mar-22	\$50,899	0.8227	\$41,875	0.8190	\$41,686	0.8153	\$41,498
3	Apr-22-Mar-23	\$173,471	0.7462	\$129,447	0.7412	\$128,570	0.7362	\$127,701
4	Apr-23-Mar-24	\$193,084	0.6768	\$130,687	0.6707	\$129,508	0.6647	\$128,342
5	Apr-24-Mar-25	\$209,599	0.6139	\$128,676	0.6070	\$127,227	0.6002	\$125,797
6	Apr-25-Mar-26	\$221,289	0.5566	\$123,222	0.5493	\$121,559	0.5419	\$119,922
7	Apr-26-Mar-27	\$232,070	0.5051	\$117,211	0.4971	\$115,368	0.4893	\$113,557
8	Apr-27-Mar-28	\$241,362	0.4581	\$110,571	0.4499	\$108,585	0.4418	\$106,640
9	Apr-28-Mar-29	\$250,890	0.4155	\$104,250	0.4071	\$102,146	0.3989	\$100,090
10	Apr-29-Mar-30	\$260,726	0.3769	\$98,265	0.3684	\$96,064	0.3602	\$93,918
PV OF CASH FLOW		\$1,832,516		\$983,410		\$968,922		\$956,876
REVERSIONARY YEAR 11 NOI		\$351,749						
PROPERTY RESALE @ 8.00%		\$4,396,858						
COST OF SALE @ 0.00%		\$0						
PV OF REVERSION		\$4,396,858	0.3769	\$1,657,130	0.3684	\$1,620,017	0.3602	\$1,583,817
TOTAL PRESENT VALUE (CASH FLOW + REVERSION)				\$2,640,540		\$2,589,939		\$2,540,493
FINAL VALUE CONCLUSION						\$2,600,000		
IMPLIED CAPITALIZATION RATE*						10.56%		

* Based on Stabilized Year NOI

MARKET VALUE AS IS					
As of April 2020 - Includes Years Start Period: 1 through 11					
Terminal Cap Rates	Discount Rate (IRR) for Cash Flow				
	10.00%	10.25%	10.50%	10.75%	11.00%
7.50%	\$2,805,338	\$2,751,015	\$2,697,840	\$2,646,081	\$2,595,405
7.75%	\$2,747,009	\$2,693,996	\$2,642,198	\$2,591,584	\$2,542,123
8.00%	\$2,692,326	\$2,640,540	\$2,590,324	\$2,540,493	\$2,492,172
8.25%	\$2,640,957	\$2,590,324	\$2,540,848	\$2,492,499	\$2,445,247
8.50%	\$2,592,610	\$2,543,082	\$2,494,644	\$2,447,327	\$2,401,083
IRR	10.00%	10.25%	10.50%	10.75%	11.00%
Reversion					
Cost of Sale at Reversion	0.00%				
Percent Residual	62.55%				
ROUND TO NEAREST \$50,000	\$2,600,000				

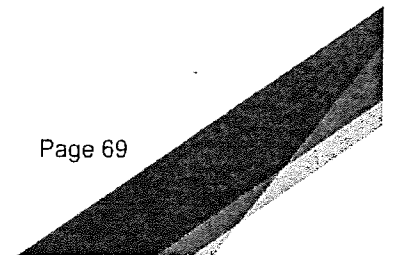
Summary

Selecting the mid-point of the matrix, the foregoing analysis indicates an estimated value by way of Discounted Cash Flow Technique of **\$2,600,000** (rounded) as of the effective date of this valuation.

Morningstar Golf Course, 525 Lowry's Road, Parksville, British Columbia



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



Direct Comparison Approach

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

Given the investment nature of the Subject Property, the sale transactions presented within the Income Approach are considered to be reasonable for use under this method of valuation. It is noted that income producing properties such as the Subject are most relevantly valued through their income characteristics, and therefore the gross income must also be given consideration within our analysis.

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

In valuing the Subject Property, each of the transactions has been compared to the Subject Property. The basis for comparison included the consideration of the following:

- Property Rights Conveyed
- Financing Terms
- Conditions of Sale
- Market Conditions (Transaction Date and Status)
- Physical Characteristics
- Economic Characteristics

Golf course properties such as the subject are often compared one of three ways in the Direct Comparison Approach. The Gross Income Multiplier (GIM) examines each comparables revenue generating potential. The Price Per Acre looks at the underlying land on which each property resides. The Price Per Yard uses the golf course improvements of each property as a unit of comparison. In the case of the subject, we have analyzed the sales using the Gross Income Multiplier.

Morningstar Golf Course, 525 Lowry's Road, Parksville, British Columbia

SUBJECT		REQUIREMENTS		REQUIREMENTS		REQUIREMENTS		REQUIREMENTS	
MORNINGSTAR GOLF COURSE		SALMON ARM GOLF CLUB		ARBUS RIDGE GOLF AND COUNTRY CLUB		SUNSET RANCH GOLF AND COUNTRY CLUB		BIGHORN GOLF AND COUNTRY CLUB	
Property Name	Morningstar Golf Course	Salmon Arm Golf Club	Arbus Ridge Golf and Country Club	Sunset Ranch Golf and Country Club	Bighorn Golf and Country Club	Fairwinds Golf Club			
Address	525 Lowry's Road Parksville, British Columbia	3641 Highway 97B Salmon Arm, BC	3515 Telegraph Road Cobble Hill, BC	5101 Upper Booth Road South Kelowna, BC	1000 Clubhouse Dr Kamloops, BC	3730 Fairwinds Drive NanOOSE Bay, BC			
Transaction Price		\$3,500,000	\$4,500,000	\$4,000,000	\$2,500,000	\$4,223,967			
Analysis Price per Yard		\$3,500,000	\$4,500,000	\$4,000,000	\$2,500,000	\$4,223,967			
Analysis Price per Acre		\$408	\$727	\$615	\$360	\$681			
Gross Income		\$17,404	\$28,020	\$33,653	\$187,500	\$227,116			
Transaction Status		Recorded	Recorded	Recorded	Recorded	Recorded			
Market Conditions		1/8/2020	7/21/2019	12/20/2018	12/1/2017	7/31/2015			
Property Rights Conveyed		Superior	Superior	Superior	Superior	Inferior			
Financing		Fee Simple	Fee Simple	Fee Simple	Leasehold	Fee Simple			
Conditions of Sale		Undisclosed	Undisclosed	Undisclosed	Undisclosed	Undisclosed			
Motivation		Arms-Length	Arms-Length	Arms-Length	Arms-Length	Arms-Length			
Vendor		Vendor	Neutral	Neutral	Neutral	Neutral			
Transactional Adjustment		None	Downward	Upward	Upward	Upward			
Site Characteristics									
Site Size (SF)	8,158,788	8,759,916	6,995,736	5,177,542	5,654,088	6,167,094			
Site Size (Acre)	187,300	201,100	160,600	118,860	129,800	141,580			
Location	Average	Inferior	Stk. Inferior	Superior	Superior	Similar			
Access	Average	Similar	Similar	Similar	Similar	Similar			
Exposure	Average	Stk. Superior	Similar	Similar	Superior	Stk. Superior			
Site Adjustment		Upward	Upward	Downward	Downward	Downward			
Improvement Characteristics									
Property Type	Golf Course	Golf Course	Golf Course	Golf Course	Golf Course	Golf Course			
Sub-Type	Daily Fee w/ Membership	Public Course	Public Course	Public Course	Public Course	Public Course			
Design / Layout	Average	Similar	Stk. Superior	Similar	Similar	Similar			
Quality	Average	Similar	Stk. Superior	Similar	Similar	Similar			
Condition	Average	Similar	Stk. Superior	Similar	Similar	Similar			
Course Yardage	6,893	8,584	6,193	6,500	6,953	6,204			
Year Built	1991	1995	1989	1990	-	1988			
Improvement Adjustment		None	Downward	None	None	Upward			
Economic Characteristics									
In Race vs Market	Limited Upside	Limited Upside	No Upside	No Upside	Revenue Upside	Limited Upside			
NOI / Year	\$39,61	\$39,61	\$68,70	\$51,85	\$26,97	\$36,61			
Economic Adjustment		Upward	Upward	None	Upward	None			
Overall Adjustment		Upward	Downward	Downward	Downward	Downward			
Overall Comparability		Inferior	Superior	Superior	Superior	Superior			
Conclusion		Higher Than	Lower Than	Lower Than	Lower Than	Lower Than			
		1.54	2.54	2.50	2.00	2.00			



Analysis

The selected transactions pertain to activity that occurred between July 2015 and January 2020. The properties vary in size from 6,193 yards to 8,584 yards and were originally constructed between 1988 and 1995. These transactions represent capital investments that range from a low of \$2,500,000 to a high of \$4,500,000. The Gross Income Multipliers indicated by these transactions vary from a low of \$2 per square foot to a high of \$3.

At the upper end of the range, Comparable Transaction No. 2 comprises a transaction that occurred during a period of superior market conditions and represents a facility of superior quality and condition to the subject. For these reasons, a lower GIM than 2.54 is applicable to the subject.

Comparable Transaction No. 1, at the lower end, reflects a motivated vendor and an inferior Salmon Arm location. For these reasons a higher GIM than 1.54 is applicable to the subject property.

The remaining three indicators present a narrowed GIM range of between 2.00 and 2.50. All of these sales are considered superior to the subject either due to location (Comparable Transaction Nos. 3 and 4), or future redevelopment potential (Comparable Transaction No. 5). Accordingly, a lower GIM is applicable to the subject than these three transactions.

Based on the preceding analysis, an appropriate unit value per square foot for the subject property, on a stabilized basis, should be lower than Transaction No. 2 (2.54), Transaction No. 3 (2.50), Transaction No. 4 (2.00) and Transaction No. 5 (2.00); and higher than Transaction No. 1 (1.54).

In consideration of the sale indices reviewed and the accompanying analysis, we are of the professional opinion that an appropriate stabilized unit value range for the Subject property would be a Gross Income Multiplier (GIM) of between 1.50 and 2.00. Applying such unit values to the stabilized gross income of the property results in a range in estimated stabilized values as summarized in the table below.

VALUE MATRIX - DIRECT COMPARISON				
GROSS INCOME	GIM	VALUE ⁽¹⁾	ADJUSTMENT ⁽²⁾	ADJUSTED VALUE ⁽¹⁾⁽³⁾
\$1,623,301	1.50	\$2,450,000	(\$500,000)	\$1,950,000
\$1,623,301	1.75	\$2,850,000	(\$500,000)	\$2,350,000
\$1,623,301	2.00	\$3,250,000	(\$500,000)	\$2,750,000

(1) Round to nearest \$50,000

(2) Adjustments as previously detailed under Overall Income Capitalization

(3) Adjusted for Holding and Lease Up, Other Costs

Summary

Selecting the mid-point of the matrix, the Direct Comparison Approach indicates an estimated value of **\$2,350,000** (rounded) as of the effective date of this valuation.

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



Reconciliation and Final Estimate of Value

The Subject property is a 6,893 yard, 18-hole golf course located on a 187.30 acre site. The property represents average quality construction and was in average condition as of the effective date of the report.

The approaches used in this valuation provide the following values:

VALUATION SUMMARY	
VALUATION INDICES	CURRENT MARKET VALUE AS-IS
INTEREST APPRAISED	FEE SIMPLE AS A GOING CONCERN
DATE OF VALUE	APRIL 17, 2020
INCOME APPROACH	
Discounted Cash Flow	\$2,600,000
Holding Period	10 Years
Terminal Capitalization Rate	8.00%
Internal Rate of Return (Cash Flow)	10.50%
Overall Income Capitalization	\$2,200,000
Stabilized NOI	\$209,599
Capitalization Rate	7.75%
DIRECT COMPARISON APPROACH	
Direct Comparison	\$2,350,000
Gross Income Multiplier	1.44
FINAL VALUE CONCLUSION	
FINAL VALUE	\$2,500,000
Implied Capitalization Rate	8.38%

For income producing properties such as the Subject, potential purchasers would place considerable emphasis on the income earning potential of the property. In this regard, the Income Approach would be the favoured method of valuation. In general, the Overall Income Capitalization method is favored over Discounted Cash Flow Analysis as it is less subjective. However, when valuing multi-tenant developments with varying rental rates, lease terms, etc., Discounted Cash Flow Analysis increases in significance, particularly when the net operating income is projected to change over the life of the investment.

The Direct Comparison Approach, which is primarily used with respect to the valuation of owner-occupied buildings, is based on the price per square foot of similar property transactions. The Direct Comparison Approach, in this case, is supportive of the indications of value in the Income Approach.

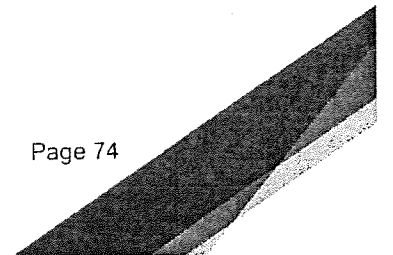
Based on the foregoing, and with most weight applied to the Income Approach it is our opinion that the current market value as is of the fee simple as a going concern interest in the property, subject to the assumptions set forth, and as at April 17, 2020, was:

VALUE TYPE	INTEREST APPRAISED	DATE OF VALUE	VALUE
Current Market Value As-Is	Fee Simple As A Going Concern	April 17, 2020	\$2,500,000

Morningstar Golf Course, 525 Lowry's Road, Parksville, British Columbia



The above value estimate is based on an exposure period of 12 to 18 months, assuming the basis of a transaction involving cash to the vendor and is in conjunction with the Assumptions and Limiting Conditions stated within this appraisal. Of particular note are the Hypothetical Conditions, Extraordinary Assumptions and Extraordinary Limiting Conditions outlined within the Terms of Reference section.





Certification

**Morningstar Golf Course
525 Lowry's Road, Parksville, British Columbia V9P 2R8
(See Property Data Section for Legal Description)**

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

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

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

SUBJECT PROPERTY INSPECTION			
APPRAISER	INSPECTED	EXTENT	DATE OF INSPECTION
James Glen, AACI, P.App	Yes	Interior/Exterior	September 19, 2018
Andrew Buhr, B. Comm, AIC Candidate	Yes	Interior/Exterior	April 17, 2020



Final Estimate of Value

Based upon the data, analyses and conclusions contained herein, the current market value of the Fee Simple As A Going Concern interest in the property described herein, as at April 17, 2020, is estimated to be as follows:

VALUE TYPE	INTEREST APPRAISED	DATE OF VALUE	VALUE
Current Market Value As-Is	Fee Simple As A Going Concern	April 17, 2020	\$2,500,000

The above value estimate is based on an exposure period of 12 to 18 months, assuming the basis of a transaction involving cash to the vendor, and is subject to the Extraordinary Assumptions, Hypothetical Conditions and Extraordinary Limiting Conditions as detailed within the Terms of Reference section of this report, in addition to the Ordinary Assumptions and Limiting Conditions contained in the Addenda. Any alterations to either the information provided or the assumptions in this report may have a material impact on the value contained herein.

Appraiser

James Glen, AACI, P.App
Date: May 29, 2020
AIC Membership No. 900329



Appendices

Appendix A	Ordinary Assumptions and Limiting Conditions
Appendix B	Definitions
Appendix C	Certificate of Title
Appendix D	Land Use / Zoning
Appendix E	Comparable Transactions



Appendix A

Ordinary Assumptions and Limiting Conditions

Ordinary Assumptions and Limiting Conditions

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

- 1) This report has been prepared at the request of **Gary Powroznik, FCPA, CIRP, LIT** of G. Powroznik Group Inc. Receiver-Manager Morningstar Golf Club Ltd. (the client) for the purpose of providing an estimate of the market value of **525 Lowry's Road, Parksville, British Columbia** (the Subject property) and for the specific use referred to. It is not reasonable for any party other than the person or those to whom this report is addressed to rely upon this appraisal without first obtaining written authorization from the client and the author of this report. This report has been prepared on the assumption that no other party will rely on it for any other purpose. Liability is expressly denied to any person other than the client and those who obtain written consent and, accordingly, no responsibility is accepted for any damage suffered by any such person as a result of decisions made or actions based on this report. Diligence by all intended users is assumed.
- 2) This report has been prepared at the request of **Gary Powroznik, FCPA, CIRP, LIT** of G. Powroznik Group Inc. Receiver-Manager Morningstar Golf Club Ltd. and for the exclusive (and confidential) use of the recipient as named and for the specific purpose and function as stated. Written consent from the authors must be obtained before any part of the appraisal report can be used for any use by anyone except the client and other intended users identified in the report. Liability to any other party or for any other use is expressly denied regardless of who pays the appraisal fee.
- 3) All copyright is reserved to the author and this report is considered confidential by the author and **Gary Powroznik, FCPA, CIRP, LIT** of G. Powroznik Group Inc. Receiver-Manager Morningstar Golf Club Ltd.. Possession of this report, or a copy thereof, does not carry with it the right to reproduction or publication in any manner, in whole or in part, nor may it be disclosed, quoted from or referred to in any manner, in whole or in part, without the prior written consent and approval of the author as to the purpose, form and content of any such disclosure, quotation or reference. Without limiting the generality of the foregoing, neither all nor any part of the contents of this report shall be disseminated or otherwise conveyed to the public in any manner whatsoever or through any media whatsoever or disclosed, quoted from or referred to in any report, financial statement, prospectus, or offering memorandum of the client, or in any documents filed with any governmental agency without the prior written consent and approval of the author as to the purpose, form and content of such dissemination, disclosure, quotation or reference.
- 4) The contents of this report are confidential and will not be disclosed by the author to any party except as provided for by the provisions of the CUSPAP and/or when properly entered into evidence of a duly qualified judicial or quasi-judicial body. The appraiser acknowledges that the information collected is personal and confidential and shall not use or disclose the contents of this report except as provided for in the provisions of the CUSPAP and in accordance with the appraiser's privacy policy. The client agrees that in accepting this report, it shall maintain the confidentiality and privacy of any personal information contained and shall comply in all material respects with the contents of the appraiser's privacy policy and in accordance with the PIPEDA.
- 5) This appraisal report, its content and all attachments/addendums and their content are the property of the author. The client, intended users and any appraisal facilitator are prohibited, strictly forbidden and no permission is expressly or implicitly granted or deemed to be granted, to modify, alter, merge, publish (in whole or in part) screen scrape, database scrape, exploit, reproduce, decompile, reassemble or participate in any other activity intended to separate, collect, store, reorganize, scan, copy, manipulate



- electronically, digitally, manually or by any other means whatsoever this appraisal report, addendum, all attachments and the data contained within for any commercial, or other, use.
- 6) The appraiser has agreed to enter into the assignment as requested by the client named in the report for the use specified by the client, which is stated in the report. The client has agreed that the performance of this appraisal and the report format are appropriate for the intended use.
 - 7) This report is completed on the basis that testimony or appearance in court or at any administrative proceeding concerning this appraisal is not required unless specific arrangements to do so have been made beforehand. Such arrangements will include, but not necessarily be limited to, adequate time to review the appraisal report and data related thereto and for preparation and for any appearances that may be required, and the provision of appropriate additional compensation.
 - 8) The estimated market value of the real estate that is the Subject of this appraisal pertains to the value of the **fee simple as a going concern interest** in the real property. The property rights appraised exclude mineral rights, if any.
 - 9) The concept of market value presumes reasonable exposure. The exposure period is the estimated length of time the asset being valued would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of valuation. The overall concept of reasonable exposure encompasses not only adequate, sufficient and reasonable time but also adequate, sufficient and reasonable effort. The reasonable exposure period is a function not only of time and effort but will depend on the type of asset being valued, the state of the market at the date of valuation and the level at which the asset is priced. (The estimated length of the exposure period needed to achieve the estimated market value is set forth in the Letter of Transmittal, prefacing this report).
 - 10) The analyses set out in this report relied on written and verbal information obtained from a variety of sources we considered reliable. However, these data are not guaranteed for accuracy. Unless otherwise stated, we did not verify client-supplied information, which we believed to be correct. Certain information has been accepted at face value, especially if there was no reason to doubt its accuracy. Other empirical data required interpretative analysis pursuant to the objective of this appraisal. Certain inquiries were outside the scope of this mandate.
 - 11) The appraiser will not be responsible for matters of a legal nature that affect either the property being appraised or the title to it. A title search has been performed as indicated previously, and the appraiser assumes that the title is good and marketable and free and clear of all value influencing encumbrances, encroachments, restrictions or covenants, including leases, unless otherwise noted in this report, and that there are no pledges, charges, liens or special assessments outstanding against the property other than as stated and described. The property is appraised on the basis of it being under responsible ownership.
 - 12) The property has been valued on the basis that there are no outstanding liabilities except as expressly noted, pursuant to any agreement with a municipal or other government authority, pursuant to any contract or agreement pertaining to the ownership and operation of the real estate or pursuant to any lease or agreement to lease, which may affect the stated value or saleability of the Subject property or any portion thereof.
 - 13) The property has been valued on the basis that there is no action, suit, proceeding or investigation pending or threatened against the real estate or affecting the titular owners of the property, at law or in equity or before or by any federal, provincial or municipal department, commission, board, bureau, agency or instrumentality which may adversely influence the value of the real estate appraised.
 - 14) The legal description of the property and the area of the site were obtained from the LTSA. No survey of the property has been made. Any plans and sketches contained in this report show approximate dimensions only and are included solely to aid the recipient in visualizing the location of the property, the configuration and boundaries of the site and the relative position of the improvements on the said lands.

- 15) The property has been valued on the basis that the real estate complies in all material respects with any restrictive covenants affecting the site and has been built and is occupied and being operated, in all material respects, in full compliance with all Government regulations and requirements of law, including all zoning, land use classification, building codes, planning, fire and health by-laws, rules, regulations, orders and codes of all federal, provincial, regional and municipal governmental authorities having jurisdiction with respect thereto, and that if it doesn't comply, any such non-compliance may affect market value. (It is recognized there may be work orders or other notices of violation of law outstanding with respect to the real estate and that there may be certain requirements of law preventing occupancy of the real estate as described in this report. However, such circumstances have not been accounted for in the appraisal process).
- 16) The term "inspection" refers to observation and reporting of the general material finishing and conditions seen for the purposes of a standard appraisal inspection. The inspection scope of work includes the identification of marketable characteristics/amenities offered for comparison and valuation purposes only, in accordance with the CUSPAP.
- 17) The opinions of value and other conclusions assume satisfactory completion of any work remaining to be completed in a good and workmanlike manner. Further inspection may be required to confirm completion of such work. The appraiser has not confirmed that all mandatory building inspections have been completed to date, nor has the availability/issuance of an occupancy permit been confirmed. The appraiser has not evaluated the quality of construction, workmanship or materials. It should be clearly understood that this physical inspection does not imply compliance with any building code requirements as this is beyond the professional expertise of the appraiser.
- 18) The author of this report is not qualified to comment on environmental issues that may affect the market value of the property appraised, including but not limited to pollution or contamination of land, buildings, water, groundwater or air. Unless expressly stated, the property is assumed to be free and clear of pollutants and contaminants, including but not limited to moulds or mildews or the conditions that might give rise to either, and in compliance with all regulatory environmental requirements, government, or otherwise, and free of any environmental condition, past, present or future, that might affect the market value of the property appraised. If the party relying on this report requires information about environmental issues then that party is cautioned to retain an expert qualified in such issues. We expressly deny any legal liability relating to the effect of environmental issues on the market value of the property appraised.
- 19) Unless otherwise stated in this report, the appraiser has no knowledge of any hidden or unapparent conditions of the property (including, but not limited to, its soils, physical structure, mechanical or other operating systems, its foundation, etc.) or adverse environmental conditions (on it or a neighbouring property, including the presence of hazardous wastes, toxic substances, etc.) that would make the property more or less valuable. It has been assumed that there are no such conditions unless they were observed at the time of inspection or became apparent during the normal research involved in completing the appraisal. This report should not be construed as an environmental audit or detailed property condition report, as such reporting is beyond the scope of this report and/or the qualifications of the appraiser. The author makes no guarantees or warranties, express or implied, regarding the condition of the property, and will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. The bearing capacity of the soil is assumed to be adequate.
- 20) Investigations have been undertaken in respect of matters which regulate the use of land. However, no inquiries have been placed with the fire department, the building inspector, the health department or any other government regulatory agency, unless such investigations are expressly represented to have been made in this report. The Subject property must comply with such regulations and, if it does not comply, its non-compliance may affect the market value of this property. To be certain of such compliance, further investigations may be necessary.

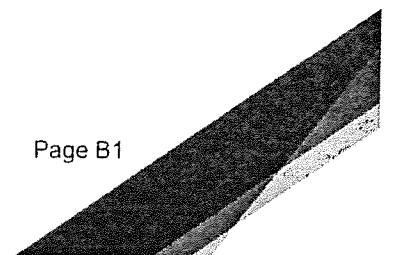


- 21) The interpretation of any leases and other contractual agreements, pertaining to the operation and ownership of the property, as expressed, is solely the opinion of the author and should not be construed as a legal interpretation. Further, any summaries of such contractual agreements are presented for the sole purpose of giving the reader an overview of the salient facts thereof.
- 22) The estimated market value of the property does not necessarily represent the value of the underlying shares, if the asset is so held, as the value of the share could be affected by other considerations. Further, the estimated market value does not include consideration of any extraordinary financing, rental or income guarantees, special tax considerations or any other atypical benefits which may influence the ordinary market value of the property, unless the effects of such special conditions, and the extent of any special value that may arise therefrom, have been described and measured in this report.
- 23) Should title to the real estate presently be held (or changed to a holding) by a partnership, in a joint venture, through a Co-tenancy arrangement or by any other form of divisional ownership, the value of any fractional interest associated therewith may be more or less than the percentage of ownership appearing in the contractual agreement pertaining to the structure of such divisional ownership. For the purposes of our valuation, we have not made any adjustment for the value of a fractional interest.
- 24) In the event of syndication, the aggregate value of the limited partnership interests may be greater than the value of the freehold or fee simple interest in the real estate, by reason of the possible contributory value of non-realty interests or benefits such as provision for tax shelter, potential for capital appreciation, special investment privileges, particular occupancy and income guarantees, special financing or extraordinary agreements for management services.
- 25) Unless otherwise noted, the estimated market value of the property referred to is predicated upon the condition that it would be sold on a cash basis to the vendor subject to any contractual agreements and encumbrances as noted in this report as-is and where-is, without any contingent agreements or caveats. Other financial arrangements, good or cumbersome, may affect the price at which this property might sell in the open market.
- 26) Because market conditions, including economic, social and political factors, change rapidly and, on occasion, without notice or warning, the estimate of market value expressed, as of the effective date of this appraisal, cannot be relied upon as of any other date except with further advice from the appraiser and confirmed in writing.
- 27) The value expressed is in Canadian dollars.
- 28) This report is only valid if it bears the original or password secured digital signature(s) of the author(s). If transmitted electronically, this report will have been digitally signed and secured with personal passwords to lock the appraisal file. Due to the possibility of digital modification, only originally signed reports and those reports sent directly by the appraiser, can be relied upon without fault.
- 29) These Ordinary Assumptions and Limiting Conditions shall be read with all changes in number and gender as may be appropriate or required by the context or by the particulars of this mandate.
- 31) Where the intended use of this report is for financing or mortgage lending or mortgage insurance, it is a condition of reliance on this report that the authorized user has or will conduct lending underwriting and insurance underwriting and rigorous due diligence in accordance with the standards of a reasonable and prudent lender or insurer, including but not limited to ensuring the borrower's demonstrated willingness and capacity to service his/her debt obligations on a timely basis, and to conduct loan underwriting or insuring due diligence similar to the standards set out by the Office of the Superintendent of Financial Institutions (OSFI), even when not otherwise required by law. Liability is expressly denied to those that do not meet this condition. Any reliance on this report without satisfaction of this condition is unreasonable.



Appendix B

Definitions



Definitions

Property Interests

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

General Definitions

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Morningstar Golf Course, 525 Lowry's Road, Parksville, British Columbia



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

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



Appendix C

Certificate of Title



TITLE SEARCH PRINT

File Reference: YVR200180

Declared Value \$ 3323000

2020-04-08, 16:55:25

Requestor: James Glen

****CURRENT INFORMATION ONLY - NO CANCELLED INFORMATION SHOWN****

Land Title District	VICTORIA
Land Title Office	VICTORIA
Title Number	CA1545576
From Title Number	EX94680
Application Received	2010-04-30
Application Entered	2010-05-07
Registered Owner in Fee Simple	
Registered Owner/Mailing Address:	MORNINGSTAR GOLF CLUB LTD., INC.NO. BC0789885 14238 - 134 AVENUE EDMONTON, AB T5L 5V8
Taxation Authority	Port Alberni Assessment Area
Description of Land	
Parcel Identifier:	014-884-275
Legal Description:	LOT A, DISTRICT LOTS 29, 81, 83 AND 126, NANOOSE DISTRICT, PLAN 49145, EXCEPT PARTS IN PLANS VIP51714, VIP52613, VIP76030 AND VIP79051

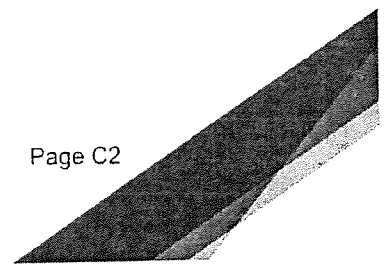
Legal Notations

HERETO IS ANNEXED EASEMENT CA7692581 OVER THOSE PARTS OF LOT G PLAN 49145 EXCEPT PLANS VIP53112 AND VIP70880 SHOWN ON PLAN EPP93892

HERETO IS ANNEXED EASEMENT CA7692583 OVER THAT PART OF LOT G PLAN 49145 EXCEPT PLANS VIP53112 AND VIP70880 SHOWN ON PLAN EPP93893

THIS CERTIFICATE OF TITLE MAY BE AFFECTED BY THE AGRICULTURAL LAND COMMISSION ACT; SEE AGRICULTURAL LAND RESERVE PLAN NO. 5, DEPOSITED 26 JULY 1974

THIS TITLE MAY BE AFFECTED BY A PERMIT UNDER PART 29 OF THE MUNICIPAL ACT (SEE DF ED115978)





TITLE SEARCH PRINT

File Reference: YVR200180

Declared Value \$ 3323000

2020-04-08, 16:55:25

Requestor: James Glen

HERETO IS ANNEXED EASEMENT EH137064 OVER THAT PART OF LOT 1, PLAN 8903, EXCEPT PARTS IN PLANS 26472, 32898, 45632, 45825, 49145 AND VIP52613 SHOWN ON PLAN VIP59866

HERETO INTER ALIA IS ANNEXED EASEMENT EV155454 OVER THAT PART OF LOTS 2 AND 3, PLAN VIP55697 SHOWN ON PLAN VIP76280

HERETO IS ANNEXED EASEMENT EX74423 OVER THAT PART OF LOT 15, PLAN VIP79051 SHOWN ON PLAN VIP79053

HERETO IS ANNEXED EASEMENT EX74424 OVER THAT PART OF LOT 19, PLAN VIP79051 SHOWN ON PLAN VIP79053

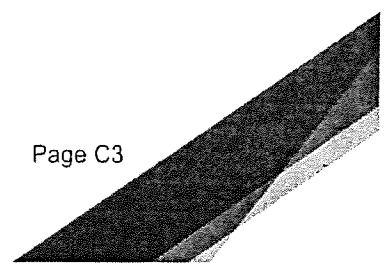
HERETO IS ANNEXED RESTRICTIVE COVENANT EX74425 OVER THOSE PARTS OF LOTS 7,8, 12, 13, 14, 15, 16, 17, 18, AND 19, PLAN VIP79051 SHOWN ON PLAN VIP79054

HERETO IS ANNEXED RESTRICTIVE COVENANT EX92037 OVER PART OF LOTS 3, 4, 10, 11, 12 & 13, ALL OF PLAN VIP79269 AS SHOWN ON PLAN VIP79270

Charges, Liens and Interests

Nature:	EXCEPTIONS AND RESERVATIONS
Registration Number:	M76300
Registered Owner:	ESQUIMALT AND NANAIMO RAILWAY COMPANY
Remarks:	INTER ALIA A.F.B. 9.693.7434A, SECTION 172(3), DD 15273, 117976G, 149908G, 113455G, 113319G, FOR ACTUAL DATE AND TIME OF REGISTRATION SEE ORIGINAL GRANT FROM E AND N RAILWAY COMPANY AFB 32.25.8015F

Nature:	UNDERSURFACE RIGHTS
Registration Number:	S6060
Registration Date and Time:	1987-01-27 10:53
Registered Owner:	WEYERHAEUSER COMPANY LIMITED INCORPORATION NO. A-0051955
Transfer Number:	EX45611
Remarks:	INTER ALIA SEE DD 6055 (AS TO PARTS FORMERLY LOTS 7, 8, 9 AND 10, PLAN 2397 AND PART DISTRICT LOT 83, NANOOSE DISTRICT)





TITLE SEARCH PRINT

File Reference: YVR200180
Declared Value \$ 3323000

2020-04-08, 16:55:25
Requestor: James Glen

Nature: COVENANT
Registration Number: S97207
Registration Date and Time: 1987-09-14 10:10
Registered Owner: HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF BRITISH COLUMBIA
THE REGIONAL DISTRICT OF NANAIMO
Remarks: INTER ALIA
INCLUDES INDEMNITY
(PART FORMERLY LOT 1, PLAN 8903)
MODIFIED BY EM76313
MODIFIED BY ET22002

Nature: STATUTORY RIGHT OF WAY
Registration Number: S97213
Registration Date and Time: 1987-09-14 10:14
Registered Owner: HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF BRITISH COLUMBIA
Remarks: INTER ALIA
(TO PART FORMERLY LOT 1, PLAN 8903)

Nature: UNDERSURFACE AND OTHER EXC & RES
Registration Number: EC103437
Registration Date and Time: 1989-09-19 11:12
Registered Owner: HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF BRITISH COLUMBIA
Remarks: INTER ALIA
PURSUANT TO SECTION 47 LAND ACT, SEE EC95136
(AS TO PART FORMERLY PLAN 48674)

Nature: COVENANT
Registration Number: EC95138
Registration Date and Time: 1989-09-19 11:14
Registered Owner: HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF BRITISH COLUMBIA
REGIONAL DISTRICT OF NANAIMO
Remarks: INTER ALIA
INCLUDES INDEMNITY
(PARTS FORMERLY LOTS 4, 7 AND 9, PLAN 2397
AND PART IN DISTRICT LOT 83, NANOOSE DISTRICT)

Nature: STATUTORY RIGHT OF WAY
Registration Number: EC95146
Registration Date and Time: 1989-09-19 11:15
Registered Owner: HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF BRITISH COLUMBIA
Remarks: INTER ALIA



TITLE SEARCH PRINT

File Reference: YVR200180

Declared Value \$ 3323000

2020-04-08, 16:55:25

Requestor: James Glen

Nature: COVENANT
 Registration Number: EC98512
 Registration Date and Time: 1989-09-26 11:59
 Registered Owner: PROVINCIAL AGRICULTURAL LAND COMMISSION
 Remarks: INTER ALIA
 PART IN PLAN 49146

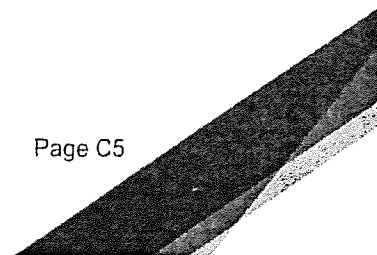
Nature: STATUTORY RIGHT OF WAY
 Registration Number: EF171715
 Registration Date and Time: 1992-12-23 09:41
 Registered Owner: EPCOR WATER (WEST) INC.
 INCORPORATION NO. A0049806
 Transfer Number: FB427115
 Remarks: INTER ALIA

Nature: STATUTORY RIGHT OF WAY
 Registration Number: EF171717
 Registration Date and Time: 1992-12-23 09:42
 Registered Owner: REGIONAL DISTRICT OF NANAIMO
 Remarks: INTER ALIA

Nature: EASEMENT
 Registration Number: EG41354
 Registration Date and Time: 1993-04-08 12:54
 Remarks: INTER ALIA
 PART ON PLAN VIP56279;
 APPURTENANT TO LOT C, PLAN 49145

Nature: STATUTORY RIGHT OF WAY
 Registration Number: EH128035
 Registration Date and Time: 1994-09-28 09:35
 Registered Owner: HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF BRITISH
 COLUMBIA
 Remarks: INTER ALIA
 PART IN PLAN VIP59866

Nature: EASEMENT
 Registration Number: EH137066
 Registration Date and Time: 1994-10-17 14:55
 Remarks: PART SHOWN ON PLAN VIP59866;
 APPURTENANT TO LOT C, PLAN 49145, EXCEPT
 PART IN PLAN VIP56481 AND STRATA PLAN
 VIS2920 (PHASE 1 AND 2); THE COMMON PROPERTY
 OF STRATA PLAN VIS2920





2020-04-08, 16:55:25
Requestor: James Glen

TITLE SEARCH PRINT

File Reference: YVR200180
Declared Value \$ 3323000

Nature: COVENANT
Registration Number: EL99059
Registration Date and Time: 1997-08-26 14:33
Registered Owner: REGIONAL DISTRICT OF NANAIMO
Remarks: INTER ALIA

Nature: MORTGAGE
Registration Number: CA1545577
Registration Date and Time: 2010-04-30 13:50
Registered Owner: REALCOR MORTGAGE CORP.
INCORPORATION NO. BC0282435
Remarks: MODIFIED BY CA4484571

Nature: MODIFICATION
Registration Number: CA4484571
Registration Date and Time: 2015-06-24 12:04
Remarks: MODIFICATION OF CA1545577

Nature: MORTGAGE
Registration Number: CA5895281
Registration Date and Time: 2017-03-28 11:50
Registered Owner: CANADIAN WESTERN BANK

Nature: ASSIGNMENT OF RENTS
Registration Number: CA5895282
Registration Date and Time: 2017-03-28 11:50
Registered Owner: CANADIAN WESTERN BANK

Nature: TAXATION (RURAL AREA) ACT LIEN
Registration Number: WX2086315
Registration Date and Time: 2018-08-13 11:39
Registered Owner: HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF BRITISH COLUMBIA

Duplicate Indefeasible Title NONE OUTSTANDING

Transfers NONE

Pending Applications NONE

Title Number: CA1545576

TITLE SEARCH PRINT

Page 5 of 5

File Reference: YVR200180

Page C6



Appendix D

Land Use / Zoning



Part 3 – Land Use Regulations

Section 3.4.51

RECREATION 1

RC1

Permitted Uses and Minimum Site Area

Permitted Uses	Required Site Area with:		
	Community Water & Sewer System	Community Water System	No Community Services
a) Campground	1.0 ha	1.0 ha	2.0 ha
b) Outdoor Recreation	1.0 ha	1.0 ha	1.0 ha
c) Residential Use ¹	n/a	n/a	n/a

Maximum Number and Size of Buildings and Structures

Campground	Maximum of 60 camping spaces per parcel developed in accordance with Schedule '3C', Campground Regulations and Standards ²
Dwelling units/parcel ³	- 1
Height	- 8.0 m
Parcel coverage ⁴	- 10%

Minimum Setback Requirements

Front lot line	- 8.0 m
Other lot lines	- 5.0 m

except where any part of a parcel is adjacent to or contains a watercourse then the regulations in Section 3.3.8 shall apply.

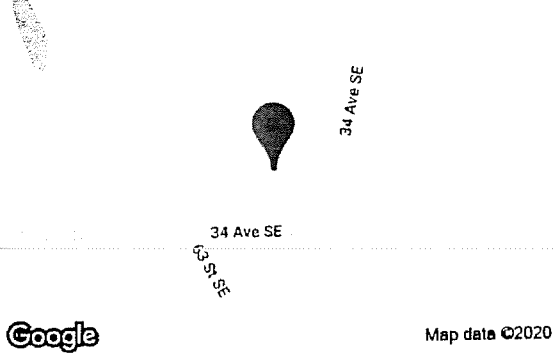
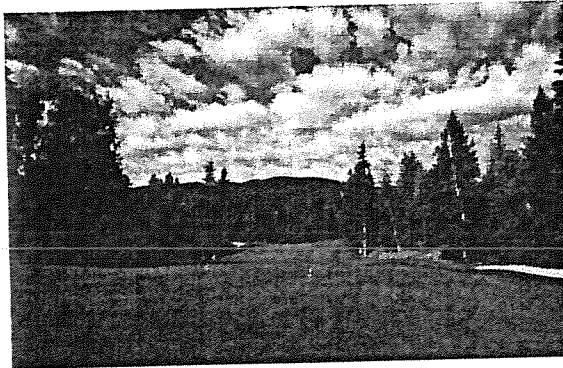
¹ Bylaw No. 500.13, adopted October 13, 1987
² Bylaw No. 500.162, adopted April 8, 1997
³ Bylaw No. 500.13, adopted October 13, 1987
⁴ Bylaw No. 500.77, adopted March 27, 1990



Appendix E

Comparable Transactions

COMPARABLE 1: Salmon Arm Golf Club
3641 Highway 97B, Salmon Arm, BC



LOCATION / SITE INFORMATION

Address	3641 Highway 97B
City, Province	Salmon Arm, BC
Legal Description	Long legal exists
Site Size	201.1 Acres (8,759,916 SF)
Location	Average
Access	Average
Zoning	P-1

SALE INFORMATION

Purchaser	SALMON ARM GOLF CLUB (2019) LIMITED (GolfNorth Properties)
Vendor	SALMON ARM GOLF HOLDINGS LTD. (SAGC Society)
Transaction Date	January 8, 2020
Transaction Status	Recorded
Transaction Price	\$3,500,000
Analysis Price	\$3,500,000
Recording Number	CA7968689-CA7968691
Rights Transferred	Fee Simple
Financing	Undisclosed
Conditions of Sale	Arms-Length

IMPROVEMENTS INFORMATION

Property Type	Golf Course
Sub-Type	Public Course
Design / Layout	Average
Quality	Average
Condition	Average
Course Length (yards)	8,584
Year Built	1995

OPERATING INCOME

	TOTAL	PER SF
Gross Income	\$2,267,000	264.10
Vacancy & Credit Loss @ 0.0%	\$0	0.00
Effective Gross Income	\$2,267,000	264.10
Expenses	(\$1,927,000)	(224.49)
Contingency	NAv	NAv
Net Operating Income	\$340,000	39.61
Occupancy at Sale	NAv	
Expenses % of GI / EGI	85%	85%

ANALYSIS INFORMATION

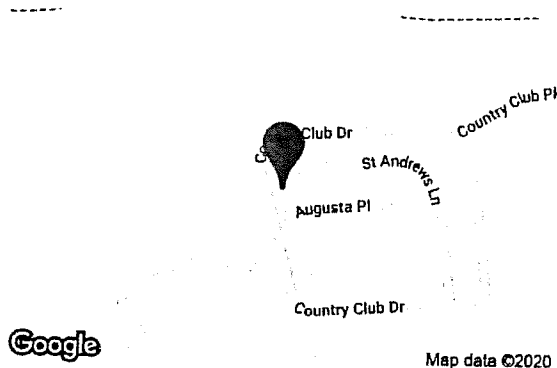
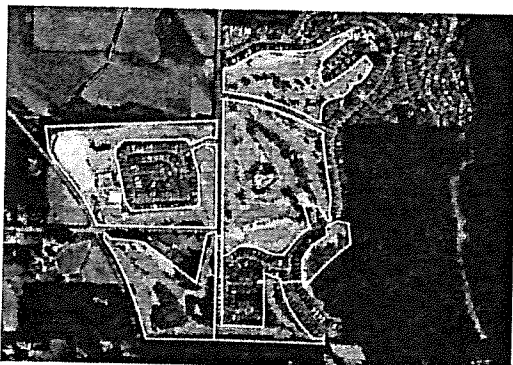
Price Per Yard	\$408
Capitalization Rate	9.71%

REMARKS

Salmon Arm Golf Club. Includes an 18-hole course (Championship Course) and 9-hole course (Heritage Course) on opposites of Highway 97B. A golf club has been operating on the site as early as 1929, but 18-hole course was completed in 1995, and 9-hole Les Furber designed course was completed in 1984. Property includes restaurant, practice facility and concession stand between 8th and 9th holes.



Arbutus Ridge Golf and Country Club
3515 Telegraph Road, Cobble Hill, BC



LOCATION / SITE INFORMATION

Address	3515 Telegraph Road
City, Province	Cobble Hill, BC
Legal Description	Long legal exists
Site Size	160.6 Acres (6,995,736 SF)
Location	Average
Access	Average
Zoning	A-4

SALE INFORMATION

Purchaser	YIJING GOLF CLUB INC.
Vendor	CRC CANADIAN RETIREMENT CORPORATION
Transaction Date	July 21, 2019
Transaction Status	Recorded
Transaction Price	\$4,500,000
Analysis Price	\$4,500,000
Recording Number	CA7618210-CA7618211
Rights Transferred	Fee Simple
Financing	Undisclosed
Conditions of Sale	Arms-Length

IMPROVEMENTS INFORMATION

Property Type	Golf Course
Sub-Type	Public Course
Design / Layout	Average/Good
Quality	Average/Good
Condition	Average/Good
Course Length (yards)	6,193
Year Built	1989

OPERATING INCOME

	TOTAL	PER SF
Gross Income	\$1,773,834	286.43
Vacancy & Credit Loss @ 0.0%	\$0	0.00
Effective Gross Income	\$1,773,834	286.43
Expenses	(\$1,348,374)	(217.73)
Contingency	N/Av	N/Av
Net Operating Income	\$425,460	68.70
Occupancy at Sale	N/Av	
Expenses % of GI / EGI	76%	76%

ANALYSIS INFORMATION

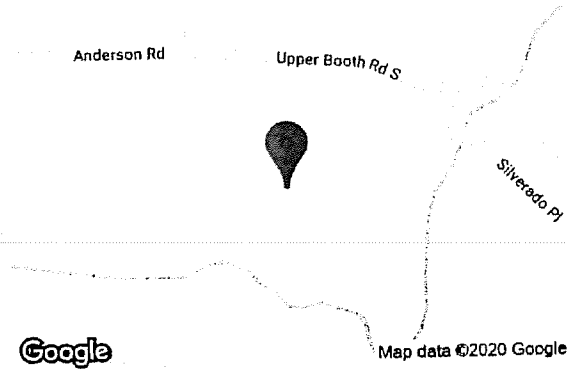
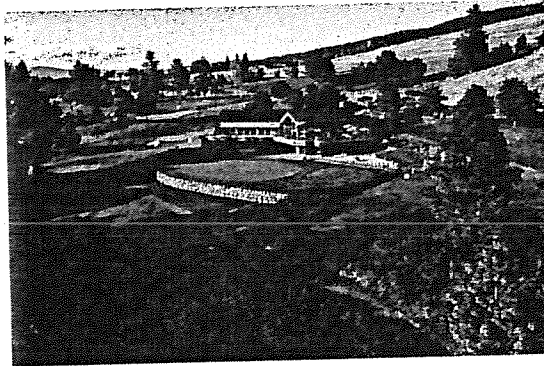
Price Per Yard	\$727
Capitalization Rate	9.45%

REMARKS

Arbutus Ridge Golf and Country Club and Satellite Bar & Grille restaurant. Improvements include an 18-hole golf course with 12,698 SF clubhouse, licensed restaurant with banquet facilities, bubbled tennis facility, full length practice facility, pro shop, and maintenance buildings. The golf course was designed by Bill Robinson, has a rating of 70.9 and a slope rating of 123. The sale contains a 137 acre lot at 3515 Telegraph Road as well as a 23.6 acre leasehold site.



COMPARABLE 3: Sunset Ranch Golf and Country Club
5101 Upper Booth Road South, Kelowna, BC



LOCATION / SITE INFORMATION

Address	5101 Upper Booth Road South
City, Province	Kelowna, BC
Legal Description	Long legal exists
Site Size	118.9 Acres (5,177,542 SF)
Location	Average/Good
Access	Average
Zoning	CD1(E)

SALE INFORMATION

Purchaser	DURALI PROPERTIES LTD.
Vendor	SUNSET RANCH GOLF DEVELOPMENTS LTD.
Transaction Date	December 20, 2018
Transaction Status	Recorded
Transaction Price	\$4,000,000
Analysis Price	\$4,000,000
Recording Number	CA7264880
Rights Transferred	Fee Simple
Financing	Undisclosed
Conditions of Sale	Arms-Length

IMPROVEMENTS INFORMATION

Property Type	Golf Course
Sub-Type	Public Course
Design / Layout	Average
Quality	Average
Condition	Average
Course Length (yards)	6,500
Year Built	1990

OPERATING INCOME

	TOTAL	PER SE
Gross Income	NAv	NAv
Vacancy & Credit Loss @ NAv	NAv	NAv
Effective Gross Income	NAv	NAv
Expenses	(\$1,263,000)	(194.31)
Contingency	NAv	NAv
Net Operating Income	\$337,000	51.85
Occupancy at Sale	NAv	
Expenses % of GI / EGI	NAv	NAv

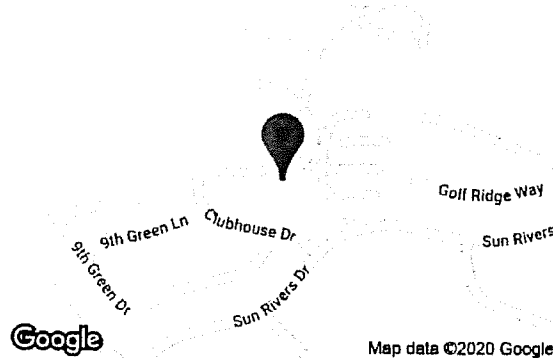
ANALYSIS INFORMATION

Price Per Yard	\$615
Capitalization Rate	8.43%

REMARKS

Sunset Ranch Golf Course in Kelowna area. 18-hole course, which is 6,500 yards course to the black tees. Par 72/73. Property includes Sunset Ranch Clubhouse, consisting of two large patios, a 40-seat lounge, and a 120-seat restaurant (Sunset Dining Room). Property is not within the ALR. Purchase price, cap rate as reported by knowledgeable third party.

**COMPARABLE 4: Bighorn Golf and Country Club
1000 Clubhouse Dr, Kamloops, BC**



LOCATION / SITE INFORMATION

Address	1000 Clubhouse Dr
City, Province	Kamloops, BC
Legal Description	Long legal exists
Site Size	129.8 Acres (5,654,088 SF)
Location	Good
Access	Good
Zoning	RU

SALE INFORMATION

Purchaser	Big Horn Golf and Country Club
Vendor	Sun Rivers Golf Course
Transaction Date	December 1, 2017
Transaction Status	Recorded
Transaction Price	\$2,500,000
Analysis Price	\$2,500,000
Rights Transferred	Leasehold
Financing	Undisclosed
Conditions of Sale	Arms-Length

IMPROVEMENTS INFORMATION

Property Type	Golf Course
Sub-Type	Public Course
Design / Layout	Average
Quality	Average
Condition	Average
Course Length (yards)	6,953

OPERATING INCOME

	<u>TOTAL</u>	<u>PER SF</u>
Gross Income	\$1,250,000	179.78
Vacancy & Credit Loss @ 0.0%	\$0	0.00
Effective Gross Income	\$1,250,000	179.78
Expenses	(\$1,062,500)	(152.81)
Contingency	N/A	N/A
Net Operating Income	\$187,500	26.97
Occupancy at Sale	N/A	
Expenses % of GI / EGI	85%	85%

ANALYSIS INFORMATION

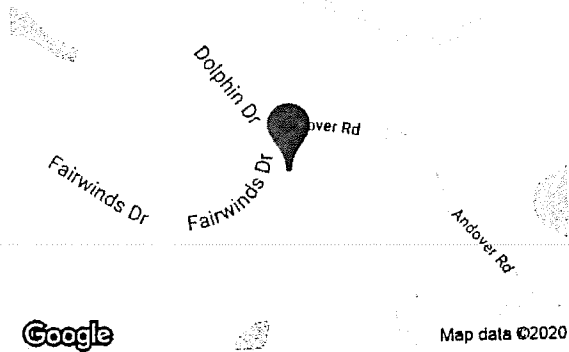
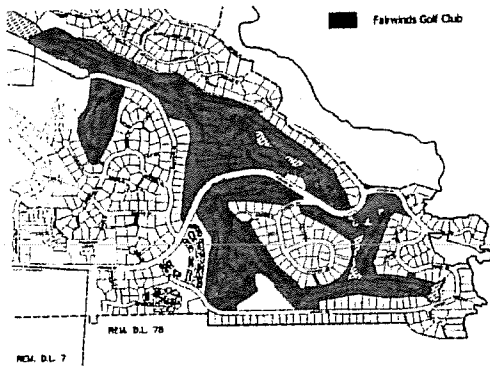
Price Per Yard	\$360
Capitalization Rate	7.50%

REMARKS

This is the sale of Sun Rivers Golf Course to Bighorn Golf and Country Club. This is a 18 hole course with 6,953 yards. Bighorn Golf and Country Club in the Sun Rivers Resort community near Kamloops. Formerly known as Sun Rivers Golf Course. Property comprises several lots throughout residential development areas and is on leasehold land of the Kamloops First Nation.



COMPARABLE 5: Fairwinds Golf Club
3730 Fairwinds Drive, Nanoose Bay, BC



LOCATION / SITE INFORMATION

Address	3730 Fairwinds Drive
City, Province	Nanoose Bay, BC
Legal Description	Long legal exists
Site Size	141.6 Acres (6,167,094 SF)
Location	Average
Access	Average
Zoning	RC1Z

SALE INFORMATION

Purchaser	FW ENTERPRISES LTD.
Vendor	bcIMC Realty Corporation
Transaction Date	July 31, 2015
Transaction Status	Recorded
Transaction Price	\$4,223,967
Analysis Price	\$4,223,967
Recording Number	CA4579525-CA4579526
Rights Transferred	Fee Simple
Financing	Undisclosed
Conditions of Sale	Arms-Length

IMPROVEMENTS INFORMATION

Property Type	Golf Course
Sub-Type	Public Course
Design / Layout	Average
Quality	Average
Condition	Average
Course Length (yards)	6,204
Year Built	1988

OPERATING INCOME

	TOTAL	PER SF
Gross Income	\$2,672,000	430.69
Vacancy & Credit Loss @ 0.0%	\$0	0.00
Effective Gross Income	\$2,672,000	430.69
Expenses	(\$2,444,884)	(394.08)
Contingency	N/A	N/A
Net Operating Income	\$227,116	36.61
Occupancy at Sale	N/A	N/A
Expenses % of GI / EGI	92%	92%

ANALYSIS INFORMATION

Price Per Yard	\$681
Capitalization Rate	5.36%

REMARKS

Fairwinds Golf Course in Nanoose Bay. Property was sold as part of a larger comprehensive development property that approximately 620 acres of long-term development land, approximately 61 acres of lands either currently under development and inventory for sale, a former hotel site, a tennis court site, a waterfront multi-family development site, several small lot holdings, and a 340-berth marina (Schooner Cove Marina).

Appendix B

Colliers Appraisal of Morningstar Golf Course
April 28, 2021

Narrative Appraisal

Momingstar Golf Course

525 Lowry's Road

Parksville, British Columbia

Effective Date: April 28, 2021

Report Date: April 28, 2021

Prepared For
Gary Powroznik, FCPA, CIRP, LIT
Managing Director
G. Powroznik Group Inc. Receiver-Manager Momingstar Golf Club Ltd.

Prepared By
James Glen, AACI, P.App
Vice President, Vancouver
Valuation & Advisory Services

200 Granville Street
19th Floor
Vancouver, BC V6C 2R6
www.colliers.com

MAIN 604 681 4111
FAX 604 661 0849



Our File: YVR210479

April 28, 2021

G. Powroznik Group Inc. Receiver-Manager Morningstar Golf Club Ltd.
750 West Pender Street, 250
Vancouver, BC V6C 2T7

**Attention: Gary Powroznik, FCPA, CIRP, LIT
Managing Director**

Dear Mr. Powroznik;

**Re: Appraisal of Morningstar Golf Course
525 Lowry's Road, Parksville, British Columbia**

In accordance with your request, we have carried out an analysis of the above-mentioned property in order to estimate its current market value as is. Based on our investigations, it is our opinion that the current market value as is of the fee simple as a going concern interest in the Subject Property, as of April 28, 2021, is estimated to be as follows:

VALUE TYPE	INTEREST APPRAISED	DATE OF VALUE	VALUE
Current Market Value As-Is	Fee Simple As A Going Concern	April 28, 2021	\$2,950,000

The above value estimate is based on an exposure period of 12 to 18 months, assuming the basis of a transaction involving cash to the vendor and is in conjunction with the Assumptions and Limiting Conditions stated within this appraisal. Of particular note are the Hypothetical Conditions, Extraordinary Assumptions and Extraordinary Limiting Conditions outlined within the Terms of Reference section.

This report describes the methods and approaches to value in support of the above conclusion, and contains the pertinent data gathered in our investigation of the market.

Should you have any questions, we would be pleased to discuss the valuation further.

Yours very truly,

COLLIERS INTERNATIONAL REALTY ADVISORS INC.

A handwritten signature in black ink, appearing to read "James Glen", written over a light-colored background.

James Glen, AACI, P.App
Vice President, Vancouver

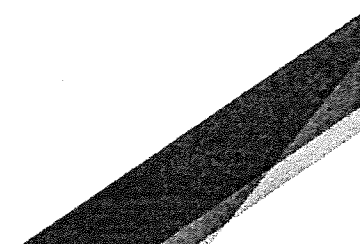
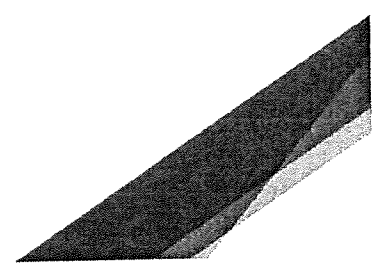


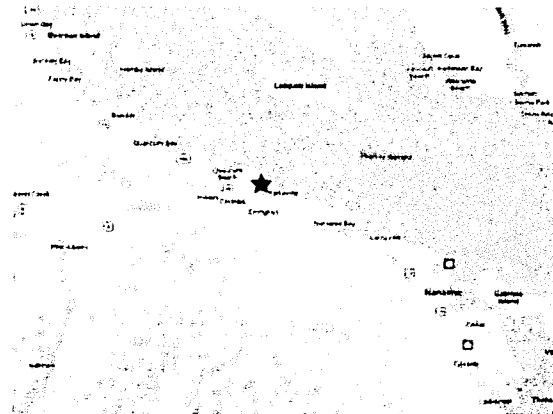
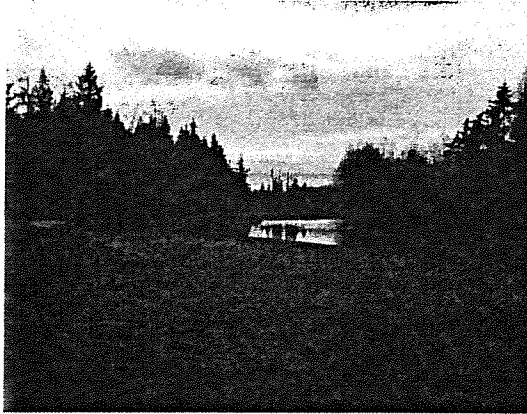


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Executive Summary



PROPERTY INFORMATION

Property Name	Morningstar Golf Course	Course Size (Yards)	7,003
Address	525 Lowry's Road, Parksville	Course Size (Holes)	18
Property Type	Golf Course - Daily Fee	Number of Buildings	11
Year Built	1991	Gross Building Area (SF)	17,875
Site Area (acres)	187.3	District	Electoral Area 'G'
Land Use/Zoning	RC1 (Recreation 1)	Parking (UG / Surface / Other)	0 / 104 / 15

VALUE CONCLUSION

Final Value Estimate	\$2,950,000
Effective Date	April 28, 2021
Value per Acre	\$15,750
Value per Yard	\$421.25
Going-In Overall Capitalization Rate	7.81%

VALUATION SUMMARY

Direct Comparison Approach	\$3,000,000
Income Approach	
Direct Income Capitalization	\$2,950,000
Discounted Cash Flow	\$2,950,000

INCOME APPROACH

Stabilized Net Operating Income	\$230,373
Operating Expense Ratio	83.89%
Replacement Reserve	4.00%
Overall Capitalization Rate	7.75%
Initial Value	\$2,950,000
Adjustments	\$0
Adjusted Value	\$2,950,000

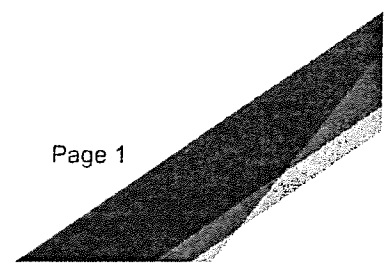
DIRECT COMPARISON APPROACH

Concluded Value/GM	1.60
Initial Value	\$3,000,000
Adjustments	\$0
Adjusted Value	\$3,000,000
Value per GM	1.60

DISCOUNTED CASH FLOW ANALYSIS

Investment Horizon	10 years
Discount Rate	10.50%
Terminal Capitalization Rate	8.00%
Inflation	Varies
Value	\$2,950,000
Reversionary Value	\$4,313,684

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

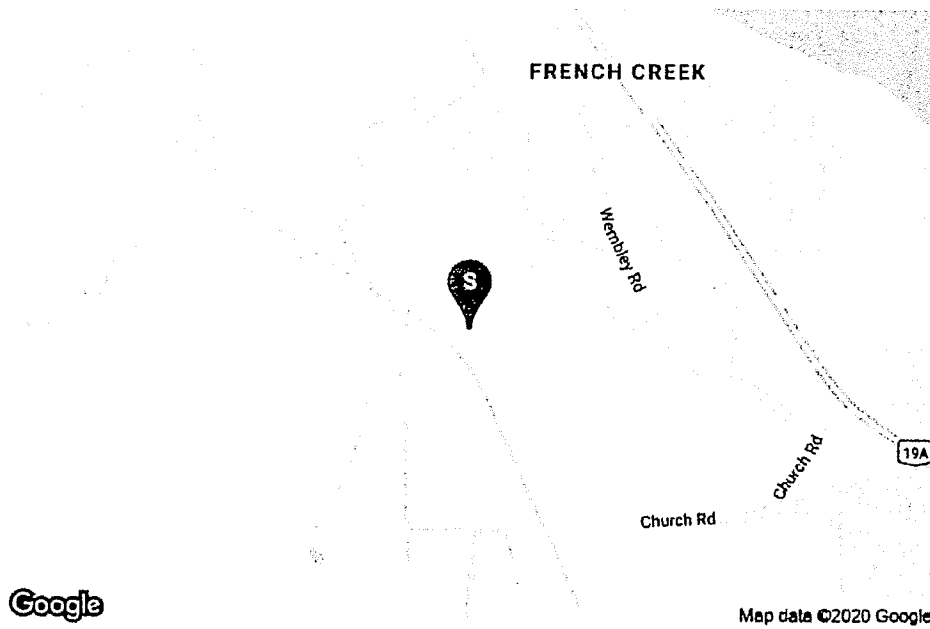




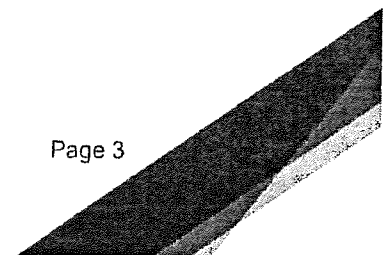
Investment Sales

Index No.	Property Name Property Address	Year Built Size (SF) Site Area (SF)	Sale Date Analysis Price Analysis Price / SF	NOI NOI / YARD SOCR
1	Salmon Arm Golf Club	1995	8-Jan-20	\$340,000
	3641 Highway 97B	8,584	\$3,500,000	\$39.61
	Salmon Arm, BC	8,759,916	\$408	9.71%
2	Arbutus Ridge Golf and Country	1989	21-Jul-19	\$425,460
	3515 Telegraph Road	6,193	\$4,500,000	\$68.70
	Cobble Hill, BC	6,995,736	\$727	9.45%
3	Sunset Ranch Golf and Country	1990	20-Dec-18	\$337,000
	5101 Upper Booth Road South	6,500	\$4,000,000	\$51.85
	Kelowna, BC	5,177,542	\$615	8.43%
4	Bighorn Golf and Country Club	-	1-Dec-17	\$187,500
	1000 Clubhouse Dr	6,953	\$2,500,000	\$26.97
	Kamloops, BC	5,654,088	\$360	7.50%
5	Fairwinds Golf Club	1988	31-Jul-15	\$227,116
	3730 Fairwinds Drive	6,204	\$4,223,967	\$36.61
	Nanoose Bay, BC	6,167,094	\$681	5.38%

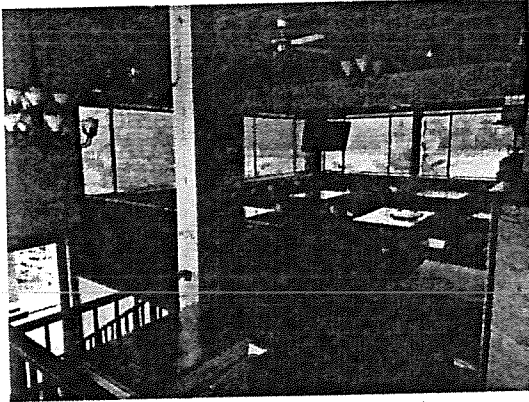
General Location Map



Aerial Photograph



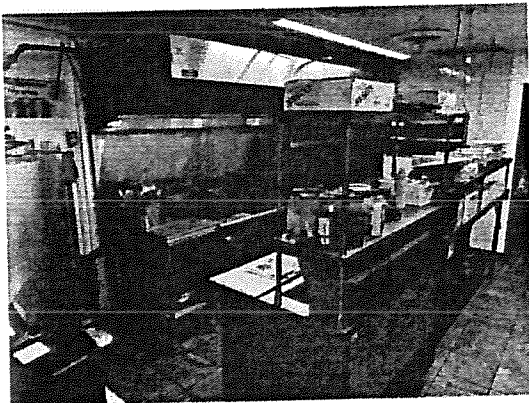
Photographs of Subject Property



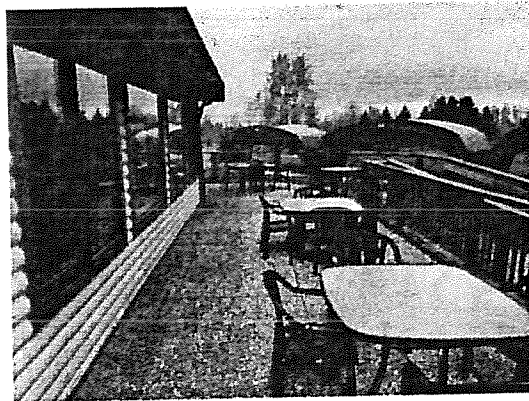
Interior of Clubhouse Restaurant



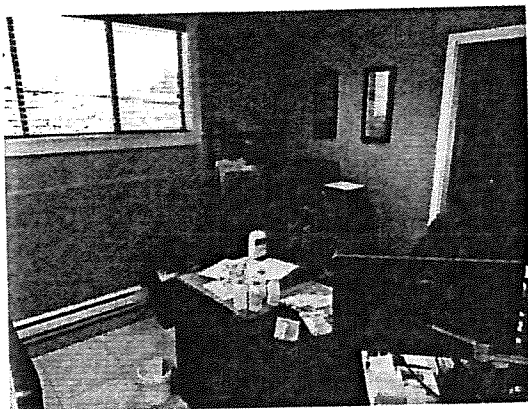
Interior of Clubhouse Restaurant - Bar Area



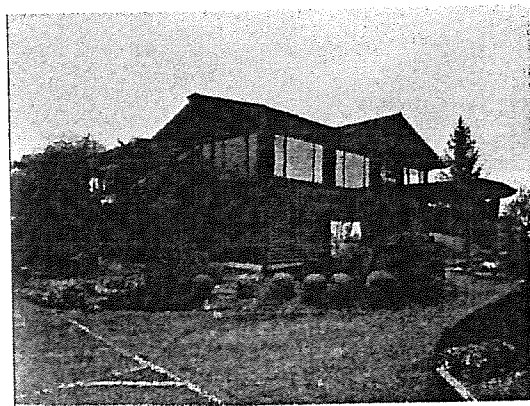
Interior of Clubhouse Restaurant - Kitchen



Exterior View of Clubhouse Restaurant Patio



Office on lower level of Clubhouse



Exterior View of Clubhouse

Photographs of Subject Property (continued)



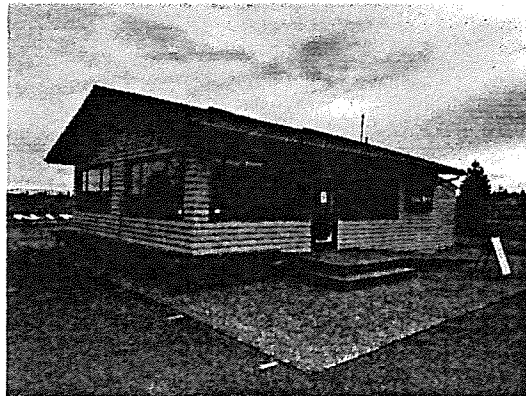
Banquet Hall Interior



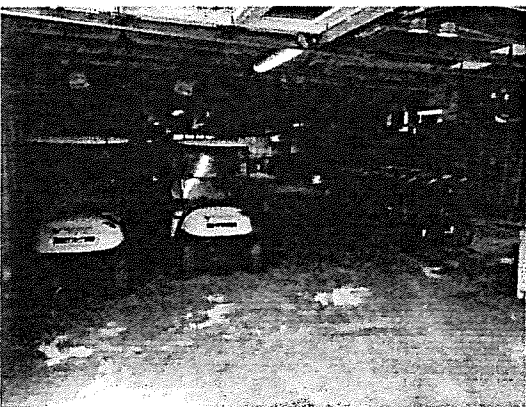
Exterior View of Banquet Hall



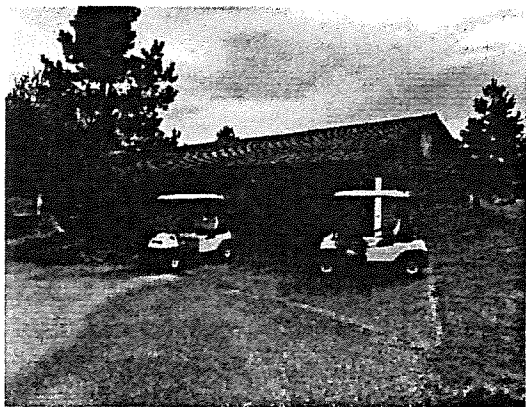
Pro Shop Interior



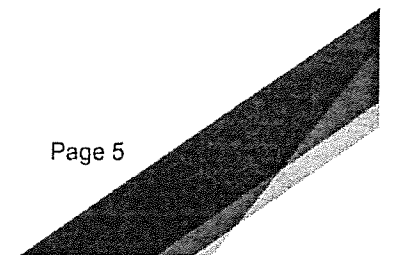
Exterior View of Pro Shop



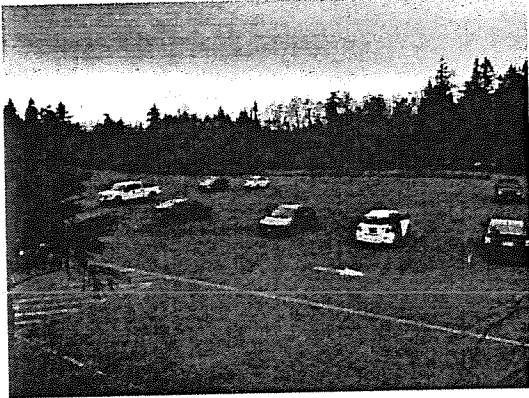
Golf Cart Barn Interior



Exterior View of Golf Cart Barn



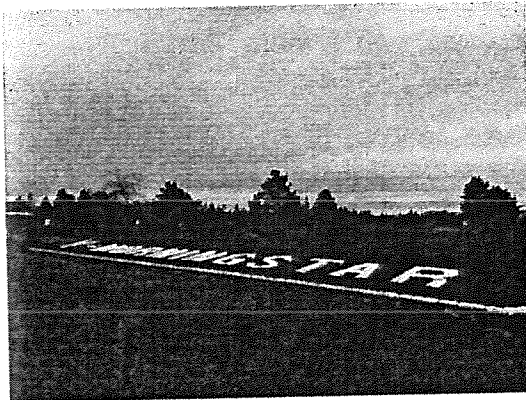
Photographs of Subject Property (continued)



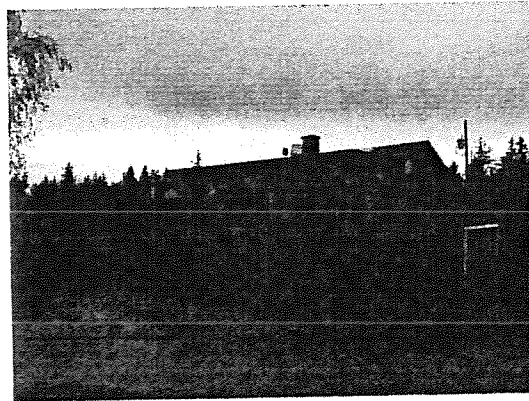
View of Parking Area from Clubhouse



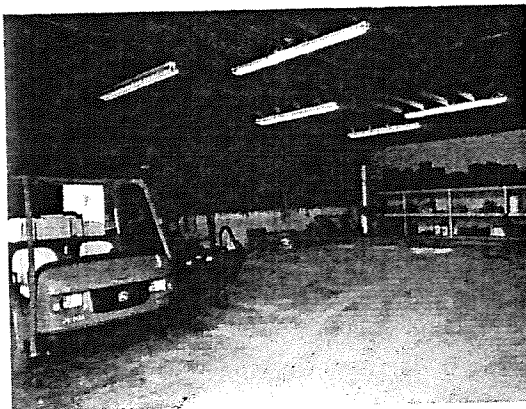
Viewing Golf Course Entrance from Lowry's Road
Looking Northwest



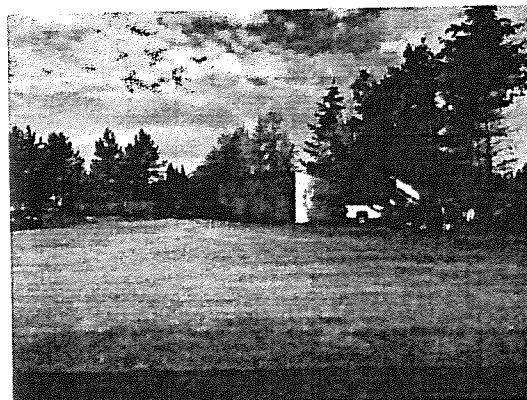
Feature signage near First Hole



Exterior view of Clubhouse

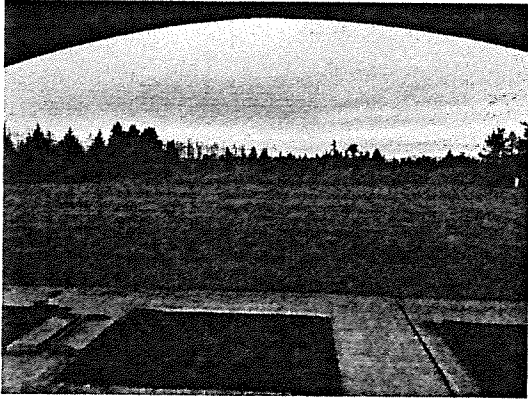


Maintenance Shop Interior



Exterior View of Maintenance Yard Facing Northeast

Photographs of Subject Property (continued)



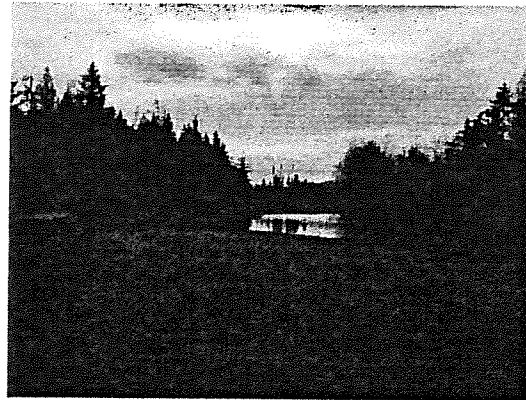
Driving Range



Driving Range



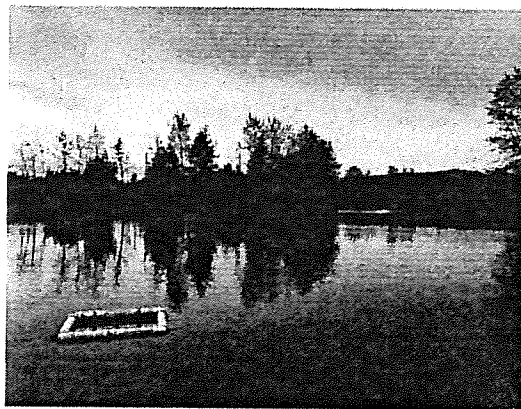
Third Hole Fairway



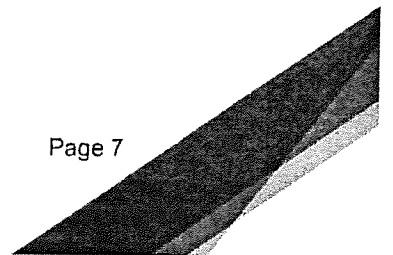
Ninth Hole Green



Main Irrigation Pond



Main Irrigation Pond





Terms of Reference

Client and Intended User

The Client of this appraisal is G. Powroznik Group Inc. Receiver-Manager Morningstar Golf Club Ltd., and the Intended User is G. Powroznik Group Inc. Receiver-Manager Morningstar Golf Club Ltd..

Purpose and Intended Use of Report

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

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

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

Indemnification and Limitation of Liability

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

Property Rights

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

Going Concern

The estimated value is based on the "total assets of the business" which includes enhancement of the value of an operating business enterprise which is provided by the assembly of land, building, labour, capital,



equipment, marketing, management, etc. The value estimated herein may include a certain amount of goodwill or enterprise value, the amount of which is sometimes related to the expertise of management. For purposes of this valuation, it is assumed that the property will be under competent management.

Effective Date

The effective date of this valuation is April 28, 2021.

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

Property Inspection

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

SUBJECT PROPERTY INSPECTION			
APPRAISER	INSPECTED	EXTENT	DATE OF INSPECTION
James Glen, AACL, P.App	Yes	Interior/Exterior	September 19, 2018
Andrew Buhr, B. Comm, AIC Candidate	Yes	Interior/Exterior	April 17, 2020

Market Value Definition

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

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

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

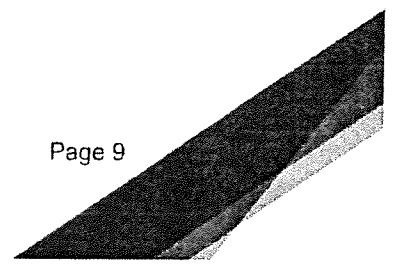
Exposure Time

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

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

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

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



In practice, the exposure time assumes the following:

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

Ongoing discussions with agents familiar with the market have indicated that properties like the Subject Property typically require a marketing period of 12 to 18 months depending on a variety of factors including its location, vacancy levels, tenant quality, size, market conditions, and motivation of the vendor/purchaser. In consideration of these factors, it is concluded that for the Subject property to sell at the market value estimated as of the effective date of this report, an exposure period of approximately 12 to 18 months would be required.

Scope of the Valuation

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

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

- Property inspection details are indicated previously within the Terms of Reference section of this report.
- This valuation has been prepared on the basis of summary financial and operating data provided directly to us by our client or their designated agents, in either hard copy or electronic form or both. It is assumed that this information, and specifically that relating to the financial performance of the Subject Property described, is accurate. This assumption is critical to the value estimate contained and the authors of this report, and Colliers reserve the right to amend our estimate(s) in whole or in part should the foregoing not be the case.
- A review has been completed of available data regarding the local market.
- Verification of current land use and zoning regulations has been undertaken. Municipal and neighbourhood information, including tax information, were sourced as noted below and verified where appropriate and possible. Site area and dimensions are from information obtained from the Client. Should further confirmation of site size and dimensions be required, a legal survey should be commissioned.
- A review of sales and listing data on comparable properties has been undertaken. Comparable market information was obtained from our information database and local real estate professionals knowledgeable in the golf course and recreational real estate market. It was confirmed, when appropriate, with public information at the LTSA or the parties involved when there was reason to doubt its accuracy.
- Discussions have been held with market participants where applicable.



SOURCES OF INFORMATION	
ITEM	SOURCE
Assessment / Tax Information	Paragon
Zoning Information	City of Parksville
Official Plan Information	City of Parksville
Site Size Information	Client
Building Size Information	Client
Demographics	Site wise
Comparable Information	MLS/Internal Files
Legal Description	LTSA
Other Property Data	Client
Income/Expense Statements	Client
Budget/Financial Projections	Client

Colliers cannot be held liable for any errors in the information that was provided by third parties or by Gary Powroznik, FCPA, CIRP, LIT of G. Powroznik Group Inc. Receiver-Manager Morningstar Golf Club Ltd.. The Appraisal Report must be used in its entirety and any reliance on any portion of the appraisal report independent of others may lead to erroneous conclusions.

Ordinary Assumptions and Limiting Conditions

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

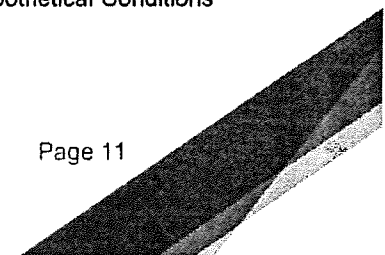
Extraordinary Limiting Conditions

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

As of the date of this report Canada and the Global Community is experiencing unprecedented measures undertaken by various levels of government to curtail health related impacts of the Covid-19 Pandemic. The duration of this event is not known. While there is potential for negative impact with respect to micro and macro-economic sectors, as well as upon various real estate markets, it is not possible to predict such impact at present, or the impact of current and future government countermeasures. There is some risk that the Covid-19 Pandemic increases the likelihood of a global recession, however without knowledge of further anticipated government countermeasures at the national and global levels it is not possible to predict any impact at this point in time. Accordingly, this point-in-time valuation assumes the continuation of current market conditions, and that current longer-term market conditions remain unchanged. Given the market uncertainties of the Covid-19 pandemic, a force majeure event, we reserve the right to revise the value estimation set out in this report for a fee, with an update appraisal report under a separate appraisal engagement, incorporating market information available at that time.

Hypothetical Conditions

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



Extraordinary Assumptions

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

We have relied on information provided to us by our client or their designated agents with respect to the status of the tenancy and their contractual rights and obligations, and financial data relating to the income and expenses associated with the Subject Property's operations, as well as the physical attributes of the Subject Property and environmental condition of the site, including any required capital expenditures. The assumptions stated are critical to the value estimate contained and the authors of this report and Colliers reserve the right to amend our estimates should any of these assumptions be altered in whole or in part.

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

As the date of the inspection differs from the effective date, it is an Extraordinary Assumption that there are no material changes in the interim to either the physical or operating status of the Subject Property or the prevailing market conditions that might impact the value conclusions.

With the exception of the foregoing, there have been no other Extraordinary Assumptions employed in the preparation of this appraisal or report.

Assemblage

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

Anticipated Public or Private Improvements

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

Personal Property

When relevant to the assignment, CUSPAP requires that personal property must be considered and analyzed as to the effect on value. In the instance of the Subject Property, personal property is considered to be a relevant factor, and the impact has been considered and analyzed within the valuation analyses contained herein.



Property Data

Municipal Address

The Subject property is municipally described as 525 Lowry's Road, Parksville, British Columbia.

Legal Description

The Subject property's legal description is as follows:

LOT A, DISTRICT LOTS 29, 81, 83 AND 126, NANOOSE DISTRICT, PLAN 49145, EXCEPT PARTS IN PLANS VIP51714, VIP52613, VIP76030 AND VIP79051

PID 014-884-275

Current Ownership

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

TITLE NO.	SEARCH DATE	REGISTERED OWNER	SOURCE OF TITLE INFORMATION
CA1545576	April 28, 2021	MORNINGSTAR GOLF CLUB LTD.	LTSA

Ownership History

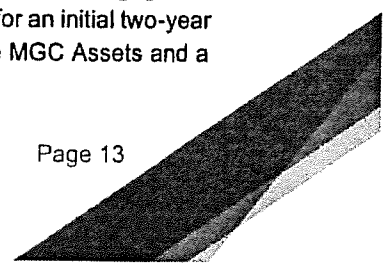
Ownership of the Subject Property last transferred on April 30, 2010. According to the information available, the current owner, EAGLESTAR GOLF INC., acquired the Subject Property from MORNINGSTAR GOLF CLUB LTD. for the reported consideration of \$3,323,000. This transaction is understood to have occurred at arm's length.

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

Current Contracts

Based upon discussions with Gary Powroznik, Managing Director of G Powroznik Group Inc. Receiver-Manager for the Subject Property, the Subject is currently listed for sale at an asking price of \$3,300,000. Mr. Powroznik reports that in February/March 2019 there were two verbal offers to purchase the property, one for \$1,000,000 and \$1,250,000. The Receiver-Manager did not respond to or counter these offers as they were believed to be far below market value for the property. In November/December 2019, Mr. Powroznik reports that potential buyers submitted two Letters of Intent (LOI). The first was for an offer price of \$2,000,000, while the second was for \$2,200,000. At the same time, the Receiver-Manager was in the process of changing golf-course management and felt that the potential buyers should see the new manager's budget for the next two years, and therefore did not respond, or counter the price in either of the LOIs.

In May 2020, it is our understanding that the Receiver-Manager received a written Letter of Intent from a Vancouver based buyer to purchase Morningstar Golf Club's assets as a going-concern for \$2,500,000. After negotiations, a sale price of \$2,800,000 was agreed, subject to resolution of a key condition that the Receiver-Manager had to resolve some existing encroachments and title issues with a contiguous parcel known as Lot G. After extensive negotiations, the Receiver, the Purchaser and the first mortgagee of Morningstar signed a Memorandum of Understanding ("MOU") on November 5, 2020, for an initial two-year lease of the MGC Assets by the Purchaser followed by a subsequent purchase of the MGC Assets and a



Morningstar Golf Course, 525 Lowry's Road, Parksville, British Columbia



credit agreement and security for the Realcor Financing. In mid-February 2021, the Purchaser withdrew from negotiations to finalize the Lease and Purchase and Sale Agreements.

Recent Activity

As we understand it, the property has been listed for sale for \$3,300,000 since late 2018/early 2019, but other than aforementioned offers and collapse lease/sale, there has been no other serious offer made. However, since the initial listing of the property, there have been many parties expressing serious interest, signed confidentiality agreements and undertook their due diligence by reviewing the confidential data room and inspecting the property.



Title Encumbrances

The Subject Property encumbrances are summarized below:

NO.	REGISTRATION TYPE	REGISTERED BY
M76300	EXCEPTIONS AND RESERVATIONS	ESQUIMALT AND NANAIMO RAILWAY COMPANY
S6060	UNDERSURFACE RIGHTS	WEYERHAEUSER COMPANY LIMITED
S97207	COVENANT	HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF BRITISH COLUMBIA THE REGIONAL DISTRICT OF NANAIMO
S97213	STATUTORY RIGHT OF WAY	HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF BRITISH COLUMBIA
EC103437	UNDERSURFACE AND OTHER EXC & RES	HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF BRITISH COLUMBIA
EC95138	COVENANT	HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF BRITISH COLUMBIA THE REGIONAL DISTRICT OF NANAIMO
EC95146	STATUTORY RIGHT OF WAY	HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF BRITISH COLUMBIA
EC98512	COVENANT	PROVINCIAL AGRICULTURAL LAND COMMISSION
EF171715	STATUTORY RIGHT OF WAY	EPCOR WATER (WEST) INC.
EF171717	STATUTORY RIGHT OF WAY	REGIONAL DISTRICT OF NANAIMO
EG41354	EASEMENT	APPURTENANT TO LOT C, PLAN 49145
EH128035	STATUTORY RIGHT OF WAY	HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF BRITISH COLUMBIA
EH137066	EASEMENT	APPURTENANT TO LOT C, PLAN 49145
EL99059	COVENANT	REGIONAL DISTRICT OF NANAIMO
CA1545577	MORTGAGE	REALCOR MORTGAGE CORP.
CA4484571	MODIFICATION	MODIFICATION OF CA1545577
CA5895281	MORTGAGE	CANADIAN WESTERN BANK
CA5895282	ASSIGNMENT OF RENTS	CANADIAN WESTERN BANK
WX2086315	TAXATION (RURAL AREA) ACT LIEN	HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF BRITISH COLUMBIA

For the purposes of this analysis, the instruments registered against the title(s) to the Subject Property are assumed not to have a significant effect on the Subject Property's marketability or its market value. For greater certainty a legal opinion should be solicited for a full explanation of the effects of these

Morningstar Golf Course, 525 Lowry's Road, Parksville, British Columbia



encumbrances. The Subject Property has been valued as if free and clear of any financing. A copy of the Subject Property title has been included in the Appendix for further reference.

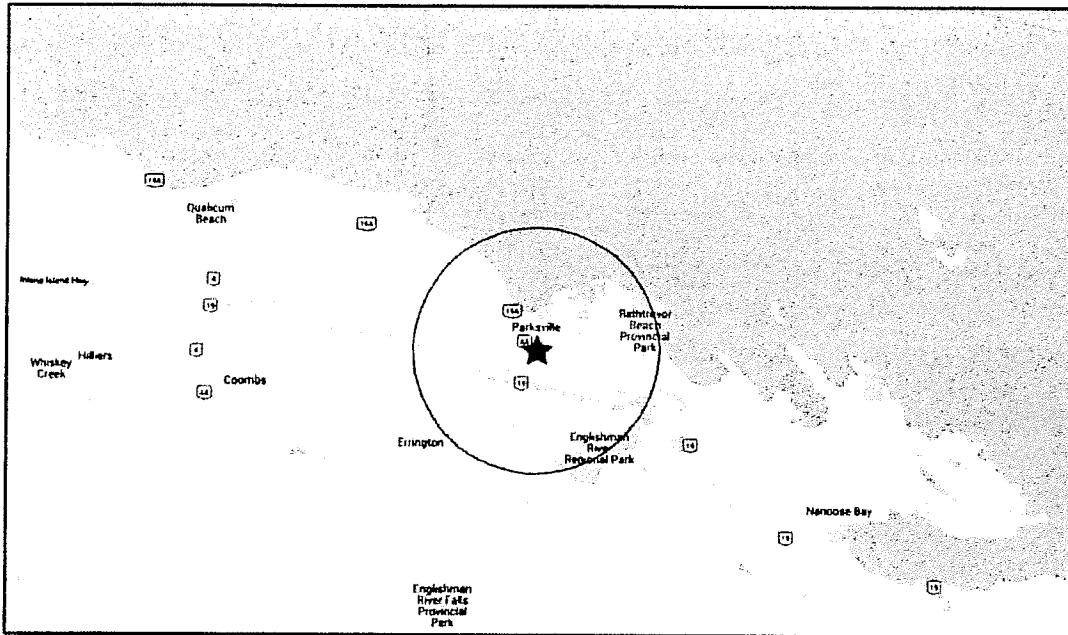
Realty Taxes / Assessment

The current realty tax and assessment information for the Subject Property is summarized as follows:

ASSESSMENT & TAXES				
ROLL NO	TOTAL 2021 ASSESSMENT	TOTAL ASSESSMENT PER ACRE	TOTAL 2020 TAX LEVY	TOTAL TAX LEVY PER ACRE
769009205.201	\$3,697,000	\$19,738	\$20,000	\$106.78

Information relating to realty taxes on a sampling of comparable properties can be found within the Expense Comparables table presented within the Income Approach.

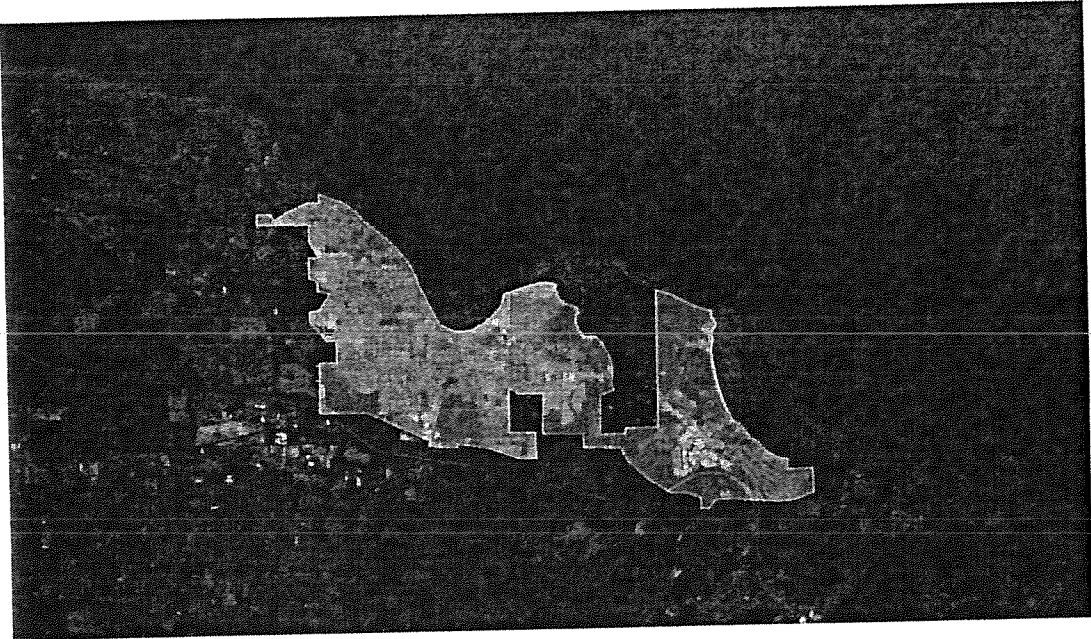
Location Overview – Parksville



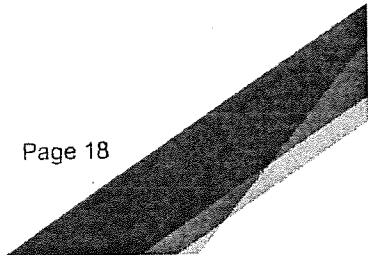
The property is situated in the municipality known as Parksville, BC. Parksville is located approximately 38 kilometres northwest of Nanaimo's central business district. Major arterials for the district include: Island Highway West (Highway 19A), Inland Island Highway (Highway 19), Alberni Highway (Highway 4A), and Hirst Avenue. Parksville benefits from its diverse inventory and it's arterial access via Island Highway and Highway 19.

	District Boundaries	Adjacent Districts
North	Strait of Georgia	Strait of Georgia
South	Wildgreen Way	Errington
East	Strait of Georgia	Nanoose Bay
West	Island Highway W	French Creek

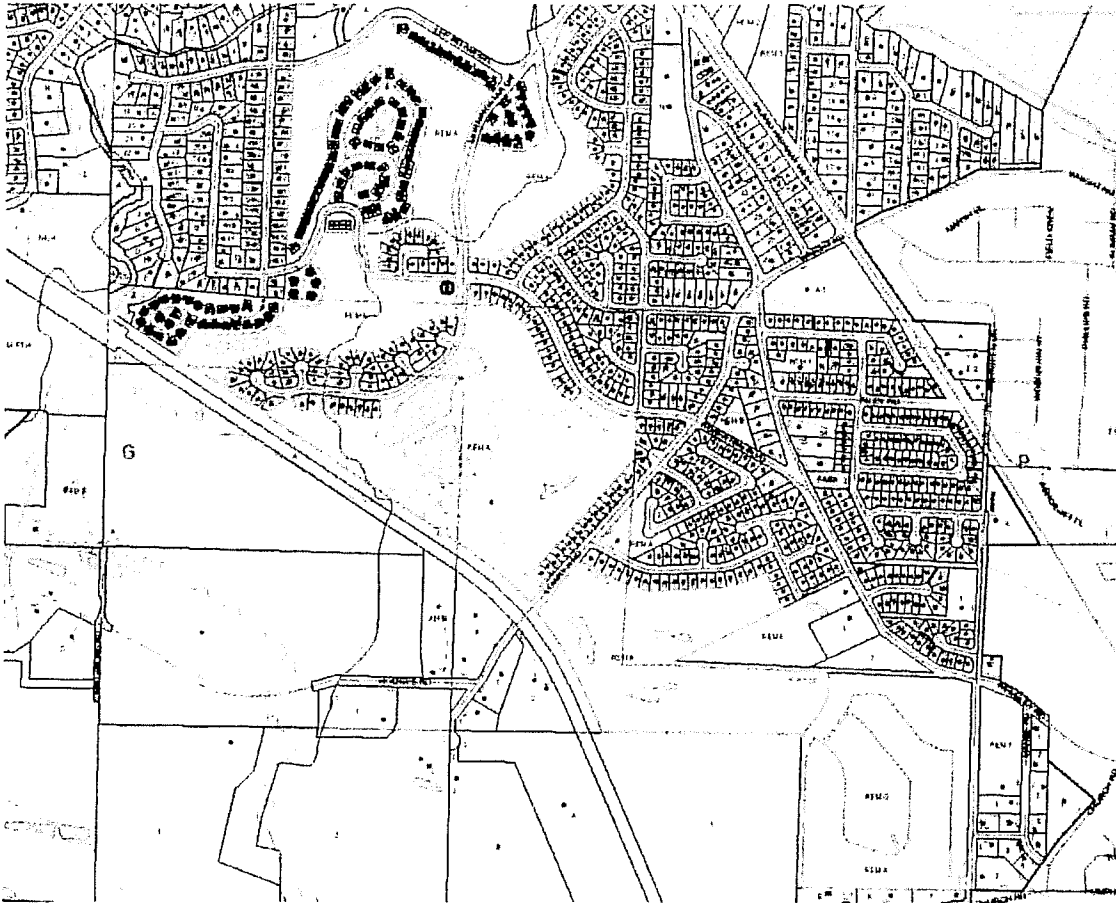
The Parksville area is developed with a strong mixture of residential and commercial properties. The district contains primarily detached residential with attached and strata apartments focused along the Island Highway, Hirst Avenue, Moilliet Street, and Alberni Highway corridors. The area also hosts larger commercial type users and multi-tenant commercial facilities along Island Highway. Retail inventory is focused along the Island Highway corridor with intermittent amenities dispersed throughout the city. There is a limited supply of purpose built office space weithin the area. Light industrial space remains east near Island Highway with a focus in light manufacturing and warehousing.



Aerial Image: Parksville, BC



Site Description



Area

The site comprises a total area of 187.30 acres (8,158,788 square feet), more or less.

Configuration

The site is essentially irregular in its configuration, as shown on the site plan above.

Street Improvements / Frontage

Street improvements for the Subject Property are as outlined below:

Street Improvements	Frontage	Direction	No. Lanes	Street Type	Curbs	Sidewalks	Streetslights	Center Lane	Gutters
Lowry's Road	Varies	Two-Way	Two-Lane	Minor Arterial		✓			
Roberton Boulevard	Varies	Two-Way	Two-Lane	Minor Arterial	✓	✓			
Morningstar Drive	Varies	Two-Way	Two-Lane	Connector Street	✓	✓			
Osprey Way	Varies	Two-Way	Two-Lane	Connector Street	✓	✓			



Land Use Classification (Zoning)

The Regional District of Nanaimo Zoning Bylaw 500 currently designates the property as RC1 (Recreation 1).

Access / Exposure

Overall access to the property is considered to be average. The site enjoys average exposure characteristics.

Excess Density

The site has no excess density.

Services

The site is fully serviced.

Topography

The site's topography is variable and at street grade with adjacent roadways and properties.

Soil Conditions

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

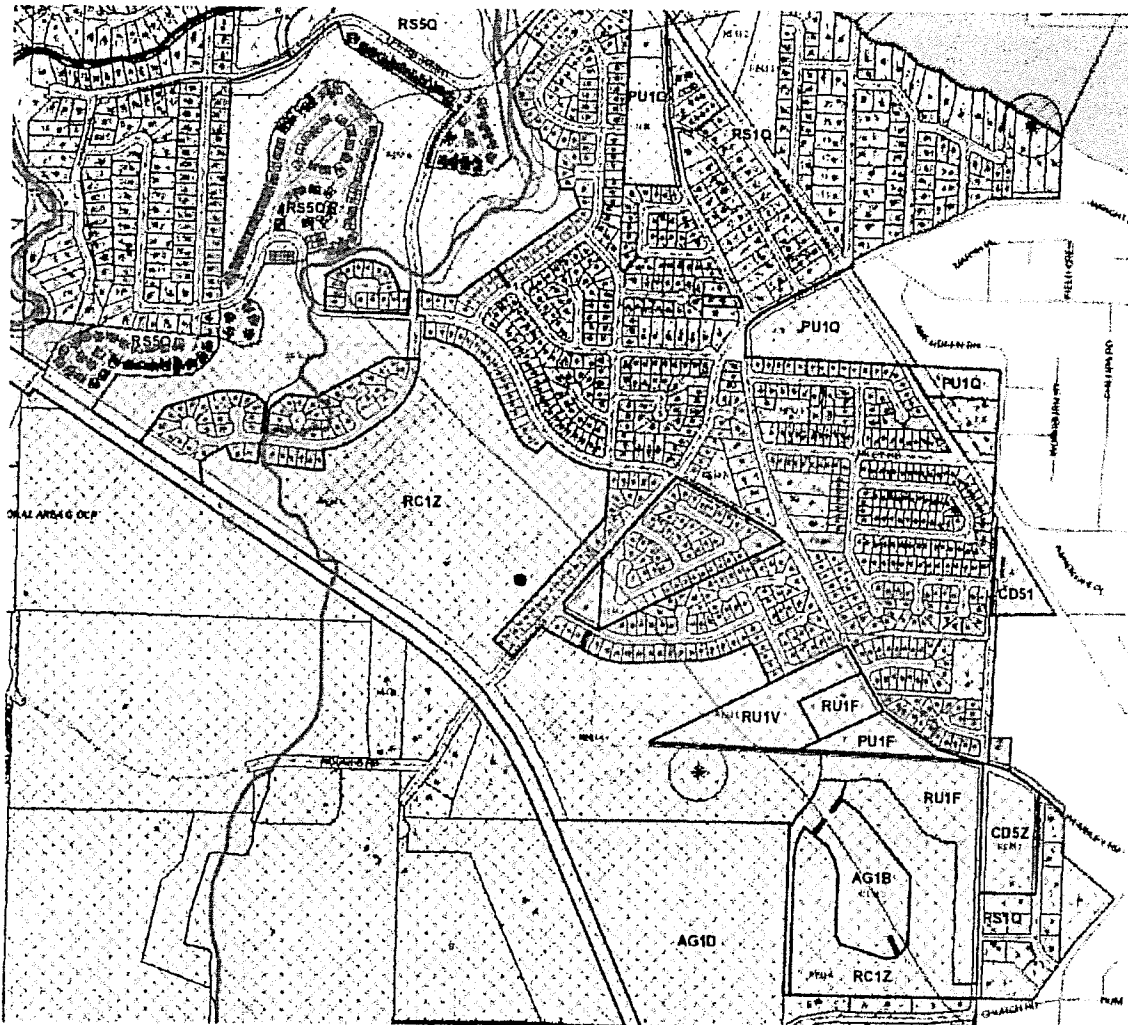
Demographics

DEMOGRAPHICS AND STATISTICS		
Population	1 km radius	1,690
	3 km radius	12,848
	5 km radius	22,432
Average Household Income	1 km radius	\$92,256
	3 km radius	\$97,266
	5 km radius	\$91,932

Summary

The site provides average access and average exposure characteristics and no adverse influences are visually apparent.

Land Use / Zoning



Introduction

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

According to the relevant land use / zoning bylaw for the Regional District of Nanaimo, the Subject Property is currently classified RC1 (Recreation 1). An excerpt from the zoning bylaw is included in the appendices to this report.

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



ZONING SUMMARY	
Municipality Governing Zoning	Regional District of Nanaimo
Zoning Bylaw Number	500
Current Zoning	Recreation 1 (RC1)
Permitted Uses	Campground, Outdoor Recreation, Residential Use (1 per parcel)
Current Use	Golf Course
Is Current Use Legally Permitted?	Yes
Zoning Change	Not Likely

ZONING REQUIREMENTS	
Conforming Use	The existing improvements represent a conforming use within this zone.
Minimum Yard Setbacks	
Front (Meters)	8
Rear (Meters)	5
Side (Meters)	5
Maximum Building Height	8.0 Meters
Parcel Coverage	10%

Source: Regional District of Nanaimo

Zoning Conclusions

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

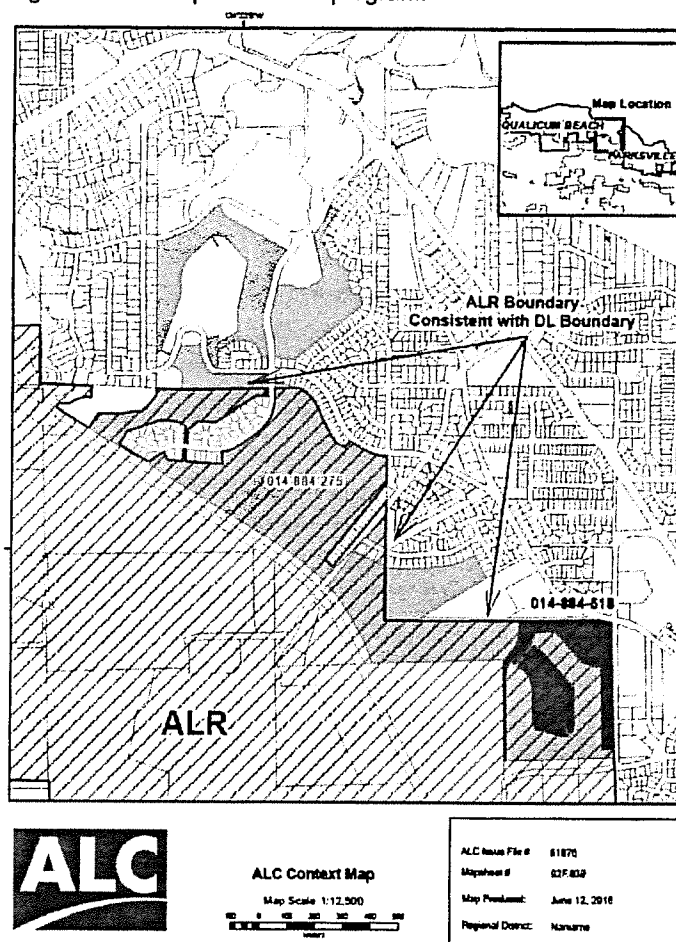
Based on our interpretation of the applicable land use/zoning bylaw, the property use appears to reflect a legally permitted conforming use. However, the authors are not technically qualified to confirm zoning compliance, and for greater certainty in this regard, written confirmation from the municipality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

Agricultural Land Reserve

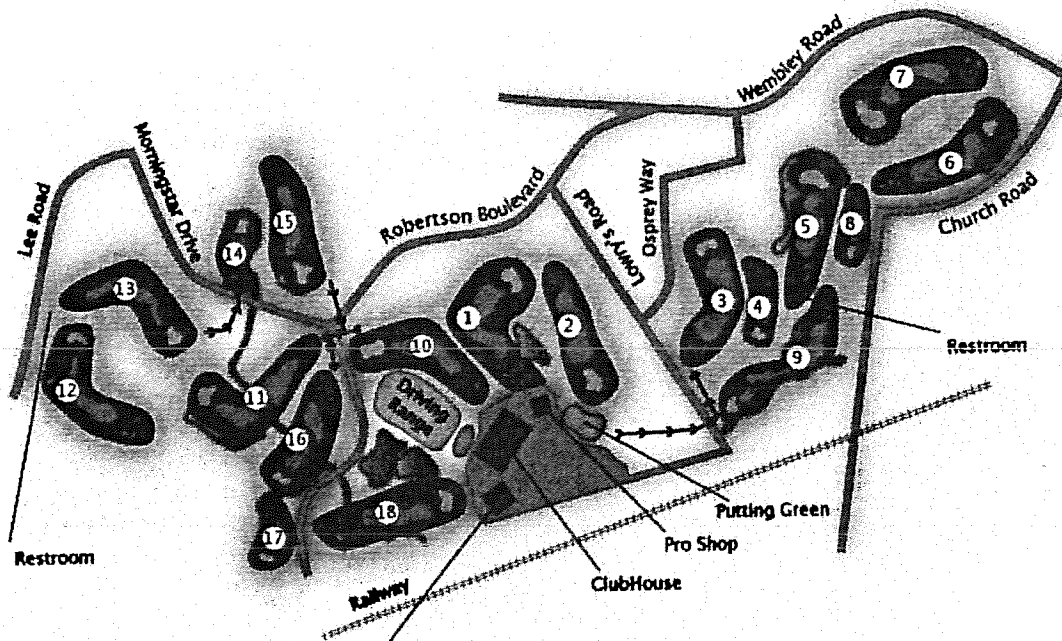
Approximately two-thirds of the subject property (± 125.6 acres out of ± 187.3 acres) lies within the Agricultural Land Reserve. The Agricultural Land Reserve (ALR) is a provincial zone in which agriculture is recognized as the priority use. Farming is encouraged and non-agricultural uses are controlled. The ALR covers approximately 4.7 million hectares. It includes private and public lands that may be farmed, forested or vacant land. Some ALR blocks cover thousands of hectares while others are small pockets of only a few hectares.

In total, the ALR comprises those lands within BC that have the potential for agricultural production. The Agricultural Land Reserve takes precedence over, but does not replace other legislation and bylaws that may apply to the land. Local and regional governments, as well as other provincial agencies, are expected to plan in accordance with the provincial policy of preserving agricultural land.

The *Agricultural Land Commission Act* sets the legislative framework for the establishment and administration of the agricultural land preservation program.



Description of the Improvements



Property Type

Golf Course / Daily Fee w/Membership

Course Description

The subject is a Daily Fee w/Membership golf course designed by architect Les Furber which opened in 1991. The course features 4 par five's, 10 par four's and 4 par three's. The layout is rated 72.1 with a slope rating of 138.

Fairways feature slightly undulating topography, with the 12th and 13th hole fairways featuring more dramatic sloping topography. The holes are well shaped, and of average width with water hazards coming into play on some holes. The 3rd through 9th holes are separated with a mixture of mature fir and cedar trees, in a combination of mature and second growth. Greens are average in size, well protected by strategically placed bunkers. Greens are in good to excellent condition with good drainage. The holes are separated by various residential streets and housing subdivisions.

Irrigation System

The irrigation system provides sprinkler fed water to the course greens, tee boxes, fairways and rough and to the driving range. The system is controlled and activated through a computer-based application (Toro Site Version 7.0), allowing for water to be applied to specific areas and at specific times. The application can be overridden to permit limited hand-watering, as and where needed.

The irrigation system draws its water from the main storage pond and is distributed through a series of underground pipes and valves to pop-up sprinkler heads. The main storage pond receives water from an adjacent secondary holding pond and

three smaller ponds on the property. All the ponds are fed by rain-water. During the months of February and March the main and secondary ponds can be filled from Morningstar Creek and added to from three wells during the whole year. All irrigation ponds are essentially full by the end of May, when the draws for irrigation start to deplete the reservoirs.

Water is driven through the whole system by pumps of varying capacity depending on required flows. Portable pumps and hose are used to move water from the Creek into storage ponds. The golf course holds water licenses for the storage ponds and for the diversion of water from Morningstar Creek. Licenses for the three wells are being applied for, as required under new regulations.

From 1990 to 2014, the course supplemented its use of storm water with effluent water under permit from the Ministry of Environment and an agreement from the Regional District of Nanaimo (RDN). The effluent was being pumped from the sewage plant at French Creek through pipe running alongside Morningstar Drive to the holding pond, prior to adding it to the main storage pond. The pipe and pump are owned by the golf course. In 2014, sea water found its way into the effluent and thus into the ponds, causing damage to greens and other vegetation on the course, as well as complaints about the strong odour. As a result, the RDN suspended the agreement, pending upgrades to the transfer system by the golf course and tighter controls and monitoring to use the effluent. It is our understanding that the RDN has fixed the issue that caused sea water to be introduced to the golf course's irrigation system.

From 2014 to 2018, with no effluent available, the limited fresh water was used strategically to keep greens and tee boxes green, while the fairways were allowed to brown.

In 2019 the Receiver-Manager, in consultation with the RDN, upgraded the transfer system and developed procedures and, with the approval of the Ministry of Environment and the RDN, treated effluent became available to the golf course and was applied. There are reported to be no issues with water.

The course irrigation system, including the storage ponds and the supplemental effluent sub-system, were constructed, licensed and commissioned in 1990/1991.

The irrigation system is being regularly maintained and repaired, but repairs became more reactive than planned in recent years due to inadequate funding. Improvements have been made under the Receiver-Manager, but a more comprehensive program is needed in the longer term.

The main storage pond was built partially above grade, requiring the construction of a soil berm (or dam). Recent Dam Safety Regulations (under the Water Sustainability Act) requires all dams to comply with certain rules, including the preparation of an Operating Manual and an Emergency Plan. The manual and plan were prepared by the Receiver-Manager and approval by the authorities. The dam



inspector advised the golf course owner that trees planted on the berm needed to be removed and a spillway repaired. Urgent repairs were made in November 2018 to rebuild the overflow from the secondary pond to the primary pond, and there is an ongoing program to remove vegetation.

Building Age(s),
Size and Layout

The Clubhouse is a two-storey wood frame building on a concrete slab foundation with log siding constructed in 1991. The upper floor is improved as a restaurant and bar with patio and kitchen facilities. A Liquor Primary Licence (Bar) specifies indoor seating capacity of 18 with a patio capacity of 12. A Food Primary Licence specifies an indoor capacity of 54, a patio capacity of 48. The lower level is improved with four office spaces for Morningstar Golf Club Limited's administration, men's and women's washrooms, walk-in refrigerator, freezers and utility and storage areas.

The Pro-Shop building is a one-storey wood frame building constructed in 1991. Approximately 1,000 SF of space that provide golf and other related retail services including equipment sales, collection of green fees, golf lesson fees, golf car rental.

The Pavilion is a one-storey wood frame building over a concrete slab with log siding and an asphalt shingle roof. Approximately 2,025 SF, this building is primarily used for holding banquets, weddings and other events. This premise also has a food Primary Liquor License specifying a capacity of 160.

The Maintenance Workshop building has two bays with overhead doors. It has a full-service mechanical shop with two hoists and capable of all equipment servicing and repairs. This building is also used for storage of equipment. There is also an office area along with two washrooms, shower and a lunchroom. A gravel paved yard in the immediate vicinity is used for outdoor storage and parking maintenance vehicles and equipment.

The Golf Cart Shed is approximately 2,600 SF and constructed in 2010. This area is primarily used for the storage of golf carts and member's equipment along with charging the golf carts.

Other facilities include an approximately 200 SF gazebo, covered toilets and sheds. The power for each building is assumed to be adequate for the current and future uses.

Year Built

The improvements to the property were originally constructed in 1991.

Quality & Condition

The property represents average quality construction in average overall condition.

Parking

The Subject property has on-site parking.

Paved Surface	104 stalls
Gravel Surface (Overflow Parking)	15 stalls
Total	119 stalls

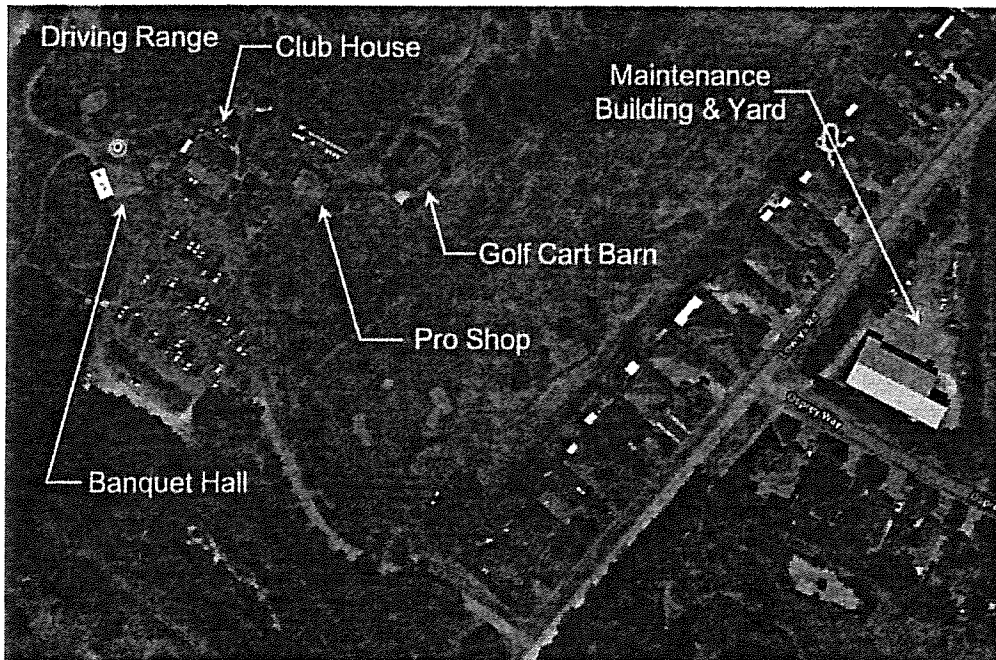
Age / Life Analysis Subject to the above description and the comments below, the following is a summary age / life analysis.

Actual Age	30 years
Effective Age	30 years
Economic Life	60 years
Remaining Economic Life	30 years

The above Age/Life Analysis pertains to the economic viability of the Subject Property in its current state, being the object of professional property management and proactive repairs and maintenance, with regularly scheduled capital expenditures occurring. The Remaining Economic Life does not necessarily represent the remaining physical viability of the existing improvements.

Observed Condition The property represents average quality construction in average overall condition.

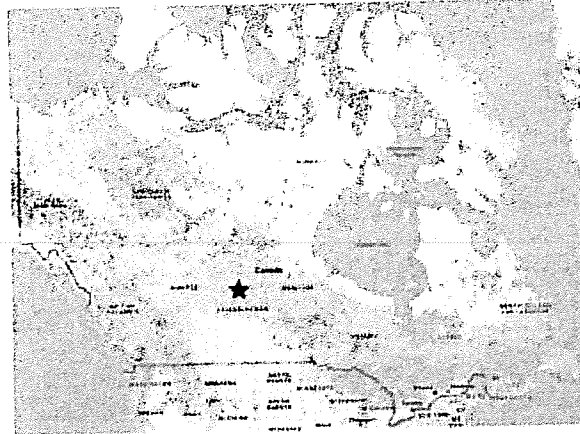
Comments The golf course and its amenities and supporting structures appear to be of average maintenance and in average condition. It is noted that since the receiver took over operations of the property in June 2018, the level of maintenance has increased, such that some deferred maintenance has been addressed. It is our understanding from the receiver that this process will continue with a view toward returning the golf course to a level of good maintenance and condition.



Market Overview

Economic Overview – Canada

Canada has the world's 38th largest population and the world's second largest land mass. The country's population is dispersed among 10 provinces and 3 territories with nearly 90% of its people living within 160 kilometers of the United States border. Canada consistently receives a top fifteen Human Development Index ranking and a top twenty ranking for GDP (nominal) per capita.



Canada's economy consistently receives a top twelve world ranking. International trade makes up a large part of Canada's economy, with the United States as its largest trading partner followed by the European Union and China. Key Canadian exports

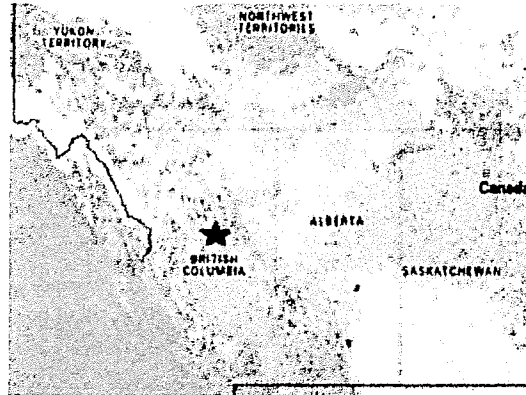
include petroleum, automobiles and auto parts, precious metals, machinery including computers, wood, electrical machinery, aircraft and spacecraft, pharmaceuticals and aluminum. More recently, Canada's high knowledge industries of manufacturing, business services, engineering and computer and management services have received a top ten global knowledge economy ranking from the World Bank Institute.

Canada						
Economic Indicators	2019	2020	2021	2022	2023	2024
Real GDP (2012 \$ millions)	2,102,304	1,989,948	2,095,555	2,169,530	2,198,452	2,235,581
<i>percentage change</i>	1.9	-5.3	5.3	3.5	1.3	1.7
Total employment (000s)	19,050	18,066	18,867	19,366	19,552	19,721
<i>percentage change</i>	2.1	-5.2	4.4	2.6	1.0	0.9
Unemployment rate (%)	5.7	9.5	7.8	6.2	6.2	6.1
Household Income per Capita (\$)	49,548	51,863	51,834	52,911	54,183	55,512
Population (000s)	37,534	37,987	38,321	38,724	39,112	39,469
<i>percentage change</i>	1.4	1.2	0.9	1.1	1.0	0.9
Single-family housing starts (000s)	55.9	58.7	58.2	55.8	52.8	49.5
Multi-family housing starts (000s)	152.8	157.5	152.4	154.3	154.2	152.6
Retail Sales (\$ millions)	613,980	602,693	638,419	647,968	663,152	680,182
<i>percentage change</i>	1.2	-1.8	5.9	1.5	2.3	2.6
CPI (base year: 2002=1.0)	1.36	1.37	1.394	1.423	1.452	1.482
<i>percentage change</i>	1.9	0.7	1.8	2.1	2.0	2.1

Source: Conference Board of Canada, Major City Insights National Overview, March 2021.

Economic Overview – British Columbia

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



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

Province of British Columbia						
Economic Indicators	2019	2020	2021	2022	2023	2024
Real GDP (2007 \$ millions)	253,068	240,094	252,129	264,458	267,812	270,088
<i>percentage change</i>	0.03	-0.05	0.05	0.05	0.01	0.01
Total employment (000s)	2,558	2,387	2,510	2,586	2,610	2,636
<i>percentage change</i>	0.03	-0.07	0.05	0.03	0.01	0.01
Unemployment rate (%)	4.7	9.4	7.1	5.4	5.6	5.7
Personal Income per Capita (\$)	51,457	54,088	54,225	56,220	57,769	59,222
Population (000s)	5,082	5,140	5,162	5,202	5,256	5,310
<i>percentage change</i>	0.02	0.01	0.00	0.01	0.01	0.01
Total housing starts (000s)	40.9	44.9	36.9	34.1	32.4	30.6
Retail Sales (\$ millions)	86,259	86,593	90,839	93,656	95,922	98,070
<i>percentage change</i>	0.00	0.00	0.05	0.03	0.02	0.02

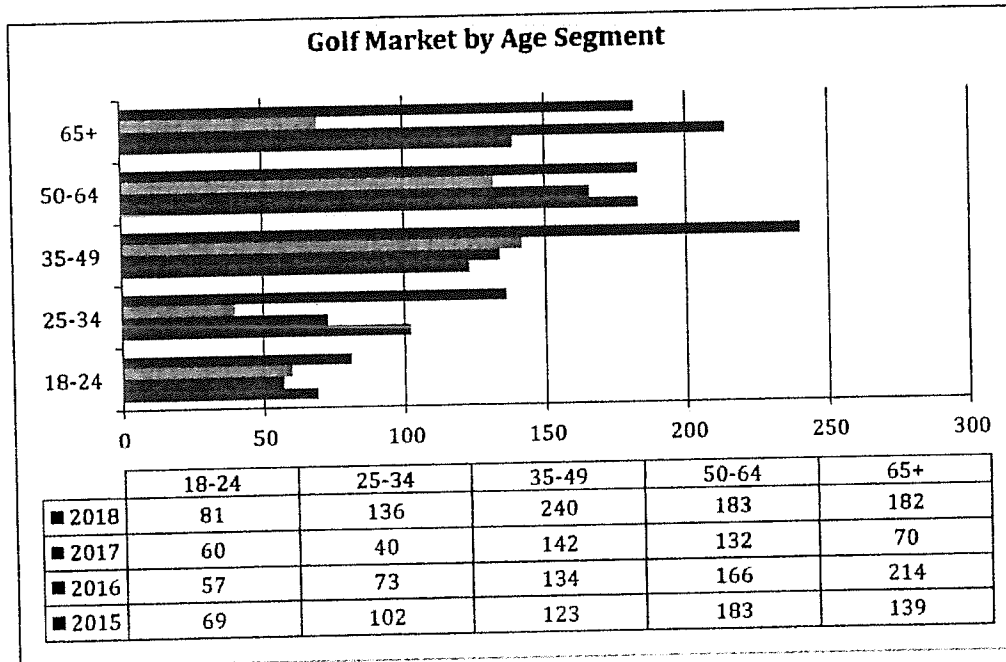
The above data is taken from various Meior City Insights reports (March 19, 2021) and Provincial Two-Year Outlook issue briefings (March 19, 2021), published by The Conference Board of Canada, Ottawa.
 Figures for 2021 and forward reflect forecasts.

The Golf Course Market

The following overview has been based on our review of various market studies of the golf market which have been completed in recent years including "Golf Tourism in British Columbia" prepared for the BC Ministry of Tourism, Recreation and Culture, "Golf Course Development in the Lower Mainland" prepared for the Development Services Department of the Greater Vancouver Regional District in May 1991, and "Analysis and Valuation of Golf Courses and Country Clubs" published by the Appraisal Institute in 2003, "2018 British Columbia Golf Market" published by British Columbia Golf (along with a draft summary of the 2020 edition), as well as our general research and experience.

Demographics

Approximately 6.1 million rounds of golf are played annually in British Columbia by a total of 858,000 golfers (2018 British Columbia Golf Market). The 35 to 49 age segment accounts for the largest segment, with slightly over 29% of all golfers falling into this group. The next largest segments are the 50 to 64 and 65+ age groups with approximately 22% each. This reflects a change from 2015 and 2016, when the largest group of golfers was the 65+ age segment.



Source: 2018 Golf Market Report

Historical Review

Demand in the late 1980's resulted in a strong interest in golf course development, particularly for lands located in the Agricultural Land Reserve (ALR) within Greater Vancouver. In 1988, an Order-in-Council removed the authority of the Agricultural Land Commission (ALC) to refuse golf course development within the ALR. The Order-in-Council changed the status of golf courses from conditional uses to outright uses. Subsequently, there were many golf course development applications within a number of Greater

Vancouver municipalities. However, each municipality had to approve a development application and had specific criteria for evaluating such proposals.

Many municipalities throughout Greater Vancouver were under significant pressure from public interest groups not to approve further golf course developments. In fact, due to strong public opposition to golf course development on agricultural and environmentally sensitive lands in central areas, local governments rejected several proposals. As a result, the preceding legislation was repealed in November 1991, by the newly elected provincial government, and a moratorium on applications for golf course development was enacted in 1992 (known as Bill 33, Golf Course Development Moratorium Act), which still remains in force today.

The preceding legislation froze the number of outstanding applications. These applications were reviewed by the ALC in terms of quality of agricultural land involved, impact on adjacent agricultural areas and the stage of development of each proposal. A number of applications were exempted from the moratorium as they were either completed or nearly completed, or were considered to have a limited negative impact on agriculture, while some proposals were rejected outright as they had not received final approvals from local governments. The remaining proposals were allowed to proceed as they had received initial zoning approvals from local governments. However, these proposals were subject to the restrictions that the majority control of the property could not be disposed of and that the golf course had to be completed either within two years after the date which the ALC set the terms and conditions for the golf facility application, or April 6, 1994.

The net effect was a significant reduction in the number of golf course proposals in the ALR as well as the amount of golf course lands available. In addition, we note that a number of the proposed golf courses did not proceed as the development costs were beyond the capability of the small investor and the landowner was limited in his ability to sell the land. However, during the outright approval period, a significant number of golf courses were developed.

Golf Course Ownership Structure

The four typical ownership structures are municipal, semi-private, private and public. Municipal courses are owned by the local government as part of their parks and recreational facilities and are run on a break-even basis. Semi-private and private courses are owned by members of the club and operate as non-profit societies with any excess profits being returned to the course in the form of upgraded maintenance or a reserve for future capital expenditures. These forms of golf course ownership are rarely sold. Public courses are privately owned and operate on a profit-making basis with play available to the general public and conducted on a green fee format with a variable green fee structure. This form of ownership is the type of facility which is typically sold.

Golf Course Investment

The overall investment market for existing golf course facilities and potential golf course developments was very strong in the late 1980's and peaked in early 1991. Generally, local investors tend to look at golf course development as a short-term investment while foreign investors see it as longer term. Demand for this type of property stemmed from heightened local and international interest and from international investors, particularly from Japan. This strong interest resulted in a significant amount of existing golf courses and development sites being actively marketed or informally available for sale, and at very aggressive prices that would have been unheard of a few years earlier.



In many cases, purchase prices offered were so high that owners were motivated to sell when they would not have been otherwise induced. Normal financing considerations did not support the prices paid, with capitalization rates as low as 4% for share sales of both the operating businesses and the underlying real estate. Many of these investors were from Asia, particularly Japan and Taiwan, where there is an extreme shortage of developable land. Japanese businessmen were reportedly accustomed to paying up to \$500 per round and up to \$1,000,000 for membership in exclusive private golf clubs. As such, alternative golfing locations, and particularly in North America, were sought to meet the demands of this market. The investors were also attracted to golf course developments having additional development potential, particularly in the form of residential uses.

In Greater Vancouver, such investors were, among other factors, attracted to the additional residential development rights represented by the sales of Furry Creek, Swaneset Bay, Morgan Creek and Fort Langley. Further, another motivation to pay high prices for golf properties was the perceived ability to sell high priced memberships to Japanese businessmen and other wealthy golfers. Sales of memberships could quickly recapture a substantial amount of the original investment capital. However, the Japanese market segment expected to account for such memberships had declined significantly, due to problems in Japan's economy, and in the case of the local market, this demand appeared to have been over-estimated. Of those existing golf courses in the Vancouver area, such as Mayfair Lakes, and those newly developed, such as Swaneset Bay and Furry Creek, membership sales were reportedly very slow, and, in the case of Furry Creek, the membership concept has been abandoned.

Operating Environment Leading Up to COVID-19 Pandemic

Due to the number of new golf courses that were developed during the early 1990's, a perceived oversupply of golf courses has occurred at the time and is still an issue in some areas of the province. Particularly affected were golf courses with below average quality course improvements and clubhouse facilities or courses that previously did not have direct competition and provided facilities to the beginner to average player. For example, the Vancouver Island market has shown a number of golf course sales over the past fifteen years. Morningstar in Parksville, Duncan Lakes in Duncan and Glengarry in Qualicum Beach are three courses that all sold in 1997. Morningstar represented a court ordered sale and both Duncan Lakes and Glengarry were affected by financial difficulty. The preceding is considered somewhat like the Lower Mainland market where there has been a softening trend. Olympic View in Victoria, representing a championship golf course and an established facility, was acquired in early 1998. Duncan Meadows a 160 acre 18-hole golf course in Duncan sold for \$3,472,000 in 2007. In BC's interior, The Dunes, an 18-hole 7,131-yard course in Kamloops sold in 2006 for \$5,000,000 and the Kokanee Springs, a 6,604 yard 18-hole layout sold in 2007 for \$9,500,000. In the East Kootenays, the Radium Hot Springs Resort sold in 2010 for an estimated consideration of \$10,823,100. This transaction included two 18-hole golf courses and the resort facilities.

While the 2008 global financial crisis resulted in difficulties for several golf courses, resulting in various courses being sold via court order, the last five years has seen a resurgence in golf course sales activity, which has followed some increased interest in the game itself. Although not anything like the 1980's and early 1990's, there is a feeling amongst golf course owners and managers that years of declining rounds and lower memberships may have turned a corner.

Selected sales over the last ten years have included:

- Court ordered sale of The Tower Ranch Golf Course in Kelowna in March 2012 for \$3,973,000
- Court ordered sale of The Falls in Rosedale in April 2012 for \$4,166,000 (including residential development lands)
- Court order sale of the Tobiano Golf Course in Kamloops for \$4,000,000 in May 2013
- Mayfair Lakes in Richmond for \$10,156,000 in February 2015
- Westwood Plateau in March 2015 for a reported \$13,200,000
- Surrey Golf Club for \$11,100,000 in April 2015
- Fairwinds Golf Course for \$4,223,967 in July 2015 (part of large mixed-use property)
- Glen Meadows Golf and Country Club in North Saanich in December 2017 for an undisclosed price
- Bighorn Golf and Country Club in Kamloops in December 2017 for \$2,500,000
- Long Lands Golf Course in Comox in March 2018 for \$2,100,000
- Sunset Ranch Golf and Country Club in Kelowna in December 2018 for \$4,000,000
- Arbutus Ridge Golf and Country Club in Cobble Hill in July 2019 for \$4,500,000
- Salmon Arm Golf Club in January 2020 for \$3,500,000
- Ardmore Golf Course in North Saanich in February 2020 for an undisclosed price
- Bootleg Gap Golf Course in Kimberly in February 2021 for \$3,000,000
- Glen Meadows Golf Course in Saanich in March 2021 for approximately \$5,380,000
- Michaelbrook Golf Club in Kelowna in April 2021 for \$6,050,000

Historical Summary

The demand by investors and developers for golf course facilities and development sites was very strong and peaked in early 1991; demand began to slowly return over the next 10 to 15 years, only to face the 2008 global financial crisis. As a result, the golf course environment has become increasingly competitive, with some courses, particularly in more suburban markets with average quality improvements, having run into financial difficulty. Golf courses having found niches in the market or courses with superior locations with amenities have fared much better. This has also been coupled with increasing interest in both the game and ownership over the last five years (albeit not at levels seen in the 1980's and early 1990's).

The subject property is located in central Vancouver Island, which is a destination golfing area, with competition primarily from Pheasant Glen Golf Resort in Qualicum Beach and Fairwinds Golf Club in Nanoose Bay. The 18-hole course options were reduced by 25% when Eagle Crest Golf Course in Qualicum Beach downsize its capacity to 9 holes in early 2021. It is reported that several new members at Morningstar in 2021 came from Eagle Crest.

BC Golf Courses in the Pandemic

Golf courses remain one of the few activities that have remained open and generally safe during the COVID-19 Pandemic. The large, outdoor environment and typical staggering of tee times has attracted many people to the game, which has in many cases more than offset losses seen by on-site restaurant and pub closures.

The following article was published by the Allied Golf Association on October 26, 2020 outlining the increase in activity seen on many BC golf courses.

BC Golf Rounds up 16.8% – Increase Outpaces The National Average

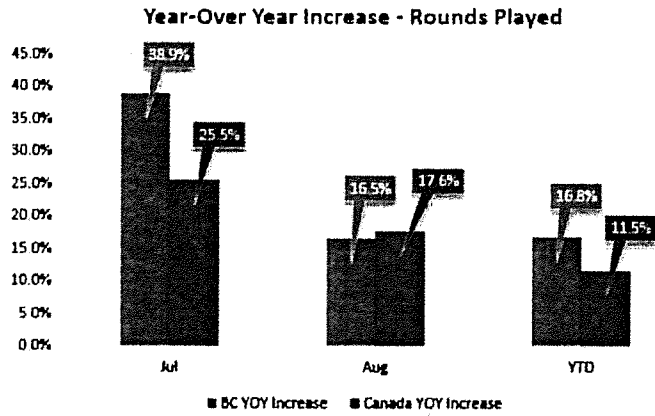
It's no secret, golf courses have been busy this summer! Speak to anyone in the industry and they will tell you that tee-sheets are full and there are more people enjoying the game than they have



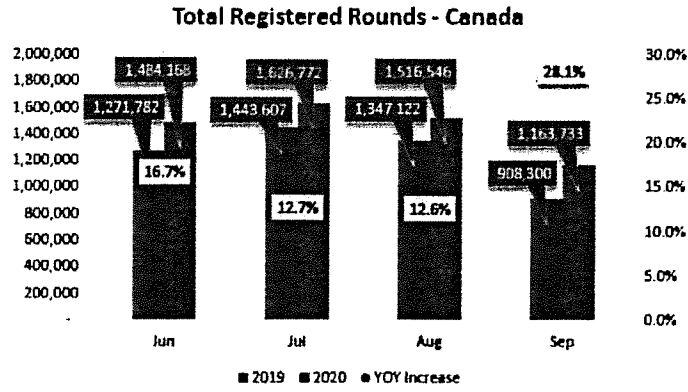
ever seen. Recently, this observation was confirmed when the National Golf Course Owners Association of Canada (NGCOA) released data about the number of rounds played in Canada this year. As expected, most courses saw a significant drop in March, April and early May, but the bounce back in June, July and August has more than made up for the missing rounds in the Spring. The net result? Golf course rounds have increased by 11.5% year-to-date across the country. In fact, the growth of the game this summer is so strong that many courses are on pace to set records for both the number of rounds played and revenue.

In British Columbia, this increase has been even more pronounced, with year-to-date increases of nearly 17%. Golf facilities from every region in the province have reported significant gains, especially in July, August and September, as people searched for a responsible and safe activity to enjoy with friends and family.

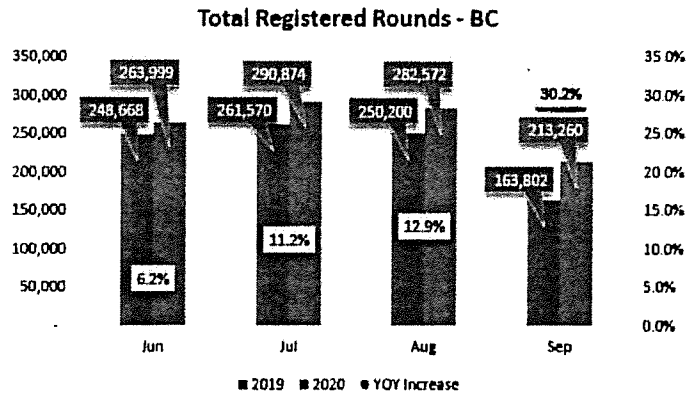
Highlighted Statistics



*Information from NGCDA Canada



*Information from Golf Canada



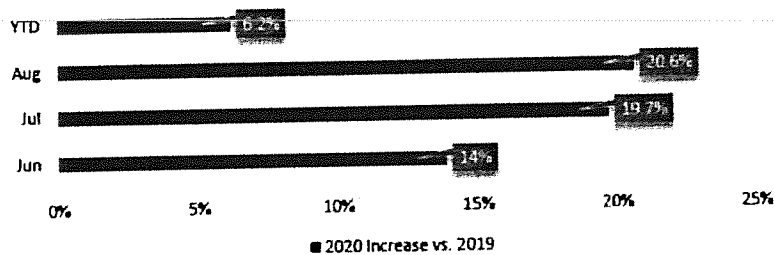
*Information from Golf Canada



Comparison to South of the Border – USGA Also Reports Significant Increases in Rounds Played

The Canadian golf and travel industries, in particular, rely on the U.S. market as a significant source of clientele – With the border closed and the United States hit hard by the pandemic, many industry professionals are keeping a close eye on developments to help forecast for 2021 and beyond. Fortunately, signs are pointing to a growth pattern that parallels Canada in the United States, as is evidenced by reports from the USGA who also reported that golf rounds are up significantly in June, July and August.

Year-Over Year Increase - Rounds Played - USA



*Information from golfdata.tech.com & USGA.org

Golf Courses and Regional Associations Adapt to Increased Demand

The increase has been felt at all levels and across all regions of the province. A sampling of course data from around the province showcases that the breadth of growth isn't limited to certain areas:

- Highland Pacific – Rounds up by 27% May-Sept vs 2019.
- Whistler Courses – Rounds booked at individual courses up 6-13% in July & 9-10% in Aug vs 2019.
- Columbia Valley – July up 22.3%, August up 20.8%, Sept up 55.0% vs 2019.

Regional organizations are also experiencing similar increases in interest and rounds booked through centralized channels:

- Golf Vancouver Island – Late season package requests up 700% (last 30 days)
- Tourism Kamloops – Q3 rounds booked through Golf Kamloops up 103% compared to last year

While the rise in demand for golf is easy to identify, determining the source of the increase is a little more challenging, especially because the vast majority of golf play was by B.C. residents. Ro Davies from the Whistler Golf Club attributed growth in the game to a variety of factors:

"BC residents increased in number of rounds as a combination of many factors (more time, not leaving BC, golf being viewed as a relatively "safe" activity)," said Davies. "All in all, we have ended up with a similar number of overall rounds, although a very different mix than year's past."

RO DAVIES, SALES MANAGER, WHISTLER GOLF CLUB



The change in mix and increase in rounds came as a bit of a surprise to many courses. The challenge of rapidly ramping up capacity combined with implementing COVID-19 safety protocols and taking responsibility for ensuring the safety of guests put a strain on operators. Resources, like the AGA of BC's COVID-19 Best Practices for Responsible Operation of BC Golf Courses, evolved and allowed courses to share information quickly, but one area that is often overlooked is the contribution of the superintendents, crews, golf professionals and staff that invented novel solutions to help keep players safe and ensure that the industry did not contribute to the spread of COVID-19, despite the increase in play. The strong and innovative network of golf course superintendents, golf course professionals, club managers, owners and staff in British Columbia managed to maintain spectacular conditions all across the province despite full tee-sheets and still prioritize the guest experience as top priority. This is yet another factor that reinforced the increase in play – positive experiences lead to repeat visits.

Despite all of the headwinds, British Columbia's golf industry set the stage and delivered a great performance. Combined efforts have positioned the industry to capitalize on the summer's spike in interest and translate it into lasting gains. Laurence Applebaum, CEO of Golf Canada, summed it up well:

"We're going to look back on 2020 and say 'amongst all challenges, amongst a lot of really difficult situations for so many people, golf was a bright light that we built from,'" said Applebaum. "I feel really lucky, I feel quite fortunate to be a part of that movement."

LAURENCE APPLEBAUM, CEO OF GOLF CANADA

Television Ratings Indicate a Lasting Increase... With a Caveat

As we transition into the fall and off-season, industry professionals are trying to forecast whether the growth of this past summer will last and whether it is sustainable. One potential way to gauge whether the increase in rounds played will continue into 2021 could be television ratings. While there are confounding factors to take into account, an increase in viewership could reinforce the signals coming from the increase in rounds played and equipment sales. So how are broadcasts faring?

PGA Championship, Aug 6-9, Average Viewership:

5.153 million viewers (a 3% increase over last year's tournament)

Tour Championship, Sep 4-7, Average Viewership:

2.00 million viewers (the second largest audience in 20 years)

US Open, Sep 17-20, Average Viewership:

3.21 million viewers (down 56% and the lowest ever for the tournament)

Why were the figures for the U.S. Open so much lower, especially in light of the success of the other two premiere tournaments? Many experts point to the fact that it had to compete with NFL Football. The fact that the gains did not hold up when there was another game in town raises an interesting question for the golf industry – will the gains of Summer 2020 be sustainable once other activity options are once again available.



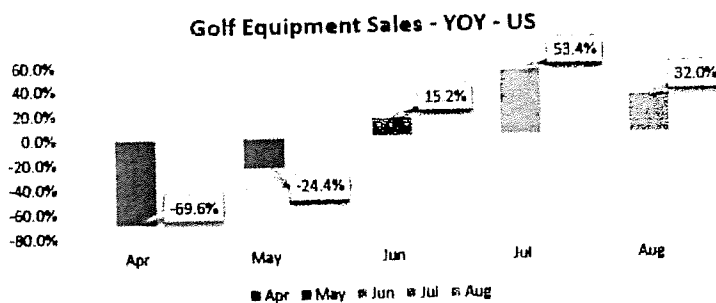
The figures to watch will be the ratings from the upcoming Masters in November. Never has the tournament at Augusta National been up against the behemoth of the sporting world, the NFL. If what is arguably the most popular major tournament doesn't perform well when pitted against Sunday NFL coverage, it may hint that golf was just filling a gap for many people and they will return to their previous activities when it is safe to do so.

Equipment Sales Hint that Growth May Persist

Another major bellwether for the continuation of growth in the game is the jump in equipment and apparel sales. New golfers have been taking up the game, players who have been away for a number of years are upgrading equipment, and avid players are investing in new equipment and replacing worn-out goods.

While Canadian sales data is harder to come by, anecdotal sales increases can be supported by the recent upward revision to global golf equipment and apparel sales forecasts. Original estimates for worldwide equipment sales, which were forecast to be \$8.5 billion in 2020, were revised upwards to \$9 billion in an August report.

One way we can estimate the impact on Canadian sales is to correlate them to sales south of the border. Historically, equipment sales in Canada have aligned with sales in the United States.



*information from golfdotdata.com

Case Study – Dick's Sporting Goods & Golf Galaxy

One major retailer, Dick's Sporting Goods, reported a 20.7% year-over-year increase in in-store golf apparel and equipment sales for Q2, 2020 despite 15% of its stores being closed. Coupling that with a staggering 194% increase in online sales and it amounts to a substantial increase in sales despite closures and restrictions. Expanding the focus beyond Q2, expectations for Q3 figures are high and analysts are predicting records to be broken when data is reported.

It is worth noting that sales data and figures from large retailers and online golf stores may not directly correspond to parallel increases for proshops and independent retailers. However, if the upward revisions to global sales and record sales figures for major players are taken as an indicator for wider-ranging growth in sales and rounds played, it provides another data point showing that the industry is in a position to maintain the gains of Summer 2021.



Shifting back to a facility level view, golf courses are rapidly realigning and coming up with novel ways to capitalize on the surge in popularity. Filling in lost event and food and beverage revenues is a big task, but by focusing on retail sales and lessons, it is helping to lay additional groundwork for continued growth and success. As Jeff Palmer, General Manager of Highland Pacific Golf in Victoria, put it:

"We have also seen our numbers improve drastically in retail in food and beverage between June (when we opened our clubhouse) and September. Although the banquet and catering business is down, we are making it up in different areas. For instance, we have converted our banquet room into an indoor teaching and simulation studio. Academy and club sales are 60% up over last year."

JEFF PALMER, GENERAL MANAGER, HIGHLAND PACIFIC GOLF

What Does the Increase in Play Mean... Long-Term?

Nobody really knows how the uptick in golf play will affect the industry over the long-term because much depends on the course of the virus. If restrictions on other activities persist into 2021, golf is positioned to remain an attractive, physically distant option. If we start to emerge from the pandemic, golfers may continue to hit the course in record numbers either because they invested in new equipment and/or have an enhanced commitment to the game as a result of their positive experiences with golf this summer.

Lisa White, of Tourism Kamloops, reflected upon the tumultuous 2020 season and offered a fitting summary of the positive figures gleaned from a challenging year:

"In April 2020, when the world was at a standstill, we never would have guessed that golf sales would deliver record numbers for the year. In a time when people were asked to keep their bubbles small and stay close to home, golf offered a reprieve and a sense of normalcy," said White. "Looking ahead, we have indications that golf sales will sustain and continue to grow and we are ready!"

LISA WHITE, INDUSTRY RELATIONS & COMMUNICATIONS SPECIALIST, TOURISM KAMLOOPS

The impact of this past season's roller-coaster ride is hard to predict and/or control, but if the British Columbia Golf Industry continues to focus on providing a positive experience for new and returning golfers alike, the stage is set for continued growth in 2021 and beyond.



Valuation

Highest and Best Use

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

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

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

The four criteria the highest and best use must meet are analyzed following in relation to both the property as vacant and as currently improved.

As Vacant Analysis

Legal Permissibility

The subject property comprises a single, "hooked" legal parcel that is separated into seven areas by residential subdivisions and public roadways. Based on information provided by the client, the total site area is ± 187.3 acres. We note that this differs from the site area of ± 206.61 acres indicated by BC Assessment. A professional survey is recommended to determine the actual site area.

According to the Regional District of Nanaimo, the property is designated as Parkland / Green Space / Natural Area within the Official Community Plan for Area 'G', and zoned "RC1" (Recreation 1) which allows for recreational uses such as a playing field, botanical garden, arboretum, outdoor exhibit, golf course, driving range.

Approximately two-thirds of the subject, meaning ± 125.6 acres out of an estimated site area of ± 187.3 acres, lies within the Agricultural Land Reserve (ALR). The Agricultural Land Reserve (ALR) is a provincial zone in which agriculture is recognized as the priority use. Farming is encouraged and non-agricultural uses are controlled. The ALR covers approximately 4.7 million hectares. It includes private and public lands that may be farmed, forested or vacant land. Some ALR blocks cover thousands of hectares while others are small pockets of only a few hectares.

In terms of compatibility, the surrounding properties are classified and developed with a variety of recreational and residential properties complementary to the subject.

Legally, the site, as if vacant, is suitable for golf and other ancillary uses.

Physical Possibility

Regarding physical characteristics, the Subject site is irregular in shape and has variable topography with average access and average exposure. Physical and locational features appear supportive of recreational uses for the site's highest and best use.



Financial Feasibility

Based on a physical inspection, the property is considered to be functional for golf course use, with the possibility of financial feasibility being achieved if costs are contained and revenues enhanced. However, based on a review of past financial statements, the current operations are not yet financially feasible.

Maximum Productivity

Of the various legally permissible, physically possible, and financially feasible uses available, the maximum productivity of the property would be achieved with development for recreational use.

As Vacant Conclusion

Limited to development as recreational uses by the land use regulations. All other uses would require an OCP amendment and re-zoning. Additionally, two-thirds of the property is within the ALR, which would limit alternate land use to those agricultural in nature.

As Improved Analysis

Legal Permissibility

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

Physical Possibility

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

Financial Feasibility

Based on a review of past financial statements, the current operations were historically not financially feasible, until costs were reduced and revenues were enhanced. The economic viability of the subject property became apparent based on the operating results of the last 18 months. The property should now be an income generator within the limits of the existing allowable land use.

Maximum Productivity

Of the various legally permissible, physically possible, and financially feasible uses of the property as improved, the current use is considered to represent the maximum productivity of the property with a view towards increasing revenues and controlling costs.

As Improved Conclusion

Based on the previous discussion, the highest and best use of the Subject property as-improved is concluded to be represented by a continuation of its existing use as a Daily Fee w/Membership Golf Course development.

Valuation Methodology

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

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

The selection of a relevant methodology depends upon the nature and characteristics of the real estate under consideration.

- 1) **The Cost Approach** is a method through which a value indication is derived for the fee simple estate by estimating the current cost to construct a reproduction of (or replacement for) the existing structure, including an entrepreneurial incentive or profit; deducting depreciation from the total cost; and adding the estimated land value. Adjustments may then be made to the indicated value of the fee simple estate in the Subject property to reflect the value of the property interest being appraised.
- 2) **The Direct Comparison Approach** examines the cost of acquiring equally desirable and valuable substitute properties, indicated by transactions of comparable properties, within the market area. The characteristics of the sale properties are compared to the Subject property on the basis of time and such features as location, size and quality of improvements, design features and income generating potential of the property.
- 3) **The Income Approach** is based on the premise that properties are purchased for their income producing potential. It considers both the annual return on the invested principal and the return of the invested principal. This valuation technique entails careful consideration of contract rents currently in place, projected market rents, other income sources, vacancy allowances, and projected expenses associated with the efficient operation and management of the property. The relationship of these income estimates to property value, either as a single stream or a series of projected streams, is the essence of the income approach. The two fundamental techniques utilized within the Income Approach include the Overall Income Capitalization and Discounted Cash Flow Techniques.

The Overall Income Capitalization Technique analyzes the relationship of current projected stabilized net operating income to total property value. The stabilized net operating income is capitalized at a rate that implicitly considers expected growth in cash flow and growth in property value over a buyer's investment horizon. The implied value may be adjusted to account for non-stabilized conditions or required capital expenditures to reflect an as is value.

The Discounted Cash Flow Technique models a property's performance over a buyer's investment horizon from the date of acquisition through the projected sale of the property at the end of the holding period. Net cash flows from property operations and the reversion are discounted at a rate reflective of the property's economic and physical risk profile.



Selection of Relevant Methodology

As the Subject is an investment property, the Income Approach represents the decision making process of knowledgeable buyers and sellers of this property type. Accordingly, the Income Approach is deemed applicable, and has been utilized herein. The Overall Income Capitalization and Discounted Cash Flow techniques are both deemed applicable, as they would be reflective of the actions of typical prudent purchasers for properties of this type. Accordingly, both techniques have been utilized within this analysis.

While the Direct Comparison Approach is most pertinent in the valuation of owner occupied or vacant properties, it is also commonly utilized as a supporting approach in the valuation of income generating properties. Accordingly, the Direct Comparison Approach is deemed applicable, and has been utilized herein.

Knowledgeable buyers and sellers typically do not rely on the Cost Approach for valuing properties similar to the Subject. Accordingly, the Cost Approach has not been utilized herein.



Income Approach

The Income Approach is based on the premise that properties are purchased for their income producing potential. It considers both the annual return on the invested principal and the return of the invested principal. As the subject is a going-concern golf course property, the process of estimating is to prepare future operating projections. The relationship of these income estimates to property value, either as a single stream or a series of projected streams, is the essence of the income approach. The two fundamental techniques utilized within the Income Approach include the Overall Income Capitalization and Discounted Cash Flow Techniques. The Overall Income Capitalization method has been used in this analysis.

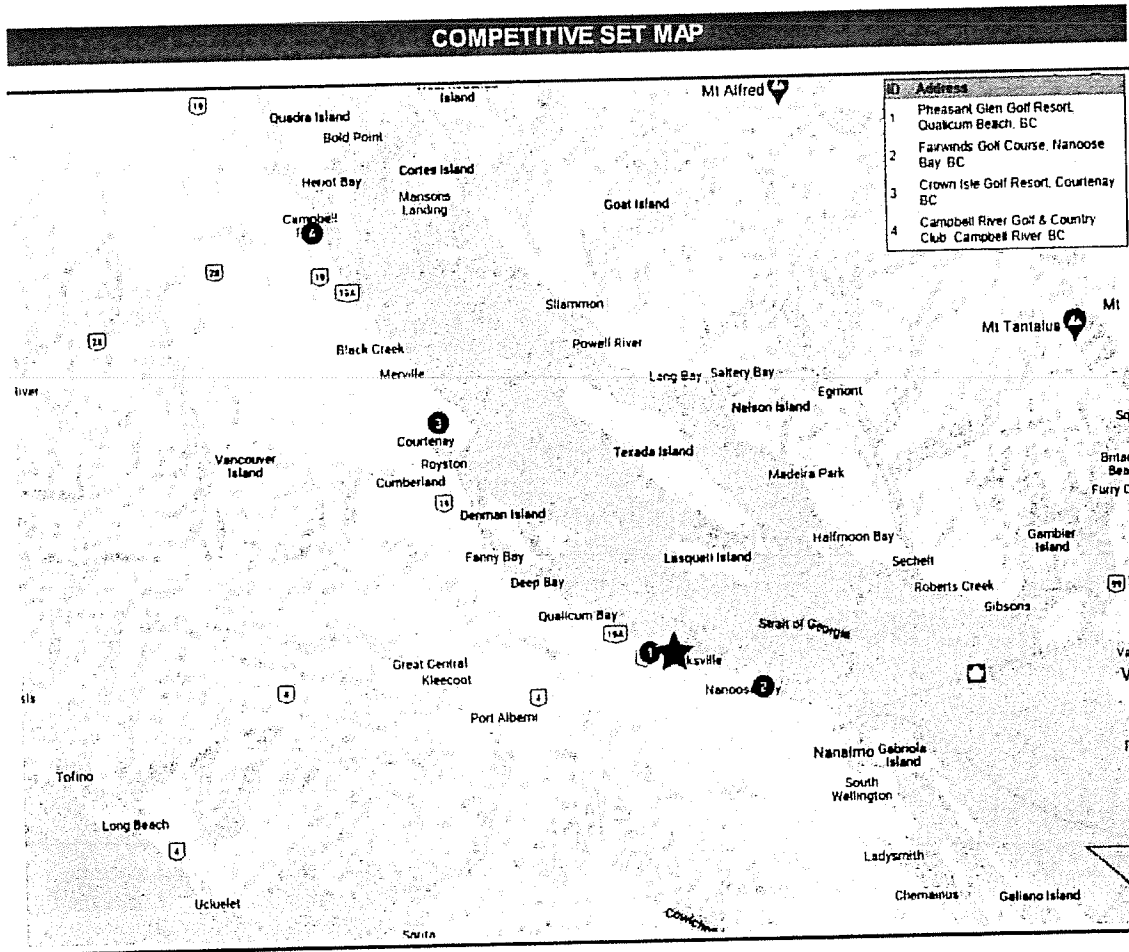
Firstly, to determine revenues we must examine the local competitive set and determine the reasonableness of the projected revenues.

Competitive Market Analysis

The subject's competitive set is comprised of facilities in proximity to the subject property that are considered to represent a reasonable alternative to the subject. Although there are many golf courses within the subject vicinity, not all are considered to compete directly with the subject. Based on discussions with the course manager for the subject, the subject's competitive set is summarized in the chart below.



COMPETITIVE SET											
Name	Address	Location	Province	Course Type	Number of Holes	Yards	Slope	Rating	Par	Amenities	
Pheasant Glen Golf Resort	1025 Qualicum Road	Qualicum Beach	BC	Daily Fee w/Membership	18	6,928	128	73.5	72	Pheasant's Nest Restaurant, Banquet Facilities, Practice Facilities	
Fairwinds Golf Course	3730 Fairwinds Drive	Nanoose Bay	BC	Daily Fee w/Membership	18	6,204	130	69.9	71	Fairwind Bar & Grill, Pro Shop, Banquet Area, Covered Practice Facility	
Crown Isle Golf Resort	390 Clubhouse Drive	Courtenay	BC	Daily Fee w/Membership	18	7,024	120	74.2	72	Family Friendly Bar and Grill, Banquet/Meeting rooms, Practice facilities, Snack bar, Pro shop, On-site accommodation	
Campbell River Golf & Country Club	700 Petersen Road	Campbell River	BC	Daily Fee w/Membership	18	6,051			70	Velocity Lounge - Casual Dining, Event Facility, Pro Shop, Practice Facility	
Morningstar Golf Course (Subject)	525 Lowry's Road	Parksville	BC	Daily Fee w/Membership	18	7,803	138	72.1	72	Clubhouse, restaurant with Class 1 liquor license, Banquet facilities, Pro shop, Driving range.	



Green Fees and Rounds

For Daily Fee w/Membership properties such as the subject, revenue is derived from members, day golfers visiting the property to play golf, rent golf carts, use the driving range and any other practice facilities, and patronize the pro shop and food and beverage outlets. Out of these revenue streams, revenue from green fees is often the largest (although not always). A review of green fees as quoted on each competitive property's website is not necessarily relevant to the actual average green fee a property generates during a typical year as there are often discounts, group rates, and complementary rounds provided. Having said this, the competitive set's rack rates do provide a useful picture of the reasonableness of the subject's rack rates.

One of the primary metrics on which revenue can be projected is the number of golf rounds a property generates. Such information is not always readily available, with many course owners and managers viewing such statistics as proprietary business information. Nevertheless, we have obtained some figures and estimates of other figures in our discussions with various individuals familiar with the general market.



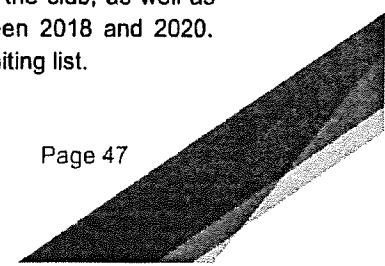
COMPETITIVE SET MARKET SURVEY			
Name	Peak Rates	Shoulder Season Rates	Winter Season Rates
	\$73.00	\$59.00	
Pheasant Glen Golf Resort	\$59.00 2:00-3:30 \$49.00 3:30-5:00 \$39.00 After 5:00	\$49.00 2:00-4:00 \$39.00 After 4:00 (Oct 12-Nov 7) \$39.00 After 2:00	\$36.00-\$38.00 (18 holes) / \$28.00 (9 holes)
Fairwinds Golf Course	\$79.00 6:30-11:00 \$67.00 11:00-2:30 \$56.00 2:00-4:00 \$42.00 After 4:00	\$59.00 6:30-12:00 \$54.00 12:00-2:00 \$46.00 2:00-4:00 \$36.00 After 4:00	n/a
Crown Isle Golf Resort		\$55.00-\$120.00	
Campbell River Golf & Country Club	\$103.95.00 - open-1:00 \$68.25 - 1:00-close	\$68.25	Closed
Morningstar Golf Course (Subject)	\$69.00 - 18 holes \$42.00 - 9 holes	\$45.00 - 18 holes \$30.00 - 9 holes	\$45.00 - 18 holes \$30.00 - 9 holes

Based on the above information the subject property was, as of 2020, achieving 24,734 rounds, which represents a market penetration of approximately 94%. Based on the competitive set, the fair share of rounds for the subject is 26,442. Budgeted rounds for 2021 are 31,221, and after four months into the 2021 fiscal year, this figure has a positive variance of 825 rounds. This is considered reasonable given that COVID-19 is likely to continue impacting permitted activities in the province until at least the summer. Our stabilized estimate will be based on a lower figure that considers the likelihood that golf rounds will fall once other activities are permitted again post pandemic.

MARKET ANALYSIS - ROUNDS	
Market Number of rounds	132,234
Market Number of holes	90
Market Rounds per hole	1,469
Subject Rounds	24,734
Subject Rounds per hole	1,374
Market Penetration	94%
Subject fair share rounds	26,442

Membership

Another source of revenue for the subject is the sale of memberships. As noted in the historical statistics table in previous section, membership steadily declined between 2012 and 2018 as financial and physical problems with the course increased. Since the property has been placed in receivership, significant physical improvements have been completed to address irrigation issues. Professional management has been rationalizing costs, but also working to convince previous members to the return to the club, as well as attract new members. This has been reflected in the increase of members between 2018 and 2020. Membership increased to 187 in 2020 and are at 220 as of March 31, 2021, with a waiting list.





Similar to average green fees (not rack rates) and number of rounds played, the number of members each club in the competitive set is generally considered proprietary information and is challenging to obtain. Membership dues are typically easier to obtain. Information obtained is summarized below.

COMPETITIVE SET MEMBERSHIP DETAILS			
Name	Entrance Fees	Annual Dues	Approx. Number of Members
Pheasant Glen Golf Resort	\$1,000	\$2,600	300
Fairwinds Golf Course	TBC	TBC	250
Crown Isle Golf Resort	n/a	\$4,400	300
Campbell River Golf & Country Club	n/a	\$4,750	150
Morningstar Golf Course (Subject)	n/a	\$2,750	220

According to the study "2018 British Columbia Golf Market" as published by British Columbia Golf in February 2019 (and the most current published data available) there is a significant relationship between age and golf participation. The report states that the participation rate amongst those in the 35 to 49, 50 to 64 and 65+ year segments make up the highest of any age segment. Based on the current estimated number of members within the competitive set, the subject currently has a market member penetration of 90.12%. Similar to the number of rounds played, this primarily due to the physical and management issues that have been present on the course between 2012 and 2018. With changes implemented since then the subject fair share of members is estimated at 244.

There is potential for membership to increase in the marketplace due to the demographics present in the subject vicinity. Following is a 30-minute drive-time analysis that indicates the potential number of members for the market may be approximately 1,230, meaning the potential fair share for members may be 246 members.



MARKET ANALYSIS - MEMBERSHIP

Market Number of members	1,220
Market Number of holes	90
Market Members per hole	13.56
Subject Members	220
Subject Members per hole	12.22
Market Penetration	90.12%
Subject Fair Share of members	244
Total Population Over 35 - 30 min drivetime	48,463
Participation Rate per Golf BC Report	21.30%
30 min drivetime area Golfers Over 35	10,323
% Over 35 Golfers that are "Core" Golfer per Golf BC Report	24%
Number of Core Golfers Over 35 - 30 minute drivetime	2,478
Assumed 50% of Core Golfers Over 65 become members	50.0%
Potential Market Number of members	1,230
Potential Market Member per hole	13.67
Potential Subject Fair Share of members	246

Revenue and Expense Analysis

Revenue

As noted, the property derives its revenue from number of departments, the most important being green fees, annual memberships, and ancillary golf revenues such as pro-shop retail sales, cart rentals and food and beverage sales at the restaurant.

We have reviewed financial statements provided by the Receiver-Manager for the years of 2015 to 2020, as well as a figures for the year to date and budget for the current year. These statements, which also show expenses, are shown on the following page:

SUBJECT OPERATING HISTORICALS												
YEAR	2015	2016	2017	2018	2019	2020	YTD 2021	BUDGET 2021				
REVENUE												
Green Fees	6,896	6,789	8,811	6,353	6,464	13,836	1,283	14,350				
Member Revenue	12,824	12,958	11,811	13,559	20,266	12,986	1,681	15,813				
TOTAL REVENUE	19,720	19,747	20,622	19,912	26,730	26,822	2,964	30,163				
AVERAGE PER TOTAL ROUND												
Total Revenue	197.20	197.47	206.22	199.12	267.30	268.22	296.40	301.63				
Green Fees	68.96	67.89	88.11	63.53	64.64	138.36	12.83	143.50				
Member Revenue	128.24	129.58	118.11	135.59	202.66	129.86	16.81	158.13				
Membership Revenue	136.68	132.59	133.26	141.29	125.69	143.99	63.09	137.78				
Ball Cart Revenue	64.21	64.99	54.57	24.46	34.40	64.33	64.61	54.98				
Other Golf Course Revenue	66.06	68.68	16.88	64.84	68.89	93.72	32.23	54.38				
Food & Beverage	113.21	105.53	119.76	28.78	36.39	57.82	31.89	53.87				
Pro Shop	118.26	104.61	14.12	21.88	11.12	61.88	64.88	52.78				
Number of Members	343	227	191	168	177	187	228	229				
Average Membership Revenue Per Member	11,787	13,628	12,882	13,987	22,191	11,997	6,132	21,128				
Average Membership Revenue Per Member Round	34.66	53.39	63.38	84.26	125.49	64.69	26.89	32.78				
REVENUE	TOTAL %TGM	TOTAL %TGM	TOTAL %TGM	TOTAL %TGM	TOTAL %TGM	TOTAL %TGM	TOTAL %TGM	TOTAL %TGM				
Green Fees	34.9%	34.4%	43.3%	32.2%	24.2%	29.9%	47.7%	49.8%				
Member Revenue	65.1%	65.6%	56.7%	67.8%	75.8%	70.1%	52.3%	50.2%				
Membership Revenue	27.8%	29.2%	29.2%	21.2%	21.3%	23.8%	21.6%	22.4%				
Ball Cart Revenue	0.8%	0.8%	0.7%	0.0%	0.1%	0.2%	0.2%	0.2%				
Other Golf Course Revenue	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%				
Food & Beverage	21.8%	19.8%	18.1%	20.9%	12.0%	15.7%	13.7%	14.8%				
Pro Shop	14.8%	12.7%	12.2%	7.7%	2.2%	2.2%	8.0%	1.8%				
TOTAL GROSS REVENUE (TGM)	11,348,783	11,273,254	11,225,256	11,773,884	19,778,887	11,282,847	11,282,847	11,796,244				
EXPENSE (TGM)	TOTAL %	TOTAL %	TOTAL %	TOTAL %	TOTAL %	TOTAL %	TOTAL %	TOTAL %				
Depreciation Expense	18.3%	18.1%	18.0%	18.0%	18.0%	18.0%	18.0%	18.0%				
Cost of Goods Sold	11.1%	11.1%	11.1%	11.1%	11.1%	11.1%	11.1%	11.1%				
Salaries & Wages	20.1%	20.1%	20.1%	20.1%	20.1%	20.1%	20.1%	20.1%				
Utilities	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%				
Travel & Entertainment	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%				
Advertising	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%				
Professional Fees	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%				
Insurance	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%				
Interest	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%				
TOTAL OPERATING EXPENSES	50.9%	50.9%	50.9%	50.9%	50.9%	50.9%	50.9%	50.9%				

* FY is six months for course as closed for 4-6 months

** Departmental Expenses are % of Department Revenue. Underfunded and Other Expenses are % of Total Gross Revenue

The Subject has not been profitable historically, however the Subject has been seen improved performance over the last 18 months. It is expected that the Subject is close to stable performance and therefore, our analysis will focus on Year 2 Net Operating Income, the estimated year of project stabilization.

Green Fees

Golf revenues generated approximately 30.5% to 39.5% of the total gross income of the subject property over the period of 2015 to 2020. Total fees generated are a function of the number of rounds played by the public and the average fee collected per round.

The current year budget for green fees is 38.25% of total gross income, or \$687,350. Based on our market analysis this amount is considered reasonable. Adopting this figure for the current year and assuming growth as outlined in the Discounted Cash Flow Analysis (DCF) section, green fees are projected for our Stabilized Year at **\$680,368**.

Membership Revenue

The subject has a membership category that sell annual golf privileges to individuals. This category generated between 26.4% and 31.2% historically, with the low end of the range coming in 2018 when the club went into receivership. Membership revenue increased during 2019 and 2020 and is budgeted at 26.05% of total gross income for 2021, or \$468,089. Our review of membership rates of the competitive set indicates the subject's current rates are reasonable, although this is partially due to the need to attract members to the property. Based on our assumed growth rates, Stabilized Year membership revenue is projected at **\$472,770**.

Golf Cart Revenue

Revenues in this category are generated from golf cart rentals, or fees charged for the use of golfer-owned carts on the course. Golf cart revenue has accounted for 6.0% to 11.9% of total revenue historically. The current budget has this category at 8.65% of total revenue, or \$155,500. The golf course manager indicates that historically the subject has average between \$4.00 and \$5.00 per totalled round played. The current budget of \$5.86 per projected total rounds played is considered reasonable and has therefore been adopted. Based on our assumed growth rates, Stabilized Year golf cart revenue is projected at **\$157,055**.

Other Golf Course Revenues

This category encompasses all golf related revenues not associated with the preceding three categories and includes driving range fees, tournament revenue and trail fees. This category has ranged from 0.0% to 11.2% with the lower figure due to fact that such revenues have been historically included within either green fees or golf cart revenues. The current budget indicates 7.29% of total revenue, or \$131,069. Based on our assumed growth rates, the Stabilized Year revenue for this category is projected at **\$132,380**.

Pro Shop Revenue

Pro-shop revenues ranged from 2.2% to 14.6%, of total revenue between 2015 and 2020. Management's current budget has pro shop revenue 4.69% of total revenue, or \$84,297. For the purpose of projection, we have forecasted an amount of **\$126,446** in our stabilized year.



Food & Beverage

The property's food and beverage operations consist of income from the sale of food and beverage items in the clubhouse and throughout the golf course. This total income has ranged from 10.1% to 21.5% on a historical basis. The current budget as prepared by management has this income category at \$270,639, or 15.06% of total revenue. Although this department has struggled in recent years due to mismanagement and un-controlled costs, as well as closing for a period through 2017 and 2018, it is an expected amenity on a higher quality golf course. For the purpose of stabilization, we have projected this income at **\$297,703** during our stabilized year.

Expenses

Golf course properties such as the subject typically have three primary categories of expenses.

Direct Expenses are costs associated with a specific revenue department such as green fees, or food and beverage. Such expenses can include the cost of goods sold, labour related to operating or maintaining the department, and any maintenance and repairs directly associated with that department.

Undistributed Expenses are costs that are limited to a specific department and typically include general and administrative costs, general repairs and maintenance, management, marketing, professional fees and utilities.

Fixed, or Other Expenses are costs such as real estate taxes and insurance for the property.

Given the subject's operating history, and in order to determine an appropriate level of expenses for the subject on a stabilized basis, we have reviewed expenses for golf course properties throughout the province of BC as such information is not always readily available. This expense survey is shown on the following page.



EXPENSE COMPARABLES														
COMPARABLE	COMP 1		COMP 2		COMP 3		COMP 4		COMP 5		LOW	HIGH	AVG	
Region/Area	Capital		South Vancouver Island		Central Vancouver Island		Greater Vancouver		Greater Vancouver		-	-	-	
Province	BC		BC		BC		BC		BC		-	-	-	
Expense Year	2018		2017		2015		2019		2018		2015	2019	2017	
Actual/Budget	Actual		Actual		Pro/orms		Actual		Actual		-	-	-	
TOTAL REVENUE/ROUND	\$100.19		\$88.96		\$71.89		\$37.21		\$130.72		\$37.21	\$130.72	\$85.79	
	\$/RND	%*	\$/RND	%*	\$/RND	%*	\$/RND	%*	\$/RND	%*	LOW	HIGH	AVG	
Golf Course Maintenance	\$30.82	52.8%	\$20.67	53.1%	\$25.69	60.0%	\$14.48	79.8%	\$31.94	45.4%	45.38%	79.77%	68.18%	
Golf Cart Expenses	\$0.61	14.8%	\$1.20	32.4%	-	-	-	-	-	-	14.75%	32.45%	23.60%	
Pro Shop Labour/COGS	\$7.97	84.0%	\$11.08	183.8%	\$3.87	70.0%	\$2.50	67.1%	\$20.68	99.7%	67.05%	183.82%	100.83%	
Food and Beverage Expense/COGS	\$24.28	89.9%	\$27.96	78.0%	\$19.54	90.0%	\$10.27	67.1%	\$39.83	109.8%	67.05%	109.84%	86.67%	
General & Administrative	\$7.22	7.2%	\$1.76	2.0%	\$4.85	6.8%	\$1.91	5.1%	\$14.94	11.4%	1.88%	11.43%	6.50%	
Repairs & Maintenance	\$8.73	8.7%	\$0.33	0.4%	\$2.52	3.5%	\$1.65	4.4%	\$5.93	4.5%	0.37%	8.71%	4.31%	
Management	\$2.06	2.1%	-	-	-	-	-	-	-	-	2.08%	2.08%	2.06%	
Marketing	\$2.42	2.4%	\$1.13	1.3%	\$2.16	3.0%	\$0.15	0.4%	\$0.04	0.0%	0.03%	3.00%	1.42%	
Professional Fees	-	-	\$0.11	0.1%	\$2.30	3.2%	-	-	\$1.23	0.9%	0.12%	3.20%	1.42%	
Utilities	\$2.78	2.8%	\$2.13	2.4%	\$2.34	3.3%	\$0.66	1.8%	\$2.34	1.8%	1.78%	3.25%	2.39%	
Real Estate Taxes	\$1.44	1.4%	\$1.16	1.3%	\$0.90	1.3%	\$0.78	2.0%	\$2.34	1.8%	1.25%	2.04%	1.67%	
Insurance	\$0.62	0.6%	\$0.84	0.7%	\$0.18	0.3%	\$0.46	1.2%	\$1.23	0.9%	0.25%	1.24%	0.78%	
Ground Rent	-	-	\$1.03	1.2%	-	-	-	-	\$9.16	7.0%	1.16%	7.00%	4.08%	
TOTAL EXPENSES/ROUND	\$88.74	88.6%	\$69.09	77.7%	\$64.34	89.5%	\$32.84	88.3%	\$129.83	99.3%	77.7%	99.3%	88.68%	

* Golf, Pro Shop and Food & Beverage are % of Departmental Revenue

The operating expenses and taxes projected for the Subject property are outlined above. The following table summarizes the corresponding expenses for a selection of comparable properties.

Direct Expenses

Golf Course Maintenance

Traditionally, these expenses include the clubhouse expenses and the course maintenance costs directly related to the golf operations, including wages and supplies for the upkeep of the property and activities such as the collection of fees and the provision of services to golfers while on the courses. The golf operations category includes customer services (employee wages & benefits and supplies). The club's maintenance includes all wages, benefits and supplies required to maintain the courses in top playing condition. The club has historically seen costs in this category range from 48.9% to 93.0% of golf course revenues (excluding cart revenue). The Receiver-Manager's budget has reallocated some of these costs into other categories and has a current year cost of 52.27% of golf course revenue (excluding cart revenue). For the purpose of this valuation, we have adopted the current budget and then, stabilized this category at 52.5% of golf revenue (excl. golf cart) for year two, declining to 50.0% thereafter.

Golf Cart Expenses

This category relates to maintenance, repair and supplies for golf carts. The subject has historically seen costs in this category range from 0.0% to 32.0% of golf cart revenue (with the lower figure likely due to allocations to other departments). The current budget has 32.15% of cart revenue. For the purpose of our analysis, we have adopted the current budget and then stabilized this category at 12.5% of golf cart revenue thereafter.

Pro Shop Labour/Cost of Goods

This expense category includes the cost of goods sold in the shops plus the direct expenses in achieving these sales, i.e. labour, benefits and supplies. These expenses have historically ranged from 124.7% to 1047.8% of retail revenues, which is consistent with the theme of mismanagement of the subject. The current budget indicates an expense of 291.70% which represents a transition towards this department building profitable in the future. Similar golf courses have historically maintained a cost in the range of 67% to 100% of revenues, leaving a departmental profit of 0% to 33%. As a result, we have stabilized this cost at 85.0% of pro shop revenue in the year after the initial budgeted year, and then declining to 90.0% thereafter.

Food and Beverage Labour/Cost of Goods

The property's food and beverage costs have historically ranged from 106.7% to 315.1% of food and beverage revenue. Management's budget for this category for the current year is at 92.51%. Full-service food and beverage operations in first class golf clubs usually achieve an expense ratio of 70% to 90%. We have therefore forecasted these costs at 85.0% of food & beverage revenue in all years after the initial budget year.

Undistributed Expenses

General and Administrative

This category includes all expenses that are incurred in operating the property but that cannot be charged to a specific operating department. These expenses have varied in the range of 6.6% to 19.7% of total revenue. The Receiver-Manager's budget has forecast this category at 5.41% of total revenue the current year. We have stabilized this expenses category at 5.0% of total revenue.

Repairs & Maintenance

These expenses include on-going maintenance of the property, including repairs, of non-departmental portions of the property. Historically, this expense category has ranged from 1.1% to 7.1% of total revenue. The Receiver-Manager has budgeted this category at 1.49% of total revenues for 2019 and 1.3% for 2020. For the purpose of stabilization, these expenses are maintained at 1.5% of total revenues on a stabilized basis, which is believed appropriate given the nature & quality of the property.

Management

The property has not typically allocated a management fee for the property. However, since the Receiver-Manager's appointment a management fee of ranging from 7.7% to 20.7% of total revenue. For the purposes of our analysis, we have used a stabilized 7.0% of total revenue.

Marketing

The resort has historically spent between 1.0% to 2.6% of total revenues on promoting the property. The Receiver-Manager's current budget has forecast this category at 2.00% of total revenues. For the purpose of this valuation, we have stabilized these expenses at 2.0% of total revenue.

Professional Fees

These costs have historically ranged from 0.6% to 2.4% of total revenues. The Receiver-Manager's budget has allocated these costs to other categories and so there are no expenses for the current year budget. For the purpose of this report, we have stabilized this expense category at 0.5% of total revenue.

Utilities

These costs have historically ranged from 3.3% to 8.4% of total revenue. The Receiver-Manager's budget has forecast this category at 3.39% of total revenue for the current year. For the purpose of this valuation, we have applied a 4.0% of total revenue to the budgeted figure each year of analysis.

Other Expenses

Other expenses include real estate taxes and insurance. Our stabilized estimates are based on actual expenditures for 2014 through 2019 and the Receiver-Manager's budgeted amounts, at 1.11% of total revenue for real estate taxes and 1.79% of total revenue for insurance. For the purpose of stabilization, we have projected a 2.5% increase per annum for the current budgeted insurance and property tax costs each year of the analysis.

Reserve for Capital Replacement

In addition to the operating expenses above, investors typically include an allowance for structural repairs or other non-recoverable expenses for the purpose of valuation. In this respect, a Contingency Allowance

Morningstar Golf Course, 525 Lowry's Road, Parksville, British Columbia



equal to 4.00% of the Effective Gross Income has been deducted within our Pro Forma Income Projection. In Year One this allowance has been forecast at \$74,841.

Total Expenses

Adding the expenses as described above results in forecast Stabilized Operating Expenses in an amount equal to \$1,640,646.

Net Operating Income

Based on the foregoing, Stabilized Net Operating Income is projected at \$230,373.



Pro Forma Income Statement

Based on the foregoing, a Pro Forma Income Statement for the Subject Property is presented below.

PRO FORMA INCOME STATEMENT			
Green Fees	14,063 rounds	@ \$48.38 avg/round	\$680,368
Membership Revenue	222 members	@ \$2,149 avg/member	\$477,067
Golf Cart Revenues			\$157,055
Other Golf Course Revenue			\$132,380
Food & Beverage			\$297,703
Pro Shop			\$126,446
POTENTIAL GROSS INCOME			\$1,871,019
EXPENSES			
Golf Course Maintenance			(\$674,897)
Golf Cart Expenses			(\$19,632)
Pro Shop Labour/COGS			(\$107,479)
Food and Beverage Expense/COGS			(\$253,048)
General & Administrative			(\$93,336)
Repairs & Maintenance			(\$112,003)
Management			(\$130,671)
Marketing			(\$37,334)
Professional Fees			(\$9,334)
Utilities			(\$74,669)
Real Estate Taxes			(\$20,500)
Insurance			(\$32,903)
Reserve for Capital Replacement @	4.00%	EGI	(\$74,841)
TOTAL EXPENSES			(\$1,640,646)
NET OPERATING INCOME			\$230,373

(1) Less excluded tenants where applicable.



Significant Investment Characteristics of the Subject Property

The following summarizes the major investment attributes of the Subject Property that potential investors would consider when determining an appropriate return and yield when making a purchase decision.

Market

COVID-19 has led to a significant increase in the number of people playing the game due to the relative safety of the outdoor environment and the ability to distance appropriately. The pandemic has also led to significant decline in food and beverage revenues for courses.

Location

In a rural environment in the Parksville area, approximately 35 kilometres north-west of Nanaimo and 120 kilometres north-west of the Victoria/Capital Regional District.

Accessible from Highway 19 (Inland Island Highway), a major provincial highway via Highway 4A.

Physical Attributes

A modern layout attractively landscaped with predominately forested terrain, multiple tee boxes and some riverfront holes.

A course of an average level of difficulty making for reasonably fast play

Full service restaurant on site.

Driving range.

Operational

Property has a challenging historical operating environment.

Food and beverage operations are seasonal and a challenge to operate profitably. The COVID-19 pandemic has added to the difficulty of maintaining revenue in this department.

The Receiver-Manager has also hired experienced golf managers who have history with the area, including time at competing courses.

Conclusions

Positive Aspects

Well-designed golf course with attractive layout at affordable prices in the popular Central Vancouver Island golf area

Offers food and beverage services.

COVID-19 has led to significant increase in people playing the game.

Negative Aspects

Property is still in a transition phase with an expected 18 to 24 months to stabilization of revenue and profit levels.

Increases in number of players may not last once other activities return after vaccination takes hold.



Investment Analysis

Investment Alternatives

Following are current investment yields with respect to various alternative investments.

INVESTMENT ALTERNATIVES											
Gov't. Yields	Office REIT'S		Industrial REIT'S		Retail REIT'S		Apartment REIT'S		Diversified REIT'S		
BOCOR	0.25%	Allied	4.20%	Summit	3.80%	RioCan	4.90%	CAP	2.60%	Morguard	4.40%
GOC 5yr	1.00%	DREAM	4.70%	DREAM	5.20%	First Cptl.	2.60%	Killam	3.70%	H&R	4.80%
GOC 10yr	1.56%	Slate	9.10%	Granite	3.90%	Smart	6.90%	Boardwalk	2.80%	Artis	5.50%

Source: Bank of Canada, BMO Capital Markets as at March 31, 2021

Investment Parameters

Following are the results of the most recent commercial real estate return surveys, as expressed by overall capitalization rates and discount rates.

Q4 2020 INVESTMENT PARAMETERS - VICTORIA		
Investment Type	Overall Capitalization Rates	Discount Rates
Industrial		
Single	5.00% - 5.25%	
Multi	5.25% - 5.50%	
Downtown Office		
Class 'AA'	5.00% - 5.25%	
Class 'B'	5.25% - 5.50%	
Suburban Office		
Class 'A'	5.25% - 5.50%	
Class 'B'	5.50% - 5.75%	
Retail		
Regional/Power	5.25% - 5.50%	
Community	5.25% - 5.50%	
Strip Plaza	5.25% - 5.50%	
Multi-Residential		
High Rise	4.00% - 4.25%	
Low Rise	4.25% - 4.50%	

Source: Colliers International Realty Advisors (OCR)

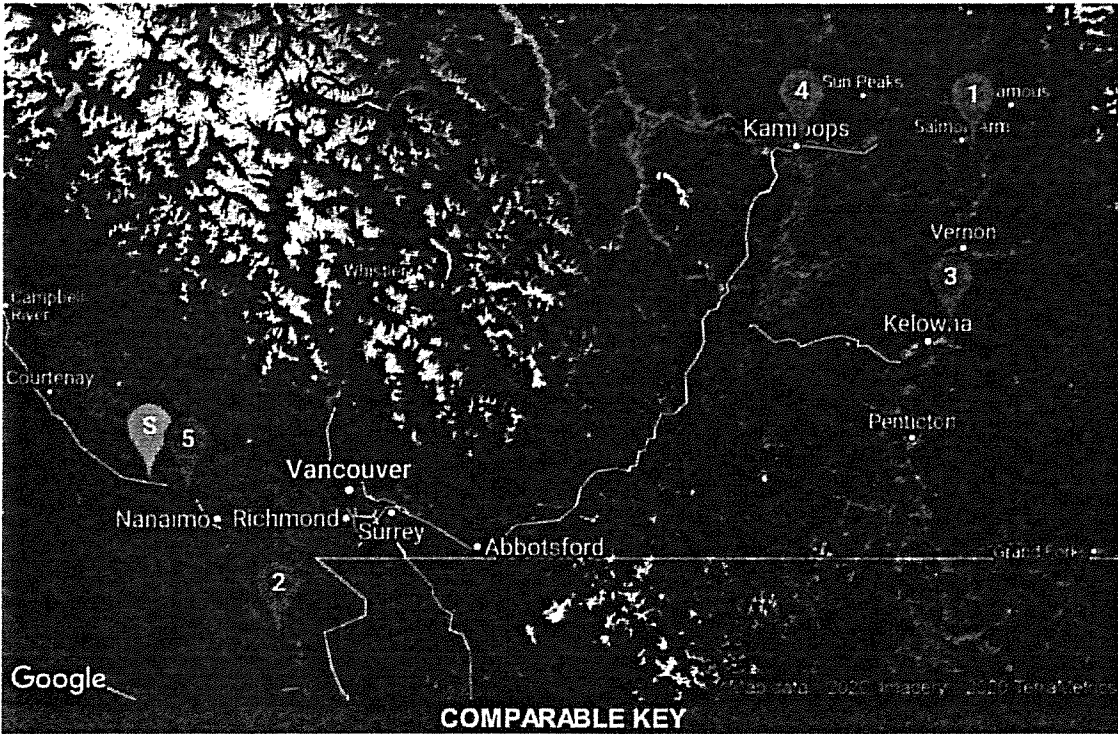
Comparable Transactions

The task of determining an appropriate overall capitalization rate is best served through an analysis of current market activity. In consideration of the characteristics described above, the transactions summarized in the table on the following page have been selected and analyzed.

Further details of these transactions can be found in the Appendix section located at the end of this report.

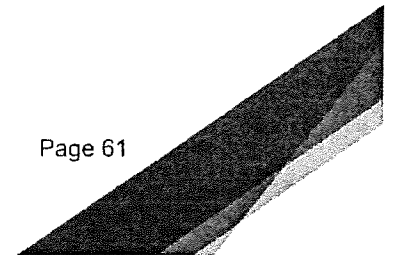


Golf Course Investment Transactions & Analysis						
Morningstar Golf Course						
	Subject	Transaction One	Transaction Two	Transaction Three	Transaction Four	Transaction Five
Property Name	Morningstar Golf Course	Salmon Arm Golf Club	Arbutus Ridge Golf and Country Club	Sunset Ranch Golf and Country Club	Bignom Golf and Country Club	Fairwinds Golf Club
Address	525 Lowry's Road Parksville, British Columbia	3641 Highway 97B Salmon Arm, BC	3515 Telegraph Road Cobble Hill, BC	5101 Upper Booth Road South Kelowna, BC	1009 Clubhouse Dr Kamloops, BC	3730 Fairwinds Drive NanOOSE Bay, BC
Transaction Price		\$3,500,000	\$4,500,000	\$4,000,000	\$2,500,000	\$4,223,967
Analysis Price		\$3,500,000	\$4,500,000	\$4,000,000	\$2,500,000	\$4,223,967
Analysis Price per Yard		\$408	\$727	\$615	\$360	\$681
Analysis Price per Acre		\$17,404	\$28,020	\$33,653	\$19,290	\$29,834
N.O.I	\$230,373	\$340,000	\$425,480	\$337,000	\$187,500	\$227,116
Transactional Characteristics						
Transaction Status		Recorded	Recorded	Recorded	Recorded	Recorded
Transaction Date		18/2/2020	7/21/2019	12/20/2018	12/11/2017	7/31/2015
Market Conditions		Superior	Superior	Inferior	Inferior	Inferior
Property Rights Conveyed		Fee Simple	Fee Simple	Fee Simple	Leasehold	Fee Simple
Financing		Undisclosed	Undisclosed	Undisclosed	Undisclosed	Undisclosed
Conditions of Sale		Arms-Length	Arms-Length	Arms-Length	Arms-Length	Arms-Length
Motivation		Vendor	Neutral	Neutral	Neutral	Neutral
Transactional Adjustment		None	Upward	Downward	Downward	Downward
Site Characteristics						
Site Size (SF)	8,158,788	8,759,816	6,995,736	5,177,542	5,654,088	6,187,094
Site Size (Acres)	187,300	201,100	160,600	118,860	129,800	141,580
Location	Average	Inferior	SI Inferior	Superior	Superior	Similar
Access	Average	Similar	Similar	Similar	Similar	Similar
Exposure	Average	S1 Superior	Similar	Similar	Superior	S1 Superior
Development Potential?	Some/Limited	Limited	Limited	Similar	Some/Limited	Some Superior
Adjustment		Inferior	Inferior	Similar	None	Superior
Site Adjustment		Downward	Downward	Upward	Upward	Upward
Improvement Characteristics						
Property Type	Golf Course	Golf Course	Golf Course	Golf Course	Golf Course	Golf Course
Sub-Type	Daily Fee w/ Membership	Public Course	Public Course	Public Course	Public Course	Public Course
Design / Layout	Average	Similar	S1 Superior	Similar	Similar	Similar
Quality	Average	Similar	S1 Superior	Similar	Similar	Similar
Condition	Average	Similar	S1 Superior	Similar	Similar	Similar
Course Yardage	7,003	6,584	6,193	4,500	6,963	5,204
Year Built	1991	1995	1988	1990	-	1988
Improvement Adjustment		None	Upward	None	None	Downward
Economic Characteristics						
Revenue Upside	Limited Upside	Limited Upside	No Upside	No Upside	Revenue Upside	Limited Upside
N.O.I / Yard	\$32.80	\$39.61	\$58.70	\$51.85	\$28.97	\$38.61
Economic Adjustment		None	Downward	Downward	Upward	None
Overall Capitalization Rate		9.71%	8.45%	8.43%	7.50%	5.38%
Overall Adjustment		Downward	Downward	Downward	Upward	Upward
Overall Comparability		Inferior	Inferior	Inferior	Superior	Superior
Conclusion		Lower Than	Lower Than	Lower Than	Higher Than	Higher Than
		8.71%	8.45%	8.43%	7.50%	5.38%



COMPARABLE KEY

COMP	DISTANCE	NAME	ADDRESS	OCC.	SALE DATE	QAR	\$/SF
Subject	-	Morningstar Golf Course	525 Lowry's Road, Parksville, BC	100.0%	-	-	\$94
No. 1	395.8 km	Salmon Arm Golf Club	3641 Highway 97B, Salmon Arm, BC		1/8/2020	9.7%	\$408
No. 2	93.0 km	Arbutus Ridge Golf and Country Club	3515 Telegraph Road, Cobble Hill, BC		7/21/2019	9.45%	\$727
No. 3	367.3 km	Sunset Ranch Golf and Country Club	5101 Upper Booth Road South, Kelowna, BC		12/20/2018	8.43%	\$615
No. 4	327.3 km	Bighorn Golf and Country Club	100 Clubhouse Dr, Kamloops, BC		12/1/2017	7.50%	\$380
No. 5	18.3 km	Fairwinds Golf Club	3730 Fairwinds Drive, Nanoose Bay, BC		7/31/2015	5.36%	\$681





Capitalization rates tend to vary between properties depending to some extent on such factors as location, size and type of development, quality and condition of improvements, and amenities provided. Combining all of these features with considerations of leasing history and trends, strength of tenancy and income security, the overall capitalization rate tends generally to reflect the perceived quality and durability of the property's income earning capacity.

Properties with a strong rental history and stable tenancy with the perceived potential for increases in revenues tend to trade at comparatively low overall capitalization rates as compared to properties which have a history of vacancy, poor tenant covenants, physical and/or locational challenges, or other forms of perceived instability.

Analysis of Comparable Sales

The selected transactions pertain to activity that occurred between July 2015 and January 2020. The properties vary in size from 6,193 square feet to 8,584 yards and were originally constructed between 1988 and 1995. These transactions represent capital investments that range from a low of \$2,500,000 to a high of \$4,500,000. The stabilized overall capitalization rates indicated by these transactions vary from a low of 5.36% to a high of 9.71%.

The upper end of the range is set by Comparable Transaction No. 1, at 9.71%. In comparison with the Subject Property, this property exhibited a motivated vendor (due to a member owned ownership structure that was seeing strain from a decline in new members replacing old members who wished to retire) as well as an inferior Salmon Arm location. For these reasons, the indicated overall capitalization rate for this transaction is deemed to be over-stated in relation to the Subject Property.

The lower end of the range relates to Comparable Transaction No. 5 at 5.36%. Relative to the Subject Property, this property reflects a transaction that occurred during a period of inferior market conditions, warranting an upward adjustment. However, the property is not within the ALR and has fairly favourable medium to long-term redevelopment potential. Furthermore, this property was acquired as part of a large, comprehensive development site. Consequently, this transaction is considered to provide an under-stated overall capitalization rate indication relative to the Subject Property.

The remaining three transactions present a somewhat narrower range in overall capitalization rates of between 7.50% and 9.45% and are deemed to be generally representative of an appropriate range for the Subject. It is felt that Arbutus Ridge Golf and Country Club at 9.45% is inferior due to a portion of the property being on leasehold land, as well as the fact that a sizeable portion of the revenue stream comes from non-golf activities such as the event facilities and restaurant and bar, which typically have higher operating costs. Furthermore, it is believed there is no upside in any revenue stream. Sunset Ranch Golf and Country Club at 8.43% sold during a period of inferior market conditions and so a downward adjustment is warranted. Revenue at this property is considered to be maximized. Bighorn Golf and Country Club at 7.50% is superior to the subject due to a preferable Kamloops location and revenue upside.

Based on the foregoing analysis, it is our opinion that an appropriate overall capitalization rate applicable to the subject property is lower than Transaction No. 1 (9.71%), Transaction No. 2 (9.45%) and Transaction No. 3 (8.43%); and higher than Transaction No. 4 (7.50%) and Transaction No. 5 (5.36%).



Overall Income Capitalization

On the basis of our Revenue and Expense Analysis, the Stabilized Net Operating Income for the property has previously been projected in the amount of \$230,373.

As summarized on the previous page, overall capitalization rates extracted from the comparable investment sales reviewed range between 5.36% and 9.71%. Taking into consideration the investment characteristics of the Subject Property including its location, size, building quality and security of income, and as measured against the back-drop of the current investment climate for properties such as the Subject Property, it is our opinion that an overall capitalization rate in the range between 7.50% and 8.00% would be appropriate. Applying such rates to the projected Year One net operating income results in the following estimated value range, adjusted for holding and lease up costs and capital expenses, if required.

VALUE MATRIX - DIRECT OVERALL CAPITALIZATION		
OCR	STABILIZED NOI	VALUE ⁽¹⁾
7.50%	\$230,373	\$3,050,000
7.75%	\$230,373	\$2,950,000
8.00%	\$230,373	\$2,900,000

(1) Rounded to nearest \$50,000.

Summary

Selecting the mid-point of the range, the foregoing analysis indicates an estimated value by way of Overall Income Capitalization of **\$2,950,000** (rounded) as of the effective date of this valuation.

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



Discounted Cash Flow

The Discounted Cash Flow Technique models a property's performance over a buyer's investment horizon from the date of acquisition through the projected sale of the property at the end of the holding period. Net cash flows from property operations and the reversion are discounted at a rate reflective of the property's economic and physical risk profile.

Revenue / Expenses

The revenues and expenses were discussed and set forth within the previous section. For the first year of our analysis, we have adopted the budget as prepared by the Receiver-Manager. For each year thereafter, we have adopted stabilized expenses as outlined in the previous section.

Investment Horizon

The Subject Property's value has been analyzed using a 10-year -holding period from April 28, 2021.

Growth Rates and Future Years Revenue and Expense Assumptions

Future growth rates and revenue and expense assumptions are outlined on the following pages. It is noted that the current high rate of golf rounds played is considered unlikely to be sustained once activities currently limited, or prohibited, due to the pandemic return to pre-pandemic levels. Therefore we are predicting a decline in rounds played in Year 2, following by zero percent growth in Year 3, an uptick of 1.5% in Year 4, and then 1.0% thereafter.

Cash Flow Projections

Based on the foregoing, the Cash Flow Projections for the property are presented on the following pages.

Net Present Value

As discussed previously, in order to convert the cash flow projections into an expression of current value two rates must be selected for an application of the DCF process; a discount or internal rate of return and an overall capitalization rate used to determine the reversionary or terminal value.

Discount Rate

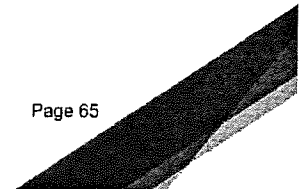
Having regard to the Subject property's characteristics including its physical condition, location and leasing position, we have elected to use a discount rate of between 10.00% and 11.00%. Golf courses represent a higher risk profile than most real estate due to its nature as a going concern, the effect of weather and environmental conditions on revenues and expenses as well as the overall decline of golf from the 1990's.

Reversionary Cap Rate

Taking into consideration the Subject property's forecast income characteristics, its physical condition, locational characteristics and its anticipated future utility, a rate higher than that used for the Overall Income Capitalization Approach is justified. In this regard, the Net Operating Income projected for Year 11 will be capitalized using rates of between 7.50% and 8.50%.



Discounted Cash Flow Assumptions		Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11
Estimated Market Rounds	% Annual Growth	-2.0%	0.0%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
Subject Fair Share of Rounds	% Annual Growth	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Projected Subject Rounds	% Annual Growth	-2.0%	0.0%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
Average Green Fees	% Annual Growth	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Number of Members	% Annual Growth	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Membership Revenue	% Annual Growth	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Golf Cart Revenue	% Annual Growth	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Other Golf Course Revenue	% Annual Growth	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Food & Beverage Revenue	% Annual Growth	10.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Pro Shop Revenue	% Annual Growth	50.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Departmental Expenses											
Golf Course Maintenance	% of Golf Revenue (excl. Golf Cart)	52.5%	52.5%	52.5%	52.5%	52.5%	52.5%	52.5%	52.5%	52.5%	52.5%
Golf Cart Expenses	% of Golf Cart Revenue	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%
Pro Shop Labour/COGS	% of Pro Shop Revenue	85.0%	85.0%	85.0%	85.0%	85.0%	85.0%	85.0%	85.0%	85.0%	85.0%
Food and Beverage Expense/COGS	% of Food & Beverage Revenue	65.0%	65.0%	65.0%	65.0%	65.0%	65.0%	65.0%	65.0%	65.0%	65.0%
Underwritten Expenses											
General & Administrative	% of Total Revenue	5.0%	5.0%	5.0%	5.0%	5.0%	6.0%	5.0%	5.0%	5.0%	5.0%
Repairs & Maintenance	% of Total Revenue	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
Management	% of Total Revenue	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%
Marketing	% of Total Revenue	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Professional Fees	% of Total Revenue	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
Utilities	% of Total Revenue	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Other Expenses											
Real Estate Taxes	%/Increase	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Insurance	%/Increase	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Capital Expenditures											
Reserve for Capital Replacement	% of Total Revenue	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%





DISCOUNTED CASH FLOW ANALYSIS

Year	1	2	3	4	5	6	7	8	9	10	PERIOD
For the Years Beginning	Apr-21	Apr-22	Apr-23	Apr-24	Apr-25	Apr-26	Apr-27	Apr-28	Apr-29	Apr-30	Apr-31
For the Years Ending	Mar-22	Mar-23	Mar-24	Mar-25	Mar-26	Mar-27	Mar-28	Mar-29	Mar-30	Mar-31	Mar-32
Subject Fair Share of Rounds	28,442	26,708	26,973	27,243	27,515	27,790	28,068	28,349	28,632	28,918	29,207
Projected Subject Rounds	31,221	30,597	30,997	31,098	31,522	31,990	32,475	32,952	33,458	33,950	34,467
Green Fee Rounds	14,350	14,053	14,063	14,274	14,486	14,706	14,828	15,150	15,377	15,606	15,842
Member Rounds	16,871	16,534	16,934	16,824	17,036	17,284	17,647	17,812	18,079	18,350	18,626
Projected Average Green Fees Per Round	\$47.90	\$46.36	\$48.66	\$49.05	\$49.84	\$50.34	\$50.64	\$51.35	\$51.94	\$52.38	\$52.80
Projected Number of Members	229	222	224	226	228	230	232	234	236	238	240
Projected Average Average Membership Revenue Per Member	\$2,128	\$2,146	\$2,170	\$2,192	\$2,214	\$2,236	\$2,259	\$2,281	\$2,304	\$2,327	\$2,350
Projected Average Golf Cart Revenue per Round	\$4.98	\$5.03	\$5.08	\$5.13	\$5.18	\$5.23	\$5.28	\$5.33	\$5.38	\$5.43	\$5.48
Projected Average Other Golf Course Revenue per Round	\$4.20	\$4.24	\$4.28	\$4.32	\$4.36	\$4.40	\$4.44	\$4.48	\$4.52	\$4.57	\$4.62
Projected Average Food & Beverage per Round	\$8.67	\$9.54	\$9.64	\$9.74	\$9.84	\$9.94	\$10.04	\$10.14	\$10.24	\$10.34	\$10.44
Projected Average Pro Shop per Round	\$2.70	\$4.05	\$4.09	\$4.13	\$4.17	\$4.21	\$4.25	\$4.29	\$4.33	\$4.37	\$4.41
REVENUE											
Green Fees	\$687,350	\$680,368	\$667,118	\$704,422	\$722,082	\$740,250	\$768,838	\$777,953	\$797,451	\$817,547	\$838,642
Membership Revenue	\$408,089	\$472,770	\$477,498	\$482,273	\$487,098	\$491,967	\$496,887	\$501,850	\$506,875	\$511,944	\$517,063
Golf Cart Revenue	\$155,500	\$187,050	\$159,626	\$180,212	\$181,814	\$183,432	\$185,066	\$186,717	\$188,384	\$190,068	\$191,769
Other Golf Course Revenue	\$131,069	\$132,380	\$133,794	\$135,041	\$136,291	\$137,555	\$138,833	\$140,124	\$141,429	\$142,748	\$144,081
Food & Beverage	\$270,639	\$287,703	\$300,680	\$303,687	\$306,724	\$309,791	\$312,889	\$315,928	\$318,978	\$322,070	\$325,194
Pro Shop	\$64,287	\$128,448	\$127,710	\$129,907	\$130,217	\$131,580	\$132,996	\$134,425	\$135,867	\$137,320	\$138,782
POTENTIAL GROSS INCOME (PCI)	\$1,796,944	\$1,868,722	\$1,865,336	\$1,914,622	\$1,944,384	\$1,974,778	\$2,004,789	\$2,037,283	\$2,069,384	\$2,102,288	\$2,135,941
Expenses											
Depreciation Expense	(\$872,463)	(\$974,997)	(\$881,618)	(\$993,811)	(\$706,424)	(\$719,225)	(\$732,300)	(\$745,875)	(\$759,284)	(\$773,240)	(\$787,440)
Golf Course Maintenance	(\$86,000)	(\$18,832)	(\$18,828)	(\$20,027)	(\$20,227)	(\$20,426)	(\$20,623)	(\$20,840)	(\$21,048)	(\$21,250)	(\$21,411)
Golf Cart Expense	(\$245,883)	(\$107,478)	(\$106,554)	(\$108,539)	(\$110,735)	(\$111,843)	(\$112,982)	(\$114,161)	(\$115,323)	(\$116,565)	(\$117,544)
Pro Shop Labour/COGS	(\$250,379)	(\$293,048)	(\$258,578)	(\$258,134)	(\$260,715)	(\$263,322)	(\$265,956)	(\$268,615)	(\$271,301)	(\$274,015)	(\$276,755)
Utilities/Bus/Bus Expenses											
General & Administrative	(\$87,251)	(\$92,338)	(\$94,287)	(\$96,731)	(\$97,219)	(\$98,730)	(\$100,280)	(\$101,865)	(\$103,489)	(\$105,110)	(\$106,777)
Repairs & Maintenance	(\$26,800)	(\$112,003)	(\$112,320)	(\$114,877)	(\$116,863)	(\$118,488)	(\$120,343)	(\$122,238)	(\$124,183)	(\$126,132)	(\$128,132)
Management	(\$129,000)	(\$130,871)	(\$131,974)	(\$134,024)	(\$136,107)	(\$138,234)	(\$140,400)	(\$142,610)	(\$144,857)	(\$147,154)	(\$149,488)
Marketing	(\$35,850)	(\$37,334)	(\$37,707)	(\$38,297)	(\$38,886)	(\$39,485)	(\$40,114)	(\$40,786)	(\$41,488)	(\$42,204)	(\$42,711)
Professional Fees	(\$14,230)	(\$8,334)	(\$8,427)	(\$8,573)	(\$8,722)	(\$8,874)	(\$9,029)	(\$9,186)	(\$9,347)	(\$9,511)	(\$9,678)
Utilities	(\$66,946)	(\$74,889)	(\$75,413)	(\$76,585)	(\$77,775)	(\$78,991)	(\$80,228)	(\$81,482)	(\$82,755)	(\$84,068)	(\$85,422)
Other Expenses	(\$20,000)	(\$20,500)	(\$21,013)	(\$21,536)	(\$22,078)	(\$22,628)	(\$23,194)	(\$23,774)	(\$24,368)	(\$24,977)	(\$25,602)
Real Estate Taxes	(\$32,100)	(\$32,903)	(\$33,725)	(\$34,568)	(\$35,432)	(\$36,318)	(\$37,226)	(\$38,157)	(\$39,111)	(\$40,089)	(\$41,091)
Insurance	(\$1,625,911)	(\$1,868,869)	(\$1,862,223)	(\$1,866,899)	(\$1,831,864)	(\$1,887,898)	(\$1,883,879)	(\$1,718,288)	(\$1,737,343)	(\$1,745,963)	(\$1,783,114)
TOTAL OPERATING EXPENSES	\$1,715,833	\$3,069,917	\$343,113	\$297,723	\$312,468	\$318,718	\$334,985	\$329,585	\$334,857	\$338,838	\$343,863
NET OPERATING INCOME (NOI)											
Reserve For Capital Replacement	\$8	(\$74,869)	(\$78,413)	(\$78,848)	(\$77,773)	(\$78,991)	(\$80,228)	(\$81,482)	(\$82,779)	(\$84,068)	(\$85,422)
CASH FLOW BEFORE DEBT SERVICE	\$171,033	\$228,248	\$227,700	\$231,138	\$234,826	\$236,188	\$241,811	\$245,513	\$249,288	\$253,100	\$257,006



Results of the Discounted Cash Flow, along with a sensitivity matrix are shown below:

PRESENT VALUE OF CASH FLOW								
MARKET VALUE AS IS								
YEAR	PERIOD	CASH FLOW	DISCOUNT FACTOR @ 10.25%	PRESENT VALUE	DISCOUNT FACTOR @ 10.50%	PRESENT VALUE	DISCOUNT FACTOR @ 10.75%	PRESENT VALUE
1	Apr-21-Mar-22	\$171,033	0.9070	\$155,132	0.9050	\$154,781	0.9029	\$154,432
2	Apr-22-Mar-23	\$226,248	0.8227	\$186,135	0.8190	\$185,284	0.8153	\$184,458
3	Apr-23-Mar-24	\$227,700	0.7482	\$169,913	0.7412	\$168,763	0.7362	\$167,622
4	Apr-24-Mar-25	\$231,138	0.6768	\$156,443	0.6707	\$155,032	0.6647	\$153,637
5	Apr-25-Mar-26	\$234,625	0.6139	\$144,039	0.6070	\$142,417	0.6002	\$140,817
6	Apr-26-Mar-27	\$238,188	0.5568	\$132,632	0.5493	\$130,842	0.5419	\$129,080
7	Apr-27-Mar-28	\$241,811	0.5051	\$122,131	0.4971	\$120,210	0.4893	\$118,323
8	Apr-28-Mar-29	\$245,513	0.4581	\$112,472	0.4499	\$110,453	0.4418	\$108,474
9	Apr-29-Mar-30	\$249,266	0.4165	\$103,575	0.4071	\$101,485	0.3989	\$99,442
10	Apr-30-Mar-31	\$253,109	0.3769	\$95,394	0.3684	\$93,258	0.3602	\$91,174
PV OF CASH FLOW		\$2,318,630		\$1,377,867		\$1,362,534		\$1,347,458
REVERSIONARY YEAR 11 NOI		\$345,095						
PROPERTY RESALE @ 8.00%		\$4,313,684						
COST OF SALE @ 0.00%		\$0						
PV OF REVERSION		\$4,313,684	0.3769	\$1,625,782	0.3684	\$1,589,372	0.3602	\$1,553,857
TOTAL PRESENT VALUE (CASH FLOW + REVERSION)				\$3,003,649		\$2,951,906		\$2,901,315
FINAL VALUE CONCLUSION						\$2,950,000		
IMPLIED CAPITALIZATION RATE*						7.81%		

* Based on Stabilized Year NOI

MARKET VALUE AS IS					
As of April 2021 - Includes Years Start Period: 1 through 11					
Terminal	Discount Rate (IRR) for Cash Flow				
Cap Rates	10.00%	10.25%	10.50%	10.75%	11.00%
7.50%	\$3,167,450	\$3,112,035	\$3,057,864	\$3,004,906	\$2,953,129
7.75%	\$3,110,225	\$3,056,094	\$3,003,176	\$2,951,439	\$2,900,855
8.00%	\$3,056,576	\$3,003,649	\$2,951,906	\$2,901,315	\$2,851,848
8.25%	\$3,006,179	\$2,954,383	\$2,903,743	\$2,854,228	\$2,805,811
8.50%	\$2,958,746	\$2,908,015	\$2,858,413	\$2,809,912	\$2,762,483
IRR	10.00%	10.25%	10.50%	10.75%	11.00%
Reversion					
Cost of Sale at Reversion	0.00%				
Percent Residual	53.84%				
ROUND TO NEAREST \$50,000	\$2,950,000				

Summary

Selecting the mid-point of the matrix, the foregoing analysis indicates an estimated value by way of Discounted Cash Flow Technique of **\$2,950,000** (rounded) as of the effective date of this valuation.

Morningstar Golf Course, 525 Lowry's Road, Parksville, British Columbia



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

Direct Comparison Approach

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

Given the investment nature of the Subject Property, the sale transactions presented within the Income Approach are considered to be reasonable for use under this method of valuation. It is noted that income producing properties such as the Subject are most relevantly valued through their income characteristics, and therefore the gross income must also be given consideration within our analysis.

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

In valuing the Subject Property, each of the transactions has been compared to the Subject Property. The basis for comparison included the consideration of the following:

- Property Rights Conveyed
- Financing Terms
- Conditions of Sale
- Market Conditions (Transaction Date and Status)
- Physical Characteristics
- Economic Characteristics

Golf course properties such as the subject are often compared one of three ways in the Direct Comparison Approach. The Gross Income Multiplier (GIM) examines each comparable's revenue generating potential. The Price Per Acre looks at the underlying land on which each property resides. The Price Per Yard uses the golf course improvements of each property as a unit of comparison. In the case of the subject, we have analyzed the sales using the Gross Income Multiplier.



Golf Course Transactions & Analysis						
Morningstar Golf Course						
	Subject	Transaction One	Transaction Two	Transaction Three	Transaction Four	Transaction Five
Property Name	Morningstar Golf Course	Salmon Arm Golf Club	Arbutus Ridge Golf and Country Club	Sunset Ranch Golf and Country Club	Bighorn Golf and Country Club	Fairwinds Golf Club
Address	525 Lowry's Road Parksville, British Columbia	3641 Highway 97B Salmon Arm, BC	3515 Telegraph Road Cobble Hill, BC	5101 Upper Booth Road South Kelowna, BC	1000 Clubhouse Dr Kamloops, BC	3730 Fairwinds Drive Nanoose Bay, BC
Transaction Price		\$3,500,000	\$4,500,000	\$4,000,000	\$2,500,000	\$4,223,967
Analysis Price		\$3,500,000	\$4,500,000	\$4,000,000	\$2,500,000	\$4,223,967
Analysis Price per Yard		\$408	\$727	\$816	\$360	\$681
Analysis Price per Acre		\$17,404	\$28,020	\$33,653	\$187,500	\$227,118
Gross Income	\$1,871,019	\$2,267,000	\$425,460	\$337,000		
Transactional Characteristics						
Transaction Status		Recorded	Recorded	Recorded	Recorded	Recorded
Transaction Date		1/8/2020	7/21/2019	12/20/2018	12/1/2017	7/31/2015
Market Conditions		Superior	Superior	Superior	Superior	Inferior
Property Rights Conveyed		Fee Simple	Fee Simple	Fee Simple	Leasehold	Fee Simple
Financing		Undisclosed	Undisclosed	Undisclosed	Undisclosed	Undisclosed
Conditions of Sale		Arms-Length	Arms-Length	Arms-Length	Arms-Length	Arms-Length
Motivation		Vendor	Neutral	Neutral	Neutral	Neutral
Transactional Adjustment		None	Downward	Upward	Upward	Upward
Site Characteristics						
Site Size (SF)	6,158,788	8,759,916	6,995,736	5,177,542	5,654,088	6,167,094
Site Size (Acre)	187,300	201,100	180,800	118,860	129,800	141,580
Location	Average	Inferior	SL Inferior	Superior	Superior	Similar
Access	Average	Similar	Similar	Similar	Similar	Similar
Exposure	Average	SL Superior	Similar	Similar	Superior	SL Superior
Site Adjustment		Upward	Upward	Downward	Downward	Downward
Improvement Characteristics						
Property Type	Golf Course	Golf Course	Golf Course	Golf Course	Golf Course	Golf Course
Sub-Type	Daily Fee w/ Membership	Public Course	Public Course	Public Course	Public Course	Public Course
Design / Layout	Average	Similar	SL Superior	Similar	Similar	Similar
Quality	Average	Similar	SL Superior	Similar	Similar	Similar
Condition	Average	Similar	SL Superior	Similar	Similar	Similar
Course Yardage	7,003	6,584	6,193	6,500	6,953	6,204
Year Built	1991	1995	1989	1990	-	1988
Improvement Adjustment		None	Downward	None	None	Upward
Economic Characteristics						
In Piece vs Market	Limited Upside	Limited Upside	No Upside	No Upside	Revenue Upside	Limited Upside
NOI / Yard		\$39.61	\$68.70	\$51.85	\$26.97	\$36.61
Economic Adjustment		Upward	Upward	None	Upward	None
Overall Adjustment		Upward	Downward	Downward	Downward	Downward
Overall Comparability		Inferior	Superior	Superior	Superior	Superior
Conclusion		Higher Than	Lower Than	Lower Than	Lower Than	Lower Than
		1.54	2.54	2.50	2.00	2.00



Analysis

The selected transactions pertain to activity that occurred between July 2015 and January 2020. The properties vary in size from 6,193 yards to 8,584 yards and were originally constructed between 1988 and 1995. These transactions represent capital investments that range from a low of \$2,500,000 to a high of \$4,500,000. The Gross Income Multipliers indicated by these transactions vary from a low of 1.54 to a high of 2.54.

At the upper end of the range, Comparable Transaction No. 2 comprises a transaction that occurred during a period of superior market conditions and represents a facility of superior quality and condition to the subject. For these reasons, a lower GIM than 2.54 is applicable to the subject.

Comparable Transaction No. 1, at the lower end, reflects a motivated vendor and an inferior Salmon Arm location. For these reasons a higher GIM than 1.54 is applicable to the subject property.

The remaining three indicators present a narrowed GIM range of between 2.00 and 2.50. All of these sales are considered superior to the subject either due to location (Comparable Transaction Nos. 3 and 4), or future redevelopment potential (Comparable Transaction No. 5). Accordingly, a lower GIM is applicable to the subject than these three transactions.

Based on the preceding analysis, an appropriate unit value per square foot for the subject property, on a stabilized basis, should be lower than Transaction No. 2 (2.54), Transaction No. 3 (2.50), Transaction No. 4 (2.00) and Transaction No. 5 (2.00); and higher than Transaction No. 1 (1.54).

In consideration of the sale indices reviewed and the accompanying analysis, we are of the professional opinion that an appropriate stabilized unit value range for the Subject property would be a Gross Income Multiplier (GIM) of between 1.50 and 1.70. Applying such unit values to the stabilized gross income of the property results in a range in estimated stabilized values as summarized in the table below.

VALUE MATRIX - DIRECT COMPARISON		
GROSS INCOME	GIM	VALUE ⁽¹⁾
\$1,871,019	1.50	\$2,800,000
\$1,871,019	1.60	\$3,000,000
\$1,871,019	1.70	\$3,200,000

(1) Round to nearest \$50,000

Summary

Selecting the mid-point of the matrix, the Direct Comparison Approach indicates an estimated value of **\$3,000,000** (rounded) as of the effective date of this valuation.

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





Reconciliation and Final Estimate of Value

The Subject property is a 7,003 yard, 18-hole golf course located on a 187.30 acre site. The property represents average quality construction and was in average condition as of the effective date of the report.

The approaches used in this valuation provide the following values:

VALUATION SUMMARY	
VALUATION INDICES	CURRENT MARKET VALUE AS-IS
INTEREST APPRAISED	FEE SIMPLE AS A GOING CONCERN
DATE OF VALUE	APRIL 28, 2021
INCOME APPROACH	
Discounted Cash Flow	\$2,950,000
Holding Period	10 Years
Terminal Capitalization Rate	8.00%
Internal Rate of Return (Cash Flow)	10.50%
Overall Income Capitalization	\$2,950,000
Stabilized NOI	\$230,373
Capitalization Rate	7.75%
DIRECT COMPARISON APPROACH	
Direct Comparison	\$3,000,000
Gross Income Multiplier	1.76
FINAL VALUE CONCLUSION	
FINAL VALUE	\$2,950,000
Implied Capitalization Rate	7.81%

For income producing properties such as the Subject, potential purchasers would place considerable emphasis on the income earning potential of the property. In this regard, the Income Approach would be the favoured method of valuation. In general, the Overall Income Capitalization method is favored over Discounted Cash Flow Analysis as it is less subjective. However, when valuing multi-tenant developments with varying rental rates, lease terms, etc., Discounted Cash Flow Analysis increases in significance, particularly when the net operating income is projected to change over the life of the investment.

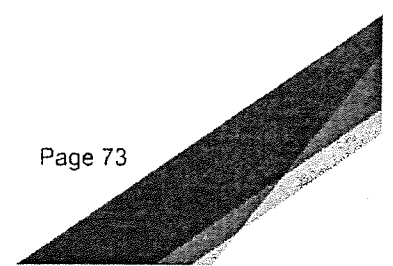
The Direct Comparison Approach, which is primarily used with respect to the valuation of owner occupied buildings, is based on the price per square foot of similar property transactions. The Direct Comparison Approach, in this case, is supportive of the indications of value in the Income Approach.

Based on the foregoing, and with most weight applied to the Income Approach it is our opinion that the current market value as is of the fee simple as a going concern interest in the property, subject to the assumptions set forth, and as at April 28, 2021, was:

VALUE TYPE	INTEREST APPRAISED	DATE OF VALUE	VALUE
Current Market Value As-Is	Fee Simple As A Going Concern	April 28, 2021	\$2,950,000



The above value estimate is based on an exposure period of 12 to 18 months, assuming the basis of a transaction involving cash to the vendor and is in conjunction with the Assumptions and Limiting Conditions stated within this appraisal. Of particular note are the Hypothetical Conditions, Extraordinary Assumptions and Extraordinary Limiting Conditions outlined within the Terms of Reference section.





Certification

**Morningstar Golf Course
525 Lowry's Road, Parksville, British Columbia V9P 2R8
(See Property Data Section for Legal Description)**

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

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

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

SUBJECT PROPERTY INSPECTION			
APPRAISER	INSPECTED	EXTENT	DATE OF INSPECTION
James Glen, AACI, P.App	Yes	Interior/Exterior	September 19, 2018
Andrew Buhr, B. Comm, AIC Candidate	Yes	Interior/Exterior	April 17, 2020



Final Estimate of Value

Based upon the data, analyses and conclusions contained herein, the current market value of the Fee Simple As A Going Concern interest in the property described herein, as at April 28, 2021, is estimated to be as follows:

VALUE TYPE	INTEREST APPRAISED	DATE OF VALUE	VALUE
Current Market Value As-Is	Fee Simple As A Going Concern	April 28, 2021	\$2,950,000

The above value estimate is based on an exposure period of 12 to 18 months, assuming the basis of a transaction involving cash to the vendor, and is subject to the Extraordinary Assumptions, Hypothetical Conditions and Extraordinary Limiting Conditions as detailed within the Terms of Reference section of this report, in addition to the Ordinary Assumptions and Limiting Conditions contained in the Addenda. Any alterations to either the information provided or the assumptions in this report may have a material impact on the value contained herein.

Appraiser

James Glen, AACI, P.App
Date: April 28, 2021
AIC Membership No. 900329



Appendices

Appendix A	Ordinary Assumptions and Limiting Conditions
Appendix B	Definitions
Appendix C	Certificate of Title
Appendix D	Land Use / Zoning
Appendix E	Comparable Transactions

Appendix A

Ordinary Assumptions and Limiting Conditions



Ordinary Assumptions and Limiting Conditions

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

- 1) This report has been prepared at the request of **Gary Powroznik, FCPA, CIRP, LIT** of G. Powroznik Group Inc. Receiver-Manager Morningstar Golf Club Ltd. (the client) for the purpose of providing an estimate of the market value of **525 Lowry's Road, Parksville, British Columbia** (the Subject property) and for the specific use referred to. It is not reasonable for any party other than the person or those to whom this report is addressed to rely upon this appraisal without first obtaining written authorization from the client and the author of this report. This report has been prepared on the assumption that no other party will rely on it for any other purpose. Liability is expressly denied to any person other than the client and those who obtain written consent and, accordingly, no responsibility is accepted for any damage suffered by any such person as a result of decisions made or actions based on this report. Diligence by all intended users is assumed.
- 2) This report has been prepared at the request of **Gary Powroznik, FCPA, CIRP, LIT** of G. Powroznik Group Inc. Receiver-Manager Morningstar Golf Club Ltd. and for the exclusive (and confidential) use of the recipient as named and for the specific purpose and function as stated. Written consent from the authors must be obtained before any part of the appraisal report can be used for any use by anyone except the client and other intended users identified in the report. Liability to any other party or for any other use is expressly denied regardless of who pays the appraisal fee.
- 3) All copyright is reserved to the author and this report is considered confidential by the author and **Gary Powroznik, FCPA, CIRP, LIT** of G. Powroznik Group Inc. Receiver-Manager Morningstar Golf Club Ltd.. Possession of this report, or a copy thereof, does not carry with it the right to reproduction or publication in any manner, in whole or in part, nor may it be disclosed, quoted from or referred to in any manner, in whole or in part, without the prior written consent and approval of the author as to the purpose, form and content of any such disclosure, quotation or reference. Without limiting the generality of the foregoing, neither all nor any part of the contents of this report shall be disseminated or otherwise conveyed to the public in any manner whatsoever or through any media whatsoever or disclosed, quoted from or referred to in any report, financial statement, prospectus, or offering memorandum of the client, or in any documents filed with any governmental agency without the prior written consent and approval of the author as to the purpose, form and content of such dissemination, disclosure, quotation or reference.
- 4) The contents of this report are confidential and will not be disclosed by the author to any party except as provided for by the provisions of the CUSPAP and/or when properly entered into evidence of a duly qualified judicial or quasi-judicial body. The appraiser acknowledges that the information collected is personal and confidential and shall not use or disclose the contents of this report except as provided for in the provisions of the CUSPAP and in accordance with the appraiser's privacy policy. The client agrees that in accepting this report, it shall maintain the confidentiality and privacy of any personal information contained and shall comply in all material respects with the contents of the appraiser's privacy policy and in accordance with the PIPEDA.
- 5) This appraisal report, its content and all attachments/addendums and their content are the property of the author. The client, intended users and any appraisal facilitator are prohibited, strictly forbidden and no permission is expressly or implicitly granted or deemed to be granted, to modify, alter, merge, publish (in whole or in part) screen scrape, database scrape, exploit, reproduce, decompile, reassemble or participate in any other activity intended to separate, collect, store, reorganize, scan, copy, manipulate

- electronically, digitally, manually or by any other means whatsoever this appraisal report, addendum, all attachments and the data contained within for any commercial, or other, use.
- 6) The appraiser has agreed to enter into the assignment as requested by the client named in the report for the use specified by the client, which is stated in the report. The client has agreed that the performance of this appraisal and the report format are appropriate for the intended use.
 - 7) This report is completed on the basis that testimony or appearance in court or at any administrative proceeding concerning this appraisal is not required unless specific arrangements to do so have been made beforehand. Such arrangements will include, but not necessarily be limited to, adequate time to review the appraisal report and data related thereto and for preparation and for any appearances that may be required, and the provision of appropriate additional compensation.
 - 8) The estimated market value of the real estate that is the Subject of this appraisal pertains to the value of the **fee simple as a going concern interest** in the real property. The property rights appraised exclude mineral rights, if any.
 - 9) The concept of market value presumes reasonable exposure. The exposure period is the estimated length of time the asset being valued would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of valuation. The overall concept of reasonable exposure encompasses not only adequate, sufficient and reasonable time but also adequate, sufficient and reasonable effort. The reasonable exposure period is a function not only of time and effort but will depend on the type of asset being valued, the state of the market at the date of valuation and the level at which the asset is priced. (The estimated length of the exposure period needed to achieve the estimated market value is set forth in the Letter of Transmittal, prefacing this report).
 - 10) The analyses set out in this report relied on written and verbal information obtained from a variety of sources we considered reliable. However, these data are not guaranteed for accuracy. Unless otherwise stated, we did not verify client-supplied information, which we believed to be correct. Certain information has been accepted at face value, especially if there was no reason to doubt its accuracy. Other empirical data required interpretative analysis pursuant to the objective of this appraisal. Certain inquiries were outside the scope of this mandate.
 - 11) The appraiser will not be responsible for matters of a legal nature that affect either the property being appraised or the title to it. A title search has been performed as indicated previously, and the appraiser assumes that the title is good and marketable and free and clear of all value influencing encumbrances, encroachments, restrictions or covenants, including leases, unless otherwise noted in this report, and that there are no pledges, charges, liens or special assessments outstanding against the property other than as stated and described. The property is appraised on the basis of it being under responsible ownership.
 - 12) The property has been valued on the basis that there are no outstanding liabilities except as expressly noted, pursuant to any agreement with a municipal or other government authority, pursuant to any contract or agreement pertaining to the ownership and operation of the real estate or pursuant to any lease or agreement to lease, which may affect the stated value or saleability of the Subject property or any portion thereof.
 - 13) The property has been valued on the basis that there is no action, suit, proceeding or investigation pending or threatened against the real estate or affecting the titular owners of the property, at law or in equity or before or by any federal, provincial or municipal department, commission, board, bureau, agency or instrumentality which may adversely influence the value of the real estate appraised.
 - 14) The legal description of the property and the area of the site were obtained from the LTSA. No survey of the property has been made. Any plans and sketches contained in this report show approximate dimensions only and are included solely to aid the recipient in visualizing the location of the property, the configuration and boundaries of the site and the relative position of the improvements on the said lands.



- 15) The property has been valued on the basis that the real estate complies in all material respects with any restrictive covenants affecting the site and has been built and is occupied and being operated, in all material respects, in full compliance with all Government regulations and requirements of law, including all zoning, land use classification, building codes, planning, fire and health by-laws, rules, regulations, orders and codes of all federal, provincial, regional and municipal governmental authorities having jurisdiction with respect thereto, and that if it doesn't comply, any such non-compliance may affect market value. (It is recognized there may be work orders or other notices of violation of law outstanding with respect to the real estate and that there may be certain requirements of law preventing occupancy of the real estate as described in this report. However, such circumstances have not been accounted for in the appraisal process).
- 16) The term "inspection" refers to observation and reporting of the general material finishing and conditions seen for the purposes of a standard appraisal inspection. The inspection scope of work includes the identification of marketable characteristics/amenities offered for comparison and valuation purposes only, in accordance with the CUSPAP.
- 17) The opinions of value and other conclusions assume satisfactory completion of any work remaining to be completed in a good and workmanlike manner. Further inspection may be required to confirm completion of such work. The appraiser has not confirmed that all mandatory building inspections have been completed to date, nor has the availability/issuance of an occupancy permit been confirmed. The appraiser has not evaluated the quality of construction, workmanship or materials. It should be clearly understood that this physical inspection does not imply compliance with any building code requirements as this is beyond the professional expertise of the appraiser.
- 18) The author of this report is not qualified to comment on environmental issues that may affect the market value of the property appraised, including but not limited to pollution or contamination of land, buildings, water, groundwater or air. Unless expressly stated, the property is assumed to be free and clear of pollutants and contaminants, including but not limited to moulds or mildews or the conditions that might give rise to either, and in compliance with all regulatory environmental requirements, government, or otherwise, and free of any environmental condition, past, present or future, that might affect the market value of the property appraised. If the party relying on this report requires information about environmental issues then that party is cautioned to retain an expert qualified in such issues. We expressly deny any legal liability relating to the effect of environmental issues on the market value of the property appraised.
- 19) Unless otherwise stated in this report, the appraiser has no knowledge of any hidden or unapparent conditions of the property (including, but not limited to, its soils, physical structure, mechanical or other operating systems, its foundation, etc.) or adverse environmental conditions (on it or a neighbouring property, including the presence of hazardous wastes, toxic substances, etc.) that would make the property more or less valuable. It has been assumed that there are no such conditions unless they were observed at the time of inspection or became apparent during the normal research involved in completing the appraisal. This report should not be construed as an environmental audit or detailed property condition report, as such reporting is beyond the scope of this report and/or the qualifications of the appraiser. The author makes no guarantees or warranties, express or implied, regarding the condition of the property, and will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. The bearing capacity of the soil is assumed to be adequate.
- 20) Investigations have been undertaken in respect of matters which regulate the use of land. However, no inquiries have been placed with the fire department, the building inspector, the health department or any other government regulatory agency, unless such investigations are expressly represented to have been made in this report. The Subject property must comply with such regulations and, if it does not comply, its non-compliance may affect the market value of this property. To be certain of such compliance, further investigations may be necessary.



- 21) The interpretation of any leases and other contractual agreements, pertaining to the operation and ownership of the property, as expressed, is solely the opinion of the author and should not be construed as a legal interpretation. Further, any summaries of such contractual agreements are presented for the sole purpose of giving the reader an overview of the salient facts thereof.
- 22) The estimated market value of the property does not necessarily represent the value of the underlying shares, if the asset is so held, as the value of the share could be affected by other considerations. Further, the estimated market value does not include consideration of any extraordinary financing, rental or income guarantees, special tax considerations or any other atypical benefits which may influence the ordinary market value of the property, unless the effects of such special conditions, and the extent of any special value that may arise therefrom, have been described and measured in this report.
- 23) Should title to the real estate presently be held (or changed to a holding) by a partnership, in a joint venture, through a Co-tenancy arrangement or by any other form of divisional ownership, the value of any fractional interest associated therewith may be more or less than the percentage of ownership appearing in the contractual agreement pertaining to the structure of such divisional ownership. For the purposes of our valuation, we have not made any adjustment for the value of a fractional interest.
- 24) In the event of syndication, the aggregate value of the limited partnership interests may be greater than the value of the freehold or fee simple interest in the real estate, by reason of the possible contributory value of non-realty interests or benefits such as provision for tax shelter, potential for capital appreciation, special investment privileges, particular occupancy and income guarantees, special financing or extraordinary agreements for management services.
- 25) Unless otherwise noted, the estimated market value of the property referred to is predicated upon the condition that it would be sold on a cash basis to the vendor subject to any contractual agreements and encumbrances as noted in this report as-is and where-is, without any contingent agreements or caveats. Other financial arrangements, good or cumbersome, may affect the price at which this property might sell in the open market.
- 26) Because market conditions, including economic, social and political factors, change rapidly and, on occasion, without notice or warning, the estimate of market value expressed, as of the effective date of this appraisal, cannot be relied upon as of any other date except with further advice from the appraiser and confirmed in writing.
- 27) The value expressed is in Canadian dollars.
- 28) This report is only valid if it bears the original or password secured digital signature(s) of the author(s). If transmitted electronically, this report will have been digitally signed and secured with personal passwords to lock the appraisal file. Due to the possibility of digital modification, only originally signed reports and those reports sent directly by the appraiser, can be relied upon without fault.
- 29) These Ordinary Assumptions and Limiting Conditions shall be read with all changes in number and gender as may be appropriate or required by the context or by the particulars of this mandate.
- 31) Where the intended use of this report is for financing or mortgage lending or mortgage insurance, it is a condition of reliance on this report that the authorized user has or will conduct lending underwriting and insurance underwriting and rigorous due diligence in accordance with the standards of a reasonable and prudent lender or insurer, including but not limited to ensuring the borrower's demonstrated willingness and capacity to service his/her debt obligations on a timely basis, and to conduct loan underwriting or insuring due diligence similar to the standards set out by the Office of the Superintendent of Financial Institutions (OSFI), even when not otherwise required by law. Liability is expressly denied to those that do not meet this condition. Any reliance on this report without satisfaction of this condition is unreasonable.



Appendix B

Definitions

Definitions

Property Interests

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

General Definitions

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

Morningstar Golf Course, 525 Lowry's Road, Parksville, British Columbia



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

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



Appendix C

Certificate of Title



TITLE SEARCH PRINT

File Reference: YVR210479

Declared Value \$ 3323000

2021-04-28, 01:27:11

Requestor: James Glen

****CURRENT INFORMATION ONLY - NO CANCELLED INFORMATION SHOWN****

Land Title District	VICTORIA
Land Title Office	VICTORIA
Title Number	CA1545576
From Title Number	EX94680
Application Received	2010-04-30
Application Entered	2010-05-07
Registered Owner in Fee Simple	
Registered Owner/Mailing Address:	MORNINGSTAR GOLF CLUB LTD., INC.NO. BC0789885 14238 - 134 AVENUE EDMONTON, AB T5L 5V8

Taxation Authority Port Alberni Assessment Area

Description of Land

Parcel Identifier: 014-884-275

Legal Description:
LOT A, DISTRICT LOTS 29, 81, 83 AND 126, NANOOSE DISTRICT, PLAN 49145,
EXCEPT PARTS IN PLANS VIP51714, VIP52613, VIP76030 AND VIP79051

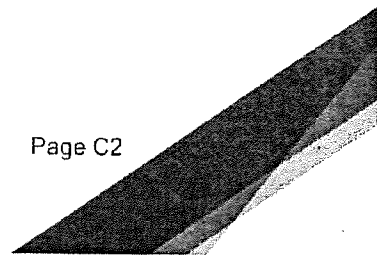
Legal Notations

HERE TO IS ANNEXED EASEMENT CA7692581 OVER THOSE PARTS OF LOT G PLAN 49145 EXCEPT PLANS VIP53112 AND VIP70880 SHOWN ON PLAN EPP93892

HERE TO IS ANNEXED EASEMENT CA7692583 OVER THAT PART OF LOT G PLAN 49145 EXCEPT PLANS VIP53112 AND VIP70880 SHOWN ON PLAN EPP93893

THIS CERTIFICATE OF TITLE MAY BE AFFECTED BY THE AGRICULTURAL LAND COMMISSION ACT; SEE AGRICULTURAL LAND RESERVE PLAN NO. 5, DEPOSITED 26 JULY 1974

THIS TITLE MAY BE AFFECTED BY A PERMIT UNDER PART 29 OF THE MUNICIPAL ACT (SEE DF ED115978)





TITLE SEARCH PRINT

File Reference: YVR210479

Declared Value \$ 3323000

2021-04-28, 01:27:11
Requestor: James Glen

HERETO IS ANNEXED EASEMENT EH137064 OVER THAT PART OF LOT 1,
PLAN 8903, EXCEPT PARTS IN PLANS 26472, 32898, 45632, 45825,
49145 AND VIP52613 SHOWN ON PLAN VIP59866

HERETO INTER ALIA IS ANNEXED EASEMENT EV155454 OVER THAT PART OF
LOTS 2 AND 3, PLAN VIP55697 SHOWN ON PLAN VIP76280

HERETO IS ANNEXED EASEMENT EX74423 OVER THAT PART OF LOT 15,
PLAN VIP79051 SHOWN ON PLAN VIP79053

HERETO IS ANNEXED EASEMENT EX74424 OVER THAT PART OF LOT 19,
PLAN VIP79051 SHOWN ON PLAN VIP79053

HERETO IS ANNEXED RESTRICTIVE COVENANT EX74425 OVER THOSE PARTS OF
LOTS 7,8, 12, 13, 14, 15, 16, 17, 18, AND 19, PLAN VIP79051 SHOWN
ON PLAN VIP79054

HERETO IS ANNEXED RESTRICTIVE COVENANT EX92037 OVER PART OF LOTS 3,
4, 10, 11, 12 & 13, ALL OF PLAN VIP79269 AS SHOWN ON PLAN VIP79270

Charges, Liens and Interests

Nature:
Registration Number:
Registered Owner:
Remarks:

EXCEPTIONS AND RESERVATIONS
M76300
ESQUIMALT AND NANAIMO RAILWAY COMPANY
INTER ALIA
A.F.B. 9.693.7434A, SECTION 172(3), DD 15273,
117976G, 149908G, 113455G, 113319G,
FOR ACTUAL DATE AND TIME OF REGISTRATION SEE
ORIGINAL GRANT FROM E AND N RAILWAY COMPANY
AFB 32.25.8015F

Nature:
Registration Number:
Registration Date and Time:
Registered Owner:

Transfer Number:
Remarks:

UNDERSURFACE RIGHTS
S6060
1987-01-27 10:53
WEYERHAEUSER COMPANY LIMITED
INCORPORATION NO. A-0051955
EX45611
INTER ALIA
SEE DD 6055
(AS TO PARTS FORMERLY LOTS 7, 8, 9 AND 10,
PLAN 2397 AND PART DISTRICT LOT 83, NANOOSE
DISTRICT)





TITLE SEARCH PRINT

File Reference: YVR210479

Declared Value \$ 3323000

2021-04-28, 01:27:11

Requestor: James Glen

Nature: COVENANT
Registration Number: S97207
Registration Date and Time: 1987-09-14 10:10
Registered Owner: HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF BRITISH COLUMBIA
THE REGIONAL DISTRICT OF NANAIMO
Remarks: INTER ALIA
INCLUDES INDEMNITY
(PART FORMERLY LOT 1, PLAN 8903)
MODIFIED BY EM76313
MODIFIED BY ET22002

Nature: STATUTORY RIGHT OF WAY
Registration Number: S97213
Registration Date and Time: 1987-09-14 10:14
Registered Owner: HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF BRITISH COLUMBIA
Remarks: INTER ALIA
(TO PART FORMERLY LOT 1, PLAN 8903)

Nature: UNDERSURFACE AND OTHER EXC & RES
Registration Number: EC103437
Registration Date and Time: 1989-09-19 11:12
Registered Owner: HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF BRITISH COLUMBIA
Remarks: INTER ALIA
PURSUANT TO SECTION 47 LAND ACT, SEE EC95136
(AS TO PART FORMERLY PLAN 48674)

Nature: COVENANT
Registration Number: EC95138
Registration Date and Time: 1989-09-19 11:14
Registered Owner: HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF BRITISH COLUMBIA
REGIONAL DISTRICT OF NANAIMO
Remarks: INTER ALIA
INCLUDES INDEMNITY
(PARTS FORMERLY LOTS 4, 7 AND 9, PLAN 2397
AND PART IN DISTRICT LOT 83, NANOOSE DISTRICT)

Nature: STATUTORY RIGHT OF WAY
Registration Number: EC95146
Registration Date and Time: 1989-09-19 11:15
Registered Owner: HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF BRITISH COLUMBIA
Remarks: INTER ALIA





TITLE SEARCH PRINT

File Reference: YVR210479
Declared Value \$ 3323000

2021-04-28, 01:27:11
Requestor: James Glen

Nature: COVENANT
Registration Number: EC98512
Registration Date and Time: 1989-09-26 11:59
Registered Owner: PROVINCIAL AGRICULTURAL LAND COMMISSION
Remarks: INTER ALIA
PART IN PLAN 49146

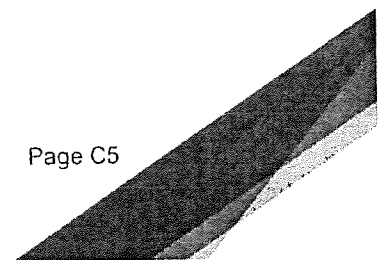
Nature: STATUTORY RIGHT OF WAY
Registration Number: EF171715
Registration Date and Time: 1992-12-23 09:41
Registered Owner: EPCOR WATER (WEST) INC.
INCORPORATION NO. A0049806
Transfer Number: FB427115
Remarks: INTER ALIA

Nature: STATUTORY RIGHT OF WAY
Registration Number: EF171717
Registration Date and Time: 1992-12-23 09:42
Registered Owner: REGIONAL DISTRICT OF NANAIMO
Remarks: INTER ALIA

Nature: EASEMENT
Registration Number: EG41354
Registration Date and Time: 1993-04-08 12:54
Remarks: INTER ALIA
PART ON PLAN VIP56279;
APPURTENANT TO LOT C, PLAN 49145

Nature: STATUTORY RIGHT OF WAY
Registration Number: EH128035
Registration Date and Time: 1994-09-28 09:35
Registered Owner: HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF
BRITISH COLUMBIA
Remarks: INTER ALIA
PART IN PLAN VIP59866

Nature: EASEMENT
Registration Number: EH137066
Registration Date and Time: 1994-10-17 14:55
Remarks: PART SHOWN ON PLAN VIP59866;
APPURTENANT TO LOT C, PLAN 49145, EXCEPT
PART IN PLAN VIP56481 AND STRATA PLAN
VIS2920 (PHASE 1 AND 2); THE COMMON PROPERTY
OF STRATA PLAN VIS2920





TITLE SEARCH PRINT

File Reference: YVR210479

Declared Value \$ 3323000

2021-04-28, 01:27:11

Requestor: James Glen

Nature: COVENANT
Registration Number: EL99059
Registration Date and Time: 1997-08-26 14:33
Registered Owner: REGIONAL DISTRICT OF NANAIMO
Remarks: INTER ALIA

Nature: MORTGAGE
Registration Number: CA1545577
Registration Date and Time: 2010-04-30 13:50
Registered Owner: REALCOR MORTGAGE CORP.
INCORPORATION NO. BC0282435
Remarks: MODIFIED BY CA4484571

Nature: MODIFICATION
Registration Number: CA4484571
Registration Date and Time: 2015-06-24 12:04
Remarks: MODIFICATION OF CA1545577

Nature: MORTGAGE
Registration Number: CA5895281
Registration Date and Time: 2017-03-28 11:50
Registered Owner: CANADIAN WESTERN BANK

Nature: ASSIGNMENT OF RENTS
Registration Number: CA5895282
Registration Date and Time: 2017-03-28 11:50
Registered Owner: CANADIAN WESTERN BANK

Nature: TAXATION (RURAL AREA) ACT LIEN
Registration Number: WX2086315
Registration Date and Time: 2018-08-13 11:39
Registered Owner: HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF
BRITISH COLUMBIA

Duplicate Indefeasible Title NONE OUTSTANDING

Transfers NONE

Pending Applications NONE





Appendix D

Land Use / Zoning



Part 3 – Land Use Regulations

Section 3.4.51

RECREATION 1

RC1

Permitted Uses and Minimum Site Area

Permitted Uses	Required Site Area with:		
	Community Water & Sewer System	Community Water System	No Community Services
a) Campground	1.0 ha	1.0 ha	2.0 ha
b) Outdoor Recreation	1.0 ha	1.0 ha	1.0 ha
c) Residential Use ¹	n/a	n/a	n/a

Maximum Number and Size of Buildings and Structures

Campground	Maximum of 60 camping spaces per parcel developed in accordance with Schedule '3C', Campground Regulations and Standards ²
Dwelling units/parcel ³	- 1
Height	- 8.0 m
Parcel coverage ⁴	- 10%

Minimum Setback Requirements

Front lot line	- 8.0 m
Other lot lines	- 5.0 m

except where any part of a parcel is adjacent to or contains a watercourse then the regulations in Section 3.3.8 shall apply.

¹ Bylaw No. 500.13, adopted October 13, 1987

² Bylaw No. 500.162, adopted April 8, 1997

³ Bylaw No. 500.13, adopted October 13, 1987

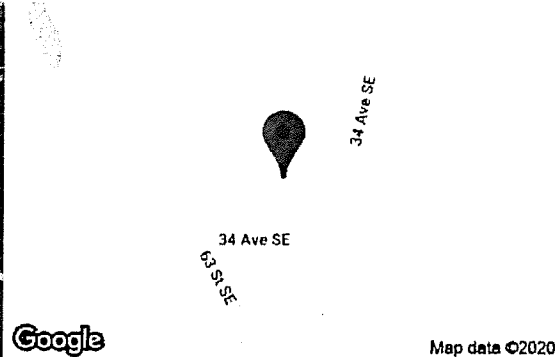
⁴ Bylaw No. 500.77, adopted march 27, 1990



Appendix E

Comparable Transactions

COMPARABLE 1: Salmon Arm Golf Club
3641 Highway 97B, Salmon Arm, BC



LOCATION / SITE INFORMATION **SALE INFORMATION**

Address	3641 Highway 97B
City, Province	Salmon Arm, BC
Legal Description	Long legal exists
Site Size	201.1 Acres (8,759,916 SF)
Location	Average
Access	Average
Zoning	R-1

Purchaser	SALMON ARM GOLF CLUB (2019) LIMITED (GolfNorth Properties)
Vendor	SALMON ARM GOLF HOLDINGS LTD. (SAGC Society)
Transaction Date	January 8, 2020
Transaction Status	Recorded
Transaction Price	\$3,500,000
Analysis Price	\$3,500,000
Recording Number	CA7968689-CA7968691
Rights Transferred	Fee Simple
Financing	Undisclosed
Conditions of Sale	Arms-Length

IMPROVEMENTS INFORMATION

Property Type	Golf Course
Sub-Type	Public Course
Design / Layout	Average
Quality	Average
Condition	Average
Course Length (yards)	8,584
Year Built	1995

OPERATING INCOME

	<u>TOTAL</u>	<u>PER SF</u>
Gross Income	\$2,267,000	264.10
Vacancy & Credit Loss @ 0.0%	\$0	0.00
Effective Gross Income	\$2,267,000	264.10
Expenses	(\$1,927,000)	(224.49)
Contingency	NAv	NAv
Net Operating Income	\$340,000	39.61
Occupancy at Sale	NAv	
Expenses % of GI / EGI	85%	85%

ANALYSIS INFORMATION

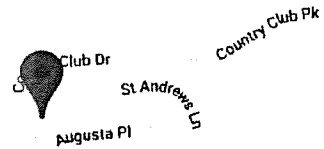
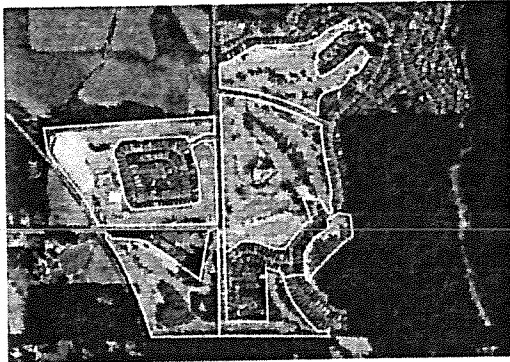
Price Per Yard	\$408
Capitalization Rate	9.71%

REMARKS

Salmon Arm Golf Club. Includes an 18-hole course (Championship Course) and 9-hole course (Heritage Course) on opposites of Highway 97B. A golf club has been operating on the site as early as 1929, but 18-hole course was completed in 1995, and 9-hole Les Furber designed course was completed in 1984. Property includes restaurant, practice facility and concession stand between 8th and 9th holes.



Arbutus Ridge Golf and Country Club
3515 Telegraph Road, Cobble Hill, BC



Country Club Dr

Google

Map data ©2020

LOCATION/SITE INFORMATION

Address	3515 Telegraph Road
City, Province	Cobble Hill, BC
Legal Description	Long legal exists
Site Size	180.6 Acres (6,995,736 SF)
Location	Average
Access	Average
Zoning	A-4

SALE INFORMATION

Purchaser	YI JING GOLF CLUB INC.
Vendor	CRC CANADIAN RETIREMENT CORPORATION
Transaction Date	July 21, 2019
Transaction Status	Recorded
Transaction Price	\$4,500,000
Analysis Price	\$4,500,000
Recording Number	CA7618210-CA7618211
Rights Transferred	Fee Simple
Financing	Undisclosed
Conditions of Sale	Arms-Length

IMPROVEMENTS INFORMATION

Property Type	Golf Course
Sub-Type	Public Course
Design / Layout	Average/Good
Quality	Average/Good
Condition	Average/Good
Course Length (yards)	8,193
Year Built	1989

OPERATING INCOME

	TOTAL	PER SF
Gross Income	\$1,773,834	286.43
Vacancy & Credit Loss @ 0.0%	\$0	0.00
Effective Gross Income	\$1,773,834	286.43
Expenses	(\$1,348,374)	(217.73)
Contingency	N/A	N/A
Net Operating Income	\$425,460	68.70
Occupancy at Sale	N/A	
Expenses % of GI / EGI	76%	76%

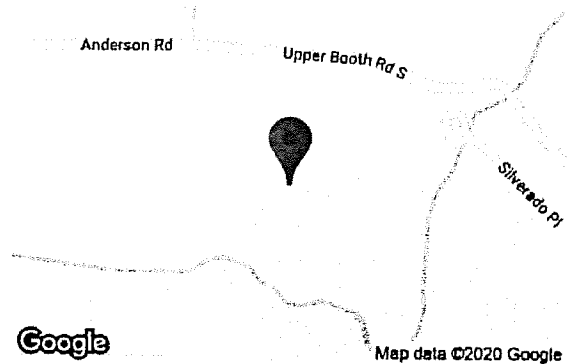
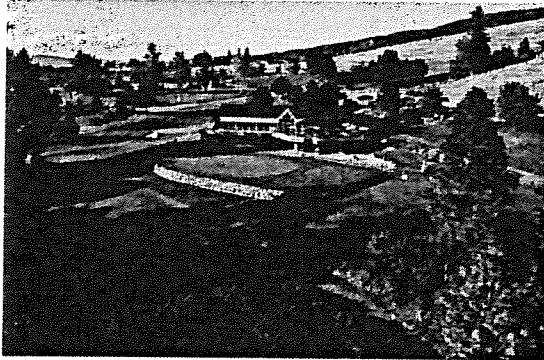
ANALYSIS INFORMATION

Price Per Yard	\$727
Capitalization Rate	9.45%

REMARKS

Arbutus Ridge Golf and Country Club and Satellite Bar & Grille restaurant. Improvements include an 18-hole golf course with 12,698 SF clubhouse, licensed restaurant with banquet facilities, bubbled tennis facility, full length practice facility, pro shop, and maintenance buildings. The golf course was designed by Bill Robinson, has a rating of 70.9 and a slope rating of 123. The sale contains a 137 acre lot at 3515 Telegraph Road as well as a 23.6 acre leasehold site.

COMPARABLE 3: Sunset Ranch Golf and Country Club
5101 Upper Booth Road South, Kelowna, BC



LOCATION / SITE INFORMATION

Address	5101 Upper Booth Road South
City, Province	Kelowna, BC
Legal Description	Long legal exists
Site Size	118.9 Acres (5,177,542 SF)
Location	Average/Good
Access	Average
Zoning	CD1(E)

SALE INFORMATION

Purchaser	DURALI PROPERTIES LTD.
Vendor	SUNSET RANCH GOLF DEVELOPMENTS LTD.
Transaction Date	December 20, 2018
Transaction Status	Recorded
Transaction Price	\$4,000,000
Analysis Price	\$4,000,000
Recording Number	CA7264880
Rights Transferred	Fee Simple
Financing	Undisclosed
Conditions of Sale	Arms-Length

IMPROVEMENTS INFORMATION

Property Type	Golf Course
Sub-Type	Public Course
Design / Layout	Average
Quality	Average
Condition	Average
Course Length (yards)	6,500
Year Built	1990

OPERATING INCOME

	TOTAL	PER SF
Gross Income	NAv	NAv
Vacancy & Credit Loss @ NAv	NAv	NAv
Effective Gross Income	NAv	NAv
Expenses	(\$1,263,000)	(194.31)
Contingency	NAv	NAv
Net Operating Income	\$337,000	51.85
Occupancy at Sale	NAv	
Expenses % of GI / EGI	NAv	NAv

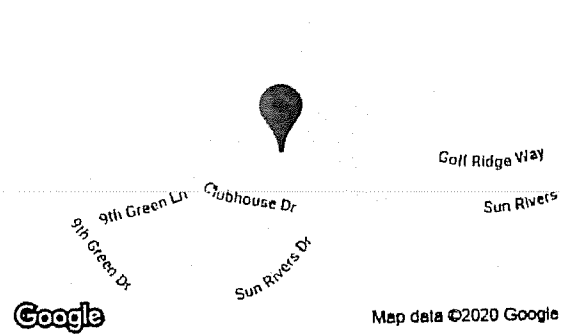
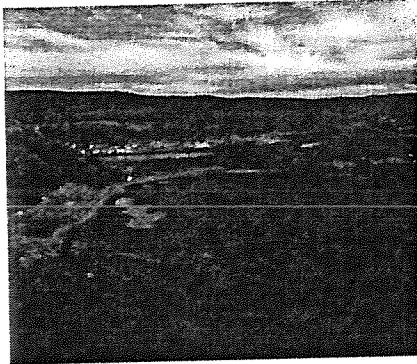
ANALYSIS INFORMATION

Price Per Yard	\$615
Capitalization Rate	8.43%

REMARKS

Sunset Ranch Golf Course in Kelowna area. 18-hole course, which is 6,500 yards course to the black tees. Par 72/73. Property includes Sunset Ranch Clubhouse, consisting of two large patios, a 40-seat lounge, and a 120-seat restaurant (Sunset Dining Room). Property is not within the ALR. Purchase price, cap rate as reported by knowledgeable third party.

**COMPARABLE 4: Bighorn Golf and Country Club
1000 Clubhouse Dr, Kamloops, BC**



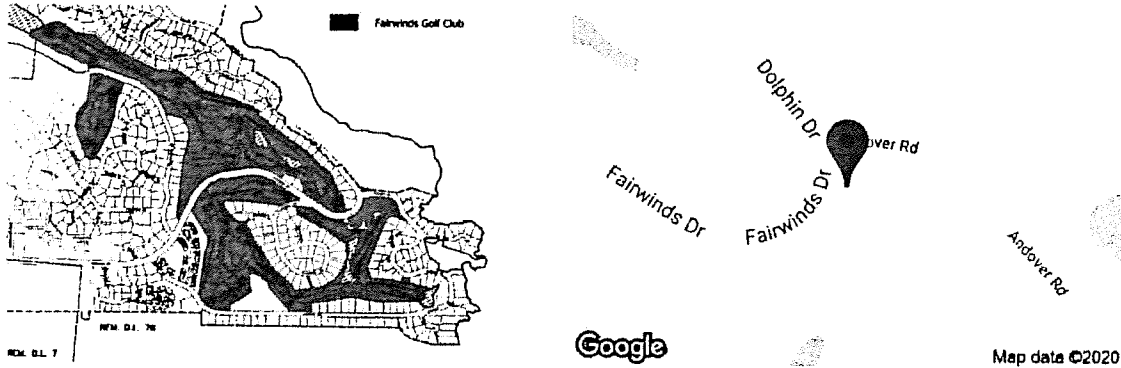
LOCATION / SITE INFORMATION		SALE INFORMATION	
Address	1000 Clubhouse Dr	Purchaser	Big Horn Golf and Country Club
City, Province	Kamloops, BC	Vendor	Sun Rivers Golf Course
Legal Description	Long legal exists	Transaction Date	December 1, 2017
Site Size	129.8 Acres (5,654,088 SF)	Transaction Status	Recorded
Location	Good	Transaction Price	\$2,500,000
Access	Good	Analysis Price	\$2,500,000
Zoning	RJ	Rights Transferred	Leasehold
		Financing	Undisclosed
		Conditions of Sale	Arms-Length

IMPROVEMENTS INFORMATION		OPERATING INCOME		
Property Type	Golf Course		TOTAL	PER SF
Sub-Type	Public Course	Gross Income	\$1,250,000	179.78
Design / Layout	Average	Vacancy & Credit Loss @ 0.0%	\$0	0.00
Quality	Average	Effective Gross Income	\$1,250,000	179.78
Condition	Average	Expenses	(\$1,062,500)	(152.81)
Course Length (yards)	6,953	Contingency	N/A	N/A
		Net Operating Income	\$187,500	26.97
		Occupancy at Sale	N/A	
		Expenses % of GI / EGI	85%	85%

ANALYSIS INFORMATION	
Price Per Yard	\$360
Capitalization Rate	7.50%

REMARKS
This is the sale of Sun Rivers Golf Course to Bighorn Golf and Country Club. This is a 18 hole course with 6,953 yards. Bighorn Golf and Country Club in the Sun Rivers Resort community near Kamloops. Formerly known as Sun Rivers Golf Course. Property comprises several lots throughout residential development areas and is on leasehold land of the Kamloops First Nation.

COMPARABLE 5: Fairwinds Golf Club
3730 Fairwinds Drive, Nanoose Bay, BC



LOCATION / SITE INFORMATION		SALE INFORMATION	
Address	3730 Fairwinds Drive	Purchaser	FW ENTERPRISES LTD.
City, Province	Nanoose Bay, BC	Vendor	bcIMC Realty Corporation
Legal Description	Long legal exists	Transaction Date	July 31, 2015
Site Size	141.6 Acres (6,167,094 SF)	Transaction Status	Recorded
Location	Average	Transaction Price	\$4,223,967
Access	Average	Analysis Price	\$4,223,967
Zoning	RC1Z	Recording Number	CA4579525-CA4579526
		Rights Transferred	Fee Simple
		Financing	Undisclosed
		Conditions of Sale	Arms-Length

IMPROVEMENTS INFORMATION		OPERATING INCOME		
Property Type	Golf Course		TOTAL	PER SF
Sub-Type	Public Course	Gross Income	\$2,672,000	430.69
Design / Layout	Average	Vacancy & Credit Loss @ 0.0%	\$0	0.00
Quality	Average	Effective Gross Income	\$2,672,000	430.69
Condition	Average	Expenses	(\$2,444,884)	(394.08)
Course Length (yards)	6,204	Contingency	N/A	N/A
Year Built	1988	Net Operating Income	\$227,116	36.61
		Occupancy at Sale	N/A	
		Expenses % of GI / EGI	92%	92%

ANALYSIS INFORMATION	
Price Per Yard	\$681
Capitalization Rate	5.36%

REMARKS
 Fairwinds Golf Course in Nanoose Bay. Property was sold as part of a larger comprehensive development property that approximately 620 acres of long-term development land, approximately 61 acres of lands either currently under development and inventory for sale, a former hotel site, a tennis court site, a waterfront multi-family development site, several small lot holdings, and a 340-berth marina (Schooner Cove Marina).

Appendix C

Realcor Mortgage Corp. Summary of Accumulated Claims
Against Morningstar Golf Club Ltd.
as at May 15, 2021

Realcor Mortgage Corp.
Estimated Accumulated Claim
Against Morningstar Golf Club Ltd.
As at May 15, 2021 (note 3)

Mortgage		
	Principal amount secured as of last payment	\$1,560,127.52
	Accrued Interest to May 15, 2021 (note 2)	402,056.06
		<u>1,962,183.58</u>
Disbursements		
	Protective disbursements incurred by Realcor	243,946.37
	Accrued Interest to May 15, 2021 at mortgage rate (note 2)	25,814.56
		<u>269,760.93</u>
Receiver Certificate Advances		
1-Jun-18	Certificate #1	50,000.00
10-Jul-18	Certificate #2	100,000.00
23-Aug-18	Certificate #3	33,163.64
7-Sep-18	Certificate #4	116,836.36
19-Oct-18	Certificate #5	100,000.00
31-Dec-18	Certificate #6	100,000.00
31-Oct-19	Certificate #7	750,000.00
13-May-20	Certificate #8	62,000.00
23-Jul-20	Certificate #9	37,716.47
20-Aug-20	Certificate #10	50,283.53
23-Apr-21	Certificate #11	790,000.00
	Total Certificates #1-#11	<u>2,190,000.00</u>
	Accrued Interest to May 15, 2021 (note 2)	368,196.72
		<u>2,558,196.72</u>
	Total Amount Owing as at May 15, 2021	<u><u>4,790,141.23</u></u>
Per Diem interest after May 15, 2021		
Note 1	Per diem interest on Principal Amount plus protective disbursements	345.49
Note 2	Per diem interest on Receiver's Certificates @12%	841.05
	Total per diem after May 15, 2021	<u><u>1,186.54</u></u>

Note 3 This statement is only an estimate of principal owing under the mortgage, including protective disbursements and Receiver's Certificates, plus accrued interest on all amounts as at May 15, 2021. Further protective disbursements and possibly further Receiver's Certificates will be incurred or issued prior to the sale of the Morningstar assets, with a corresponding increase of the principal amount and total Receiver's Certificates and accrued interest thereon. In addition, interest on the principal amount, as increased by the protective disbursements, is compounded weekly, and interest on the Receiver's Certificates is compounded monthly.

Appendix D

Morningstar Golf Club Ltd.
Statutory Priority Claims
as at April 30, 2021

Morningstar Golf Club Ltd.
Statutory Priority Claims
As at April 30, 2021

	\$
Property Taxes due to BC Ministry of Finance	124,147.08
Employee withholdings due to Canada Revenue Agency	41,535.82
GST due to Canada Revenue Agency	7,335.11
Worksafe BC	6,786.31
WEPPA	2,000.00
	<u>181,804.32</u>

Appendix E

Asset Purchase Agreement

ASSET PURCHASE AGREEMENT

This Asset Purchase Agreement (the “Agreement” or “APA”) made as of June 18, 2021

BETWEEN:

REALCOR MORTGAGE CORP. or its assignee, with an address at
4333 Ledger Avenue, Burnaby, British Columbia

(the “Buyer”)

AND:

G. POWROZNIK GROUP INC., of G-Force
Group, solely in its capacity as court-appointed
receiver and manager of the assets, undertakings
and properties of **MORNINGSTAR GOLF CLUB
LTD.** and not in its personal capacity, with an
address at Suite 710 – 750 Pender Street West,
Vancouver, British Columbia

(the “Seller”)

WHEREAS:

- A. The Seller was appointed as receiver-manager of all of the assets, undertakings and properties of the Morningstar Golf Club Ltd. (together, “Company”). pursuant to an Order pronounced by the Supreme Court of British Columbia on June 1, 2018 (the “Receivership Order”);
- B. The property, assets and undertaking of the Company includes the Transferred Assets (as defined below);
- C. Under the terms of the Receivership Order, the Seller is authorized to carry out a sales process (the “Sales Process”) to market and sell the Transferred Assets (as defined herein) and to take such steps necessary or incidental to carry out the intended purpose of the Sales Process; and
- D. The Seller desires to sell or otherwise transfer to the Buyer and the Buyer desires to purchase from the Seller the right, title and interest of the Seller in the Transferred Assets.

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

ARTICLE 1 DEFINITIONS

1.1 Certain Defined Terms

As used in this Agreement, the following terms shall have the following meanings and grammatical variations of such terms shall have corresponding meanings:

“**Affiliate**” means a Person which directly or indirectly controls, is controlled by, or is under common control with, a party to this Agreement. The term “control” as used herein means: (a) with respect to a corporation, the right to exercise, directly or indirectly, more than 50% of the voting rights attributable to the shares of such corporation; and (b) with respect to a partnership, joint venture or other Person, the beneficial ownership of more than 50% of the ownership interest of the partnership, joint venture or other Person.

“**Agreement**” means this asset purchase agreement including all exhibits and schedules and all amendments or restatements, as permitted.

“**Assumed Employees**” means collectively, the Assumed Salaried and Hourly Employees and the Unionized Employees.

“**Assumed Employee Liabilities**” means all wages, statutory deductions, remittances, assessments, bonuses, vacation pay, severance pay, termination pay, amounts paid in lieu of notice, payments under the Collective Agreement for the Unionized Employees and any other remuneration, benefits and deductions for all the Assumed Employees, including Benefit Plan premiums and contributions and any other amounts required to be paid in respect of pension plans in which the Assumed Employees participate.

“**Assumed Obligations**” means all obligations and liabilities of the Company and the Seller under the Contracts that the Buyer has agreed to assume as of the Closing Date, the Assumed Employee Liabilities and any obligations of the Seller as owner of the Transferred Assets to comply with all applicable Law and governmental regulations and directives pertaining to same.

“**Accrued Payroll**” means the portion of the payroll which has been earned by the Assumed Employees as at the Closing Date but which has not been paid.

“**Assumed Salaried and Hourly Employees**” means Salaried and Hourly Employees who accept offers of employment made by the Buyer in accordance with the provisions of Section 2.9 hereof but excluding the Unionized Employees.

“**Benefits Plans**” means any of the following:

- a) any employee welfare benefit plan, including but not limited to, any medical plan, life insurance plan, short term or long-term disability plan and dental plan; and
- b) any employee pension plan, including, but not limited to any supplemental or excess pension plan, any deferred compensation plan, any registered pension plan or any other arrangement under which employees are provided with retirement income; in each case, provided, sponsored, administered or contributed to by the Company in relation to the Assumed Employees.

“**Books and Records**” means all supplier, customer and pricing lists and related documentation and records, all manuals relating to the use and operation of the Transferred Assets, provided that

such “Books and Records” shall expressly exclude any of them that are not within the possession or control of the Seller.

“**Buildings and Fixtures**” means all plant, buildings, structures, erections, improvements, appurtenances and fixtures situate on the Owned Real Property on the Closing Date including those listed in SCHEDULE 9.

“**Business**” means the business of the Company carried on at the Owned Real Property on the Closing Date in any way related to the operation of a golf club at that location

“**Business Day**” means any day other than a Saturday, Sunday or statutory holiday in Vancouver, British Columbia on which Canadian chartered banks are open for commercial banking business during normal banking hours.

“**Business Name**” means “Morningstar Golf Club”.

“**Closing**” means the closing of the transaction contemplated by this Agreement.

“**Closing Date**” has the meaning specified in Section 2.5.

“**Closing Documents**” means the documents referred to in Sections 10.1 and 10.3 hereof.

“**Collective Agreement**” means the collective agreement between the Company and the International Union of Operating Engineers, Local 115.

“**Contracts**” means the Collective Agreement, the Membership Agreements, the Leases, the Licences and Permits, the Encroachment Removal and Development Cooperation Agreement, and the other agreements listed in SCHEDULE 4.

“**Court**” means the Supreme Court of British Columbia, sitting in Vancouver.

“**Credited Amount**” means the full amount of the Receivership Certificates and a portion of the Loans required to satisfy the Purchase Price as specified in Section 2.2.

“**Documents**” shall have the meaning specified in Section 14.4.

“**Employee Liabilities Adjustment**” has the meaning specified in Section 2.4(a).

“**Employee List**” has the meaning specified in Section 2.12.

“**Employees**” means collectively, the Salaried and Hourly Employees and the Unionized Employees.

“**Encroachment Removal and Development Cooperation Agreement**” means the agreement dated June 11, 2021, between the Seller as owner of the Owned Real Property and Lot G Holdings Ltd., the owner of property adjacent thereto, a copy of which agreement is attached as SCHEDULE 8.

“**Environmental Legislation**” means any federal, provincial or other jurisdictional legislation, statute, regulation or rule of law or equity respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Environmental Protection and Enhancement Act* (British Columbia), the *Canadian Environmental Protection Act*, the *Water Act* (British Columbia), the *Climate Change and Emission Management Act* (British Columbia) and the

Dangerous Goods Transportation and Handling Act (British Columbia), or any regulations under such legislation.

“Equipment” means all of the equipment and tools of the Company and/or the Seller located at the Owned Real Property or used in connection with the Business including the equipment and tools described in SCHEDULE 5.

“Excluded Assets” means the following property and assets of the Seller pertaining to the Business and all documents, books, accounts, records and other information relating to that property and those assets:

- a) all cash, bank balances, money in possession of banks and other depositories, term or time deposits and similar cash or cash equivalents of, owned or held by or for the account of the Business; and
- b) all the corporate, financial and other records of the Seller not pertaining to the operation of the Business.

“GAAP” means generally accepted accounting principles recommended, from time to time, in the Handbook of the Chartered Professional Accountants Canada.

“Governmental Authority” means any Canadian federal, provincial, municipal or local or governmental, regulatory or administrative authority, agency or commission or any court, tribunal, or judicial or arbitral body or any other public agency.

“GST/HST/PST” means all Taxes payable under Part IX of the ETA or under any provincial legislation similar to the ETA, and any reference to a specific provision of the ETA shall refer to any successor provision thereto of like or similar effect.

“Intangibles” means the choses in action and other similar rights or claims directly related to the Business.

“Intellectual Property” means all of the intellectual property owned, licensed or otherwise used by the Company or the Seller in connection with the Business, and all ancillary property, including the intellectual property and ancillary property described in SCHEDULE 6.

“Inventory” means the inventory of the Company and Seller located at the Owned Real Property or used in the Business.

“Law” means any Canadian federal, provincial, municipal or local, act, law, ordinance, regulation, rule, code, order, decree, judgment, policy, other requirement or rule of law, including the common law and its principles.

“Leases” means all of the leases relating to the Business and described in SCHEDULE 4.

“Licences and Permits” means all authorizations, registrations, permits, certificates of approval, approvals, grants, licences, quotas, consents, commitments, rights or privileges issued or granted by any governmental authority to the Company and/or Seller in connection with the Business including those described in SCHEDULE 4.

“Loans” means the loans made by Realcor Mortgage Corp. to the Company as detailed in SCHEDULE 1.

“Losses”, in respect of any matter, means all losses, claims, demands, proceedings, damages, liabilities, deficiencies, costs and expenses (including, without limitation, all legal fees calculated as between a solicitor and his own client with a right to full indemnity, and other professional

fees and disbursements, interest, penalties and amounts paid in settlement) arising directly or indirectly as a consequence of such matter.

“Membership Agreements” means all agreements and contracts in force as at the Closing Date, between the Seller or the Company and each person who is a member of the golf club that forms part of the Business.

“Membership Fees” means all of the revenue collected and held by the Seller in connection with the renewal of existing Membership Agreements and the sale of new Membership Agreements to existing, returning and new members of the Business to the extent the same have not been used for payment of operating or capital expenses related to the Business.

“Owned Real Property” means the lands and premises more particularly described in SCHEDULE 3.

“Person” means any individual, partnership, firm, corporation, association, trust, unincorporated organization or other entity.

“Permitted Encumbrances” means those instruments registered on title to the Owned Real Property as described in SCHEDULE 3, which shall be accepted and/or assumed on Closing by the Buyer.

“Purchase Price” has the meaning specified in Section 2.2.

“Receivables” means all accounts receivable, bills receivable, trade accounts, book debts and insurance claims directly or indirectly used in, arising from, or relating in any manner to the Business together with any unpaid interest accrued on such items.

“Receiver Certificates” means the receiver certificates issued to the Buyer by the Seller pursuant to the Receivership Order, as attached as SCHEDULE 2.

“Salaried and Hourly Employees” means all Persons who are employed in the Business, as at the Closing Date, including those on short term disability.

“Statutory Priority Claims” means the amounts as set out in SCHEDULE 7, including the real property Taxes owing for tax years 2017, 2018, 2019 and 2020.

“Tax” means any and all transfer taxes, goods and services taxes, harmonized sales taxes, value added taxes or license, registration and documentation fees and similar charges, but does not include income or disposition tax levied on the Seller arising by reason of the sale of the Transferred Assets.

“Transferred Assets” means all of the rights, assets, privileges, benefits and property of whatever nature or kind and wherever situated, owned or used by the Company or held by it for use primarily in, or primarily with respect to the operation of, the Business including the following properties, assets and rights: the Owned Real Property; Buildings and Fixtures; Equipment; Intellectual Property; Inventory; Business Name; Intangibles; Contracts; Receivables; and Books and Records, but excluding the Excluded Assets.

“Vesting Order” means a vesting order substantially in the form of the draft order attached hereto as Exhibit “A”, or as otherwise acceptable to the Buyer and the Seller.

1.2 Certain Rules of Interpretation

In this Agreement:

- (a) **Consent:** Whenever a provision of this Agreement requires an approval or consent and such approval or consent is not delivered within the applicable time limit, then, unless otherwise specified, the party whose consent or approval is required shall be conclusively deemed to have withheld its approval or consent.
- (b) **Currency:** Unless otherwise specified all references to money amounts are to lawful currency of Canada.
- (c) **Number and Gender:** Unless the context otherwise requires, words importing the singular include the plural and vice versa and words importing gender include all genders.
- (d) **Statutory References:** A reference to a statute includes all regulations made pursuant to such statute and, unless otherwise specified, the provisions of any statute or regulation which amends, supplements or supersedes any such statute or any such regulation.
- (e) **Time:** Time is of the essence in the performance of the parties' respective obligations.
- (f) **Time Periods:** Unless otherwise specified, time periods within or following which any payment is to be made or act is to be done shall be calculated by excluding the day on which the period commences and including the day on which the period ends and by extending the period to the next Business Day following if the last day of the period is not a Business Day.
- (g) **GAAP:** all accounting terms not otherwise defined in this Agreement have the meanings assigned to them in accordance with GAAP.

1.3 List of Schedules

The following Schedules are incorporated in and form an integral part of this Agreement:

SCHEDULE 1	-	Loans
SCHEDULE 2	-	Receiver Certificates
SCHEDULE 3	-	Owned Real Property
SCHEDULE 4	-	Contracts
SCHEDULE 5	-	Equipment
SCHEDULE 6	-	Intellectual Property
SCHEDULE 7	-	Statutory Priority Claims
SCHEDULE 8	-	Encroachment Removal and Development Cooperation Agreement
SCHEDULE 9	-	Buildings and Fixtures
SCHEDULE 10	-	Purchase Price Allocation

ARTICLE 2
PURCHASE AND SALE OF ASSETS AND ASSIGNMENT

2.1 The Transferred Assets

Subject to the terms and conditions of this Agreement, on the Closing Date the Seller shall sell, transfer, assign and convey to the Buyer all of the right, title and interest of the Seller, if any, in and to the Transferred Assets free and clear of all encumbrances except for the Permitted Encumbrances and the Buyer shall assume all of the Assumed Obligations. The parties acknowledge and agree that the Seller shall deliver the Transferred Assets to the Buyer effective on the Closing Date executing appropriate documents of transfer and permitting the Buyer to take possession of the Transferred Assets.

2.2 Purchase Price

The aggregate purchase price (the “**Purchase Price**”) payable by the Buyer to the Seller, in trust, in consideration of the transfer of the Transferred Assets shall be \$4,500,000, subject to adjustments pursuant to Section 2.4 hereof.

The Purchase Price will be satisfied by the Buyer by way of:

- (a) cash payment equal to the total of the following amounts:
 - (i) \$181,804.32 for Statutory Priority Claims; and
 - (ii) an amount equal to the Seller’s professional fees and disbursements to the termination of the receivership proceedings, which amount will be determined by the Seller on notice to the Buyer at least five (5) Business Days prior to the Closing Date; and
- (b) the balance of the Purchase Price will be satisfied by set-off of the Credited Amount against the Purchase Price.

All Taxes payable in connection with the purchase and sale of the Transferred Assets shall be the responsibility of the Buyer and shall be paid as and when required by law in order to permit the consummation of the purchase and sale of the Transferred Assets as contemplated herein.

2.3 Allocation of Purchase Price

The allocation of the Purchase Price as to each of the Transferred Assets shall be as set out in SCHEDULE 10.

2.4 Adjustments to Purchase Price

The Purchase Price shall be subject to the adjustments set out below:

- (a) Employee Liabilities Adjustment:

- (i) All unpaid amounts accrued or owing as at Closing for the Assumed Employee Liabilities to the Assumed Employees and for which the Buyer becomes liable at or after Closing shall be credited against the Purchase Price unless such amounts have been paid by the Seller (the “**Employee Liabilities Adjustment**”).
 - (ii) The Seller shall prepare and provide to the Buyer at least four (4) Business Days before the Closing Date, a statement of the calculation of the Employee Liabilities Adjustment as of the Closing Date, together with relevant supporting documentation.
- (b) Owned Real Property Adjustments:
- (i) Real property Taxes (other than those amounts included in the Statutory Priority Claims) and any local improvement rates, water/garbage rates, utilities/fuel costs, for the month in which the Closing occurs, and amounts payable in respect of any Contract and other usual and customary items which are the subject of commercial real property transaction adjustments (and expressly excluding Receivables and Membership Fees and matters provided for in the Employee Liabilities Adjustment) shall be adjusted as of the Closing Date.
 - (ii) The Seller shall deliver a statement of adjustments for the items set out in Section 2.4(b)(i) above to the Buyer at least three (3) Business Days before Closing together with such other background information as may be reasonably required to complete and verify the items on the statement of adjustments.
- (c) No Adjustment for Inventory or Receivable

There shall be no adjustment to the Purchase Price in favour of the Seller on account of Inventory or Receivables.

2.5 Closing Date

Upon the terms and subject to the conditions of this Agreement, the sale, transfer, conveyance and assignment of the Transferred Assets as contemplated by this Agreement shall take place on or before the later of 10 days following the issuance of the Vesting Order or June 30, 2021, at the offices of the Seller’s solicitors at 10:00 a.m. Vancouver time or at such other place or at such other time or on such other date as the Seller and the Buyer may mutually agree upon in writing (the “**Closing Date**”).

2.6 GST/HST/PST Elections

The Purchase Price does not include GST/HST/PST. The Buyer and the Seller shall make such elections (if available as determined by the Seller and the Buyer each acting reasonably) in prescribed form containing prescribed information and the Buyer shall file such elections in compliance with the requirements of the applicable legislation (the

“GST/HST/PST Election Form”). The Buyer and the Seller agree that (a) they will claim the benefit of any provision of applicable Laws which allows all or any part of the Transferred Assets to be transferred by the Seller to the Buyer without payment of any GST/HST/PST or other applicable Tax; and (b) they will, upon reasonable request from the other, cooperate fully in connection with the preparation and filing of any documents or tax returns with any governmental authority, and to use their commercially reasonable efforts to obtain any certificate or other document from any governmental authority, or any other person, as may be necessary or commercially advisable to mitigate, reduce or eliminate any Tax that could be imposed (including, but not limited to, Tax with respect to the purchase of the Transferred Assets by the Buyer). The Buyer agrees to indemnify and save the Seller harmless from and against all claims and demands for payment of all GST/HST/PST including penalties and interest and any liability or costs incurred as a result of any failure to pay such GST/HST/PST when due.

2.7 Assumed Obligations

In connection with its acquisition of the Transferred Assets, the Buyer will assume the Assumed Obligations on Closing. On Closing, to the extent necessary, the Buyer will enter into an assumption agreement in form and substance satisfactory to each of the Buyer and the Seller, acting reasonably. The Buyer acknowledges that the Seller will have no responsibility whatsoever for curing any defaults, paying any arrears, or performing any obligations under or with respect to the Contracts, save and except as otherwise specified herein. For greater certainty, the parties agree that the Buyer shall have no obligation to assume any obligations of the Seller in respect to any purchase or lease of any new or used golf cars or of any contracts entered into by the Seller with any third parties that are not listed hereunder as Contracts to be assumed by the Buyer.

2.8 Excluded Obligations

Other than the Assumed Obligations, the Buyer will not assume and will not be liable for any other liabilities or obligations of the Company.

2.9 Assumed Salaried and Hourly Employees

- (a) On or before the Closing Date and subject to Closing, the Buyer will offer employment to all the Salaried and Hourly Employees at the same rate of wages and benefits then in effect, and upon other terms and conditions that are the same as those of his or her current employment, which employment will commence from the Closing Date. The Buyer in making the offer of employment will recognize the seniority and years of service of such Assumed Salaried and Hourly Employees, and for clarity, will treat the period of employment of such Assumed Salaried and Hourly Employees with the Company and/or the Seller as employment or engagement with the Buyer for all purposes.
- (b) At least 5 Business Days before the Closing Date the Seller shall terminate the Salaried and Hourly Employees conditional upon and as of the Closing. The Seller and Buyer agree to cooperate in the delivery of notices to the Salaried and Hourly Employees so as to minimize the disruption of the morale of the Salaried and Hourly Employees.

- (c) The Buyer acknowledges and agrees that:
- (i) the Seller makes no representation or warranty that any Salaried and Hourly Employee will accept employment with the Buyer, and
 - (ii) the acceptance by Assumed Salaried and Hourly Employees of offers of employment with the Buyer will not constitute a condition to the Buyer's obligation to complete the Transaction.

2.10 Unionized Employees

- (a) In accordance with the laws of British Columbia and the federal laws of Canada applicable therein, the Buyer shall become the successor employer under the Collective Agreement with respect to the Unionized Employees whose employment is governed by the Collective Agreement and shall be bound by and comply with the terms of the Collective Agreement.
- (b) Effective as of the Closing Date, the Buyer shall assume all of the Company's liabilities and obligations (and the liabilities and obligations of the Seller, if any) under the Collective Agreement, including all of the Company's liabilities and obligations (and the liabilities and obligations of the Seller, if any) under the Benefit Plans.

2.11 Notice of Change of Employment

The Buyer may give such notice to the Assumed Employees concerning the change of their employer with respect to the Business as the Buyer, in light of applicable Law, considers reasonable.

2.12 Employee List

Within seven (7) Business Days of the execution and delivery of this Agreement, the Seller shall provide the Buyer with a current list of the Employees (the "**Employee List**"), in a format to be agreed upon by both of the Parties hereto, each acting reasonably. The Employee List shall include for each Assumed Employee their name, job title, hire date, wage or salary rate, amount of accrued vacation pay and rate that vacation pay accumulates, amount of accrued sick leave credits, and a job duty outline, and for hourly employees, the number of hours generally worked per week.

2.13 Assumed Employees - General

- (a) Until the Closing Date, subject to the Employee Liabilities Adjustment, the Seller will be responsible for payment of Assumed Employee Liabilities that become due and payable prior to the Closing Date other than any termination or severance entitlement owing to the Assumed Employees as a result of the termination of any of the Assumed Employees pursuant to Section 2.9(b). On the Closing Date, the Buyer will assume the Accrued Payroll and any unpaid Assumed Employee Liabilities for the Assumed Employees.

- (b) Effective as of the Closing Date, the Buyer will assume the obligations of the Company and the Seller, if any, with respect to the Assumed Employee Liabilities and of the Company and the Seller as sponsor under the Benefit Plans.
- (c) Except to the extent otherwise imposed by the laws of British Columbia and the federal laws of Canada applicable therein, the Seller will be responsible for all unpaid workers' compensation amounts, including payroll premiums, non-compliance charges, experience rating surcharges, work week surcharges, levies and penalties relating to the Assumed Employees arising out of events occurring prior to the Closing Date, and the Buyer will be responsible for all such amounts arising out of events occurring on or after the Closing Date and relating to the Assumed Employees.
- (d) The Buyer agrees to indemnify and save the Seller harmless from and against all claims and demands for payment in connection with the Assumed Employee Liabilities attributable to the period following Closing including the Employee Liabilities Adjustment as provided in Section 2.4(a), and its responsibilities as provided in Section 2.10, and any and all liability arising from the termination of the Salaried and Hourly Employees.

2.14 Encroachment Removal and Development Cooperation Agreement

- (a) The Buyer acknowledges that the Encroachment Removal and Development Cooperation Agreement will be of mutual benefit to the Seller and to Lot G Holdings Ltd., as the owner of the adjacent property referred to as Lot G, which is legally described in the Encroachment Removal and Development Cooperation Agreement. In particular, the Encroachment Removal and Development Cooperation Agreement and the land exchanges and easements to be granted thereunder will facilitate the removal of certain encroachments of the Owned Real Property comprising the Morningstar Golf Course over the adjacent Lot G which constitute trespasses, and the Morningstar Golf Course will receive the major portion of the land to be exchanged and the benefit thereof. The Buyer agrees to assume and perform all of the obligations of the Seller under the Encroachment Agreement and Development Cooperation Agreement in accordance with its terms.

ARTICLE 3 REPRESENTATIONS AND WARRANTIES OF THE SELLER

The Seller hereby represents and warrants to the Buyer as follows:

3.1 Authorization

The Seller has the right to enter into this Agreement and, after obtaining the Vesting Order, all necessary authority to execute and deliver this Agreement and all other documents and instruments contemplated herein or therein to which it is or will be party and to perform its obligations hereunder and thereunder.

3.2 **Seller Resident of Canada**

The Seller is not a non-resident of Canada under the *Income Tax Act* (Canada).

ARTICLE 4 REPRESENTATIONS AND WARRANTIES OF BUYER

The Buyer represents and warrants to the Seller as follows:

4.1 **Organization**

The Buyer is duly incorporated, validly existing company and in good standing under the Laws of British Columbia.

4.2 **Authorization**

The Buyer has the corporate power and authority to execute and deliver this Agreement and the other documents and instruments contemplated herein or therein to which it is or will be a party and to perform its obligations hereunder and thereunder. The execution, delivery and performance of this Agreement and the documents contemplated hereby and the consummation of the transactions contemplated hereby and thereby have been duly authorized and approved by the Buyer.

4.3 **Execution and Delivery**

This Agreement, and each of the other agreements, documents and instruments to be executed and delivered by the Buyer on or before the Closing, have been or will be duly executed and delivered by, and constitute the valid and binding obligations of the Buyer.

4.4 **Validity, Etc.**

Neither the execution and delivery of this Agreement by the Buyer and the other documents and instruments contemplated hereby, the consummation of the transaction contemplated hereby or thereby, nor the performance of this Agreement and such other agreements in compliance with the terms and conditions hereof and thereof will (i) conflict with or result in any breach of the articles or by-laws of the Buyer or shareholders agreement or resolution of shareholders or directors or any Law applicable to the Buyer, (ii) require any consent, approval, authorization or permit of, or filing with or notification to, any Governmental Authority, (iii) result in a breach of or default (or give rise to any right of termination, cancellation or acceleration) under any Law, governmental permit, license or order or any of the terms, conditions or provisions of any mortgage, indenture, note, license, agreement or other instrument to which the Buyer is a party, or (iv) violate any order, writ, injunction, decree, statute, rule or regulation applicable to the Buyer.

4.5 **Resident**

As at the Closing Date, the Buyer is not a non-resident of Canada for purposes of the *Income Tax Act* (Canada).

ARTICLE 5 ACKNOWLEDGEMENTS BY BUYER

5.1 “As Is, Where Is”

Except as expressly provided herein, the Buyer acknowledges that the Transferred Assets are purchased on an “as is, where is” basis and without any representation or warranty by the Seller or its directors, officers, employees, solicitors or agents of any kind and that the Buyer has inspected the Transferred Assets and will accept the same on the Closing Date in their state, condition and location existing as of the date of this Agreement, reasonable wear and tear excepted. For greater certainty, the Buyer acknowledges that the Seller makes no representation, warranty or condition, whether statutory (including under the *Sale of Goods Act* (British Columbia), express or implied, oral or written, legal, equitable, conventional, collateral or otherwise in this Agreement or in any instrument furnished in connection with this Agreement with respect to any matter relating to the Transferred Assets, including but not limited to, the ownership and operation thereof, or otherwise.

The Buyer acknowledges that it has had opportunity to conduct any and all due diligence regarding the Transferred Assets and shall be deemed to have relied entirely on its own inspection and investigation in proceeding with the transaction contemplated hereunder. The Buyer expressly disclaims reliance upon any written or oral statements, representations, promises, warranties, conditions or guaranties whatsoever, whether express, implied, by operation of law or otherwise, regarding the Transferred Assets, or the accuracy, relevance or completeness of any information provided in connection therewith, and the Seller nor its directors, officers, employees or agents will have any liability to the Buyer in respect of the foregoing.

5.2 Environmental Condition

Without limiting the generality of Section 5.1, the Buyer:

- (a) agrees to indemnify the Seller and hold the Seller harmless from and against all Losses which the Seller may sustain, incur be or become liable for by reason of or arising from anything done by the Buyer in relation to the Transferred Assets in contravention of any Law;
- (b) hereby remises, releases and forever discharges the Seller and each of its affiliates, directors, officers, agents, employees and shareholders (in this Section collectively called the “**Releasees**”) of and from any and all liability, claim, demand, obligation, cause of action, remediation, cost recovery action, investigation, proceeding, order, violation, damage, loss, cost, expense, judgment, penalty, or fine asserted by any party (including, without limitation, any private party or Governmental Authority) arising out of or relating to Environmental Laws or environmental liabilities, including without limitation, any cost of managing, removing, remediating or disposing of any contaminants, as well as any liability, cost or expense whatsoever relating to any enforcement actions, orders, cost recovery actions or remedial actions related to any environmental liabilities or contaminants, except to the extent arising out of intentional misconduct of any of the Releasees and in such case only with respect to the

Releasee in question, and the Buyer hereby waives any and all such rights that the Buyer now has or will have as against the Releasees or any of them, except to the extent arising out of intentional misconduct of any of the Releasees and in such case only with respect to the Releasee in question.

Without limitation to any other provision of this Agreement, the provision of this Section 5.2 shall survive the Closing.

ARTICLE 6 COVENANTS OR APPROVALS

The Buyer shall take, or cause to be taken, and the Seller shall, upon the reasonable request of the Buyer, take or cause to be taken, all commercially reasonable actions and do, or cause to be done, all commercially reasonable things and promptly execute and file, or join in the execution and filing of, any application or other document as the Buyer may reasonably request and as may be necessary, proper or advisable to permit and diligently pursue completion of the transaction contemplated by this Agreement in accordance with the terms hereof, including obtaining the authorization, approval or consent of any Governmental Authority and shall co-operate with each other in connection therewith, including using all commercially reasonable efforts to obtain as soon as reasonably possible following the Closing Date:

- (a) any consents which may be required from third parties to permit the assignment to the Buyer of the Seller's rights and benefits under any intellectual property; and
- (b) any consents required from any Governmental Authority having jurisdiction over the Transferred Assets,

provided that the Buyer will indemnify the Seller against its reasonable costs and expenses incurred by the Seller arising out the Seller's performance of such obligation as set forth in this Section.

The Buyer acknowledges that as between the Buyer and the Seller, it is the Buyer's responsibility to obtain the necessary consents, and that the Seller will not be, unless the Seller otherwise agrees, required to pay, discharge or assume any obligations as a condition of obtaining any consents or as a condition of the transfer or assignment of any of the Transferred Assets being effective or as a condition of the Buyer not being liable to any Person after the assignment or transfer of any of the Transferred Assets to discharge or assume any obligation related to the Transferred Assets or any of them.

ARTICLE 7 CONDITIONS TO THE OBLIGATIONS OF BOTH PARTIES

The obligations of both the Seller and the Buyer to complete the transaction contemplated herein is conditional upon the Seller obtaining the Vesting Order, and the Vesting Order not having been stayed, reversed, or dismissed as at the Closing Date.

The Buyer acknowledges and agrees that the Seller's obligations in connection with this Agreement, until it is approved by the Court, are limited to putting this Agreement before the Court. Thereafter, the Seller is subject to the jurisdiction and discretion of the Court

to entertain other offers to purchase the Transferred Assets and to any further Orders the Court may make regarding the Transferred Assets. The Buyer acknowledges and agrees that the Seller will not breach a duty of good faith, should the Court direct the acceptance of another offer or if the Seller should advocate for a materially higher offer for the Transferred Assets in compliance with its duties arising from statute, common law, or the Receivership Order. The Buyer further acknowledges that the Buyer must make its own arrangements to support this Agreement in Court.

If the Court vacates, sets aside or varies an Order approving this Agreement for any reason whatsoever (except any willful misconduct of the Seller), then the Seller will not be liable to the Buyer or any other person in any way whatsoever, in connection therewith.

ARTICLE 8 CONDITIONS TO THE BUYER'S OBLIGATIONS

The obligation of the Buyer to pay the Purchase Price on the Closing Date, to perform its obligations under this Agreement and to consummate the transaction contemplated hereby are subject to the satisfaction, on or before the Closing Date, of the following conditions each of which may be waived by the Buyer in its sole discretion:

8.1 Representations and Warranties

The representations and warranties of the Seller contained in ARTICLE 3 shall be true, correct and complete in all material respects at the time of the Closing Date with the same force and effect as if such representations and warranties were made at and as of such time.

8.2 Performance

The Seller shall have performed its obligations under this Agreement in all material respects.

8.3 New Liens

If by the Closing Date the Buyer has identified to the Seller specific financial claims against the Seller (claims for payment of money) which if unpaid would form a lien against the Transferred Assets and would not be discharged by the registration of the Vesting Order, the Seller will, within a reasonable time after the Closing Date:

- (a) pay such claims from the proceeds of the sale of the Transferred Assets; or
- (b) obtain discharges of such claims in so far as those claims affect the Transferred Assets; or
- (c) obtain an order of a court of competent jurisdiction confirming that such claims if unpaid do not form a lien against the Transferred Assets after the acquisition of them by the Buyer.

The foregoing conditions are for the exclusive benefit of the Buyer and may be waived, in writing, by the Buyer in whole or in part, at or prior to the respective time for fulfilment of such conditions and if a condition is not fulfilled or performed or waived in writing at or prior to such time, then this Agreement shall at such time cease to be of any force or effect.

ARTICLE 9 CONDITIONS TO THE SELLER'S OBLIGATIONS

The obligation of the Seller to perform its obligations under this Agreement and to consummate the transaction contemplated hereby is subject to the satisfaction, on or before the Closing Date, of the following conditions, each of which may be waived by the Seller in its sole discretion:

9.1 Representations and Warranties

The representations and warranties of the Buyer contained in ARTICLE 4 shall be true, correct and complete in all material respects at the time of the Closing with the same force and effect as if such representations and warranties were made at and as of such time.

9.2 Performance

The Buyer shall have performed its obligations under this Agreement in all material respects.

ARTICLE 10 CLOSING MATTERS

10.1 Closing

The completion of the Transaction will take place at the offices of the Seller's solicitors on the Closing Date or as otherwise determined by mutual agreement of the parties in writing.

10.2 Seller's Closing Documents

On the Closing Date, the Seller will deliver the following to the Buyer's solicitor, on the condition that the same will only be dealt with in accordance with the procedure set out in Section 10.4:

- (a) a certified copy of the Vesting Order;
- (b) a statement of adjustments contemplated in Section 2.4(b)(ii);
- (c) an undertaking to readjust any item on or omitted from the statement of adjustments as provided in Section 2.4(b)(ii);
- (d) an assumption agreement as contemplated by Section 2.7;

- (e) the GST/HST Election Form, countersigned by the Seller; and
- (f) such documents necessary or desirable in the Buyer's opinion, acting reasonably, to effect the assignment, transfer and sale of the Transferred Assets as contemplated by this Agreement, to the extent not effected by the Vesting Order, in form and substance satisfactory to the Buyer, acting reasonably.

10.3 The Buyer's Closing Documents

On the Closing Date, the Buyer will deliver the following to the Seller's solicitors, on the condition that the same will only be dealt with in accordance with the procedure set out in Section 10.4:

- (a) Evidence of satisfaction of the Purchase Price pursuant to Section 2.2;
- (b) a certificate of an officer of the Buyer dated the Closing Date certifying that the Buyer's representations and warranties in this Agreement are true and correct in all material respects as of the Closing (unless such representation and warranty is already subject to a materiality qualification, in which case certifying that it is true and correct in all respects) and the covenants of the Buyer to be performed by the Closing have been performed in all material respects;
- (c) the GST/HST Election Form, countersigned by the Buyer;
- (d) an undertaking to readjust any item on or omitted from the statement of adjustments as provided in Section 2.4(b)(ii);
- (e) evidence of the receipt of those consents obtained by the Buyer prior to the Closing, together with any other consents, approvals and authorizations contemplated by ARTICLE 6 obtained by the Buyer, if any;
- (f) bank draft or wire transfer in the amount of the cash component of the Purchase Price as set out in Section 2.2(a); and
- (g) such other documents as may be requested by the Seller, acting reasonably.

10.4 Terms of Closing

None of the Closing Documents and monies will be dealt with before Closing until the deliveries contemplated by this ARTICLE 10 have been made and the conditions set out in ARTICLE 8 and ARTICLE 9 have been fulfilled or waived.

10.5 Possession of Assets

The Seller will remain in possession of the Transferred Assets until the Closing Date. On Closing, the Buyer will take possession of the Transferred Assets wherever situate as at the Closing Date. The Buyer acknowledges that the Seller has no obligation to deliver physical possession of the Transferred Assets to the Buyer.

ARTICLE 11
ADDITIONAL AGREEMENTS

11.1 Confidentiality - Buyer

If the Closing fails to occur for whatever reason, the Buyer agrees thereafter not to divulge, communicate or disclose, except as may be required by Law or for the performance of this Agreement, or use to the detriment of the Seller or for the benefit of any other Person or Persons, or misuse in any way, any confidential information of the Seller related to the Transferred Assets. In the event that the Buyer is required to divulge, communicate or disclose any such confidential information pursuant to any Law, the Buyer shall promptly provide written notice to the Seller of such requirement so that the Seller may seek a protective order or other appropriate remedy (in which case the Buyer will cooperate fully). If no such protective order or other remedy is obtained, the Buyer will disclose only that portion of such confidential information which it is advised by counsel it is legally required to disclose.

11.2 Access to Books and Records

On the Closing Date, the Seller will cause to be delivered to the Buyer the Books and Records.

The Seller, any trustee, trustee in bankruptcy or similar official appointed with respect to Morningstar Golf Club Ltd., and each of their representatives shall, for a period of seven (7) years from the Closing Date, have access to, and the right to copy, at their expense to the extent necessary or useful in connection with their administration and discharge of their duties and obligations, including the filing of any tax return or the defence or settlement of any litigation or to comply with any applicable law and during usual business hours, upon reasonable prior notice to the Buyer, all Books and Records which are to be transferred and conveyed to the Buyer pursuant to this Agreement.

The Buyer shall use commercially reasonable efforts to retain and preserve all such Books and Records for such seven (7) year period. The Buyer shall not be responsible or liable to the Seller or any other Person for or as a result of any unintentional loss or destruction of or damage to any of the Books and Records.

The Buyer covenants and warrants that it will comply with the requirements of the *Canada Personal Information Protection and Electronic Documents Act* and the *Personal Information Protection Act* of British Columbia and shall maintain and protect the privacy of such information and shall be entitled to use the personal information provided to it in a manner which is in all material respects identical to the prior use of such information by Morningstar Golf Club Ltd.

All representations and warranties made by the Seller and the Buyer relating to the Books and Records shall continue for a period of seven (7) years after the Closing Date and after such period neither party shall have any further liability hereunder.

11.3 Disclosure of Information

Without limiting the generality of Section 11.1, the Buyer acknowledges and agrees that in the course of the Buyer's due diligence in respect of the Transferred Assets, the Buyer may request and the Seller may disclose certain personnel records and other information related to Transferred Assets and/or the business of the Seller that may include "personal information" (the "**Personal Information**") as defined in and subject to the British Columbia *Personal Information Protection Act* ("**PIPA**"). For the purposes of Section 20 of PIPA:

- (a) the Buyer hereby confirms to the Seller that the Personal Information that the Buyer may hereafter request in the course of its due diligence is necessary in order for the Buyer to determine whether to proceed with the proposed purchase of the Transferred Assets; and
- (b) the Buyer hereby covenants and agrees that:
 - (i) prior to Closing, any Personal Information that the Seller discloses to the Buyer shall be used by the Buyer solely for purposes related to its due diligence and its proposed purchase of the Transferred Assets, and the

Buyer shall not disclose or otherwise make available any of the Personal Information to any Person except employees, directors, officers and professional advisors of the Buyer with a need to know for the purposes of such due diligence and proposed purchase;

- (ii) if the proposed purchase of the Transferred Assets does not proceed or is not completed, the Buyer will destroy or return to the Seller all of the Personal Information disclosed to the Buyer by the Seller in accordance with the Seller's instructions and/or pursuant to the Non-Disclosure Agreement; and
- (iii) if the proposed purchase of the Transferred Assets is completed: (i) the Buyer shall only use or disclose the Personal Information for the same purposes for which it was collected, used or disclosed by the Seller, or as otherwise permitted by and in accordance with PIPA; and (ii) the Buyer shall notify the individuals who are the subject of the Personal Information that the purchase of the Transferred Assets has taken place and that their Personal Information was disclosed to the Buyer.

ARTICLE 12 INDEMNIFICATION

12.1 Survival of Representations and Warranties

All representations and warranties in ARTICLE 3 and ARTICLE 4, as given at the date hereof and restated at the Closing as provided for in Section 8.1 or Section 9.1, or in any instrument or document furnished in connection with this Agreement or the transaction contemplated hereby, shall survive the closing of the transaction contemplated herein and, notwithstanding any investigation at any time made by or on behalf of any party continue in full force and effect for a period of 6 months from the Closing, provided that a claim for any breach of the representations and warranties contained in this Agreement, or in any instrument or document furnished in connection with this Agreement or the transaction contemplated hereby, that involves fraud or fraudulent misrepresentation may be made at any time following the Closing, subject only to applicable limitation periods imposed by Law. All covenants and agreements contained herein shall survive until fully performed in accordance with their terms.

12.2 Buyer's Indemnification of the Seller

In addition to the indemnity contained in Section 5.2(a), the Buyer shall indemnify, defend and hold harmless the Seller and its respective officers, directors, employees, agents and shareholders, and its respective successors and assigns from and against all Taxes payable in connection with the purchase and sale of the Transferred Assets.

ARTICLE 13 TERMINATION

13.1 Termination

This Agreement may be terminated and the transaction contemplated hereby may be abandoned at any time prior to the Closing Date, as the case may be:

- (a) by mutual written consent of the Buyer and the Seller;
- (b) by the Buyer or the Seller if any court of competent jurisdiction or other Governmental Authority shall have issued an order, decree or ruling, or taken any other action specifically restraining, enjoining or otherwise prohibiting the transaction contemplated hereby, which order, decree, ruling or other action is not stayed or dismissed prior to the Closing Date;
- (c) by the Buyer or the Seller if, on or before the Closing Date, a material part of the Transferred Assets has been removed from the control of the Seller by any means or process, or the Transferred Assets, or any part thereof, are redeemed;
- (d) Subject to Section 2.5, by the Buyer or the Seller if the Closing does not occur by the Closing Date; or
- (e) by the Buyer or the Seller if the conditions contained in ARTICLE 8 and ARTICLE 9, respectively, are not satisfied or waived prior to the applicable date for satisfaction of such conditions.

13.2 Effect of Termination

Notwithstanding the termination and abandonment of this Agreement pursuant to Section 13.1, the provisions of ARTICLE 11 of this Agreement shall survive. Nothing in this ARTICLE 13 shall relieve any party to this Agreement of liability for breach of this Agreement.

ARTICLE 14 MISCELLANEOUS

14.1 Risk of Loss

Up to the time of the Closing, the Transferred Assets shall be and remain at the risk of the Seller. If, prior to the time of the Closing, all or any material part of the Transferred Assets are destroyed or damaged by fire or any other casualty or shall be expropriated, the Seller shall have the first option to elect to terminate this agreement exercisable within 20 Business Days from the date of such destruction, damage, casualty or expropriation by providing written notice (the "**Destruction Notice**") thereof to the Buyer and, upon such notice being given, this Agreement shall terminate and be of no further force or effect (save and except the provisions of ARTICLE 11). Thereafter, the

Buyer shall have the option, exercisable by notice in writing given within 5 Business Days of the later of the Buyer receiving notice in writing from the Seller of such destruction, damage, casualty, or expropriation of the Destruction Notice:

- (a) to complete the purchase without reduction of the Purchase Price in accordance with ARTICLE 10, and all proceeds of insurance or compensation for expropriation shall be payable to the Buyer and all right and claim of the Seller to any such amounts not paid by the time of the Closing shall be assigned by the Seller to the Buyer; or
- (b) of terminating this Agreement and not completing the purchase, in which case all obligations of the Buyer and the Seller hereunder, other than those pursuant to ARTICLE 11, shall terminate.

14.2 Notices

All notices, requests, consents and other communications hereunder shall be in writing, shall be addressed to the receiving party's address set forth below or to such other address as such party may designate by notice hereunder, and shall be either (i) delivered by hand, (ii) by email, or (iii) sent by recognized overnight courier.

If to the Buyer:

4333 Ledger Avenue,
Burnaby, British Columbia V5G 3T3

Attention: Lee Riggs
E-mail: lriggs@iuoel15.ca

With a copy to:

Stikeman Elliott LLP
4300 Bankers Hall West
888 - 3rd Street S. W.
Calgary, Alberta T2P 5C5
Canada

Attention: Karen Fellowes
E-mail: kfellowes@stikeman.com

If to the Seller:

Suite 710 – 750 Pender Street West
Vancouver, British Columbia V6C 2T7

Attention: Gary Powroznik
Email: gpowroznik@g-forcegroup.ca

- with copy to -

DLA Piper (Canada) LLP
2800-666 Burrard Street
Vancouver, BC
V6C 2Z7

Attention: Colin Brousseau
E-mail: colin.brousseau@dlapiper.com

All notices, requests, consents and other communications hereunder shall be deemed to have been given (i) if by hand, at the time of the delivery thereof to the receiving party at the address of such party in accordance with this Section 14.2, (ii) if made by e-mail, at the time that receipt thereof has been acknowledged by electronic confirmation or otherwise, or (iii) if sent by overnight courier with guaranteed next day delivery, on the next Business Day following the day such notice is delivered to the courier service.

14.3 Further Assurances

At any time and from time to time after the date hereof each of the parties hereto, at the reasonable request and expense of the other party hereto, will execute and deliver such other instruments of sale, transfer, conveyance, assignment, confirmation and other instruments as may be reasonably requested in order to more effectively transfer, convey and assign to the Buyer and to confirm the Buyer's title to the Transferred Assets and to effectuate the transaction contemplated herein.

14.4 Entire Agreement

This Agreement together with the Exhibits and Schedules hereto and the other documents executed in connection herewith or referred to herein (together, the "Documents") embodies the entire agreement and understanding between the parties hereto with respect to the subject matter hereof and supersedes all prior oral or written agreements and understandings relating to the subject matter hereof. No statement, representation, warranty, covenant or agreement of any kind not expressly set forth in the Documents shall affect, or be used to interpret, change or restrict, the express terms and provisions of the Documents.

14.5 Modifications and Amendments

The terms and provisions of this Agreement may be modified or amended only by written agreement executed by all parties hereto and, where same may be required, by order of the Court.

14.6 Waivers and Consents

No failure or delay by a party hereto in exercising any right, power or remedy under this Agreement, and no course of dealing between the parties hereto, shall operate as a waiver of any such right, power or remedy of the party. No single or partial exercise of any right, power or remedy under this Agreement by a party hereto, nor any abandonment or discontinuance of steps to enforce any such right, power or remedy, shall preclude such party from any other or further exercise thereof or the exercise of any other right, power or remedy hereunder. The election of any remedy by a party hereto shall not constitute a waiver of the right of such party to pursue other available remedies. No notice to or demand on a party not expressly required under this Agreement shall entitle the party receiving such notice or demand to any other or further notice or demand in similar or other circumstances or constitute a waiver of the rights of the party giving such notice or demand to any other or further action in any circumstances without such notice or demand. The terms and provisions of this Agreement may be waived, or consent for the departure therefrom granted, only by written document executed by the party entitled to the benefits of such terms or provisions. No such waiver or consent shall be deemed to be or shall constitute a waiver or consent with respect to any other terms or provisions of this Agreement, whether or not similar. Each such waiver or consent shall be effective only in the specific instance and for the purpose for which it was given, and shall not constitute a continuing waiver or consent.

14.7 Assignment

Subject to the following sentence, no party to this Agreement may assign any of its rights or obligations under this Agreement without the prior written consent of the other party. The Buyer may assign its rights under this Agreement to: (i) any Affiliate(s) of the Buyer; or (ii) any company controlled by the board of directors of the Buyer, prior to the application for the Vesting Order, provided that no assignment will release the Buyer from its obligations under this Agreement.

14.8 Parties in Interest

This Agreement shall be binding upon and inure solely to the benefit of each party hereto and their permitted assigns, and nothing in this Agreement, express or implied, is intended to confer upon any other person any rights or remedies of any nature whatsoever under or by reason of this Agreement. Nothing in this Agreement shall be construed to create any rights or obligations except among the parties hereto, and no person or entity shall be regarded as a third-party beneficiary of this Agreement.

14.9 Governing Law

This Agreement and the rights and obligations of the parties hereunder shall be construed in accordance with and governed by the laws of British Columbia and the federal laws of Canada applicable therein.

14.10 Jurisdiction and Service of Process

Any legal action or proceeding with respect to this Agreement may only be brought in the Court. By execution and delivery of this Agreement, each of the parties hereto accepts for itself and in respect of its property, generally and unconditionally, the exclusive jurisdiction of the Court. Nothing in this Section shall affect the rights of the parties to commence any such action in any other forum or to serve process in any such action in any other manner permitted by Law.

14.11 Interpretation

The parties hereto acknowledge and agree that: (i) the rule of construction to the effect that any ambiguities are resolved against the drafting party shall not be employed in the interpretation of this Agreement; and (ii) the terms and provisions of this Agreement shall be construed fairly as to all parties hereto and not in favour of or against any party, regardless of which party was generally responsible for the preparation of this Agreement.

14.12 Headings and Captions

The headings and captions of the various subdivisions of this Agreement are for convenience of reference only and shall in no way modify, or affect, or be considered in construing or interpreting the meaning or construction of any of the terms or provisions hereof.

14.13 Enforcement

Each of the parties hereto acknowledges and agrees that the rights acquired by each party hereunder are unique and that irreparable damage would occur in the event that any of the provisions of this Agreement to be performed by the other party were not performed in accordance with their specific terms or were otherwise breached. Accordingly, in addition to any other remedy to which the parties hereto are entitled at Law or in equity, each party hereto shall be entitled to an injunction or injunctions to prevent breaches of this Agreement by the other party and to enforce specifically the terms and provisions hereof in the Court.

14.14 Expenses

Each of the parties hereto shall pay its own fees and expenses (including the fees of any lawyers, financial advisors, accountants, appraisers or others engaged by such party) in connection with this Agreement and the transaction contemplated hereby whether or not the transaction contemplated hereby are consummated.

14.15 No Broker or Finder

Each of the parties hereto represents and warrants to the other parties that no broker, finder or other financial consultant has acted on its behalf in connection with this Agreement or the transaction contemplated hereby in such a way as to create any liability on the other. Each of the parties hereto agrees to indemnify and save the other harmless

from any claim or demand for commission or other compensation by any broker, finder, financial consultant or similar agent claiming to have been employed by or on behalf of such party and to bear the cost of legal expenses incurred in defending against any such claim.

14.16 Publicity

The Buyer shall not, at any time, issue any press release or otherwise make any public statement with respect to the execution of, or the transaction contemplated by, this Agreement without the prior written consent of the Seller, such consent not to be unreasonably withheld.

14.17 Counterparts


This Agreement may be executed in counterparts, and by different parties hereto on separate counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Execution and delivery of this Agreement may be made and evidenced by facsimile or other electronic means of transmission.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the Buyer and the Seller have executed this Agreement as of the day and year first written above.

G. POWROZNIK GROUP INC., solely in its capacity as Court-Appointed Receiver-Manager of **MORNINGSTAR GOLF CLUB LTD.** and not in its personal capacity .

Per: _____


Name: Gary Powroznik
Title: Managing Director

REALCOR MORTGAGE CORP.

Per: _____

Name: Brian Cochrane
Title: President

IN WITNESS WHEREOF, the Buyer and the Seller have executed this Agreement as of the day and year first written above.

G. POWROZNIK GROUP INC., solely in its capacity as Court-Appointed Receiver-Manager of **MORNINGSTAR GOLF CLUB LTD.** and not in its personal capacity

Per: _____

Name: Gary Powroznik
Title: Managing Director

REALCOR MORTGAGE CORP.

Per: _____

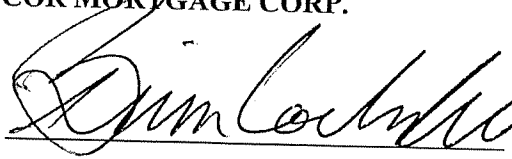

Name: Brian Cochrane
Title: President

EXHIBIT "A" - Form of Vesting Order

No. S186288
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN:

REALCOR MORTGAGE CORP.

PETITIONER

AND:

MORNINGSTAR GOLF CLUB LTD.
CANADIAN WESTERN BANK
NATIONAL LEASING GROUP INC.
ROYNAT INC.
ICE CUBE LEASING INC.

RESPONDENTS

ORDER MADE AFTER APPLICATION

BEFORE) THE HONOURABLE) , 2021
)
)
)
)
)

ON THE APPLICATION of G. Powroznik Group Inc. of G-Force Group, Court-appointed Receiver of Morningstar Golf Club Ltd. (the "**Receiver**"), coming on for hearing before me this day at 800 Smithe Street, Vancouver, BC; **AND ON HEARING** Jeffrey D. Bradshaw, counsel for the Receiver; and Karen Fellowes, counsel for the Petitioner, Realcor Mortgage Corp. ("**Realcor**"), and no one appearing on behalf of the other parties, although duly served; **AND ON READING** the Receiver's First Report dated September 24, 2019, the Receiver's Second Report dated April 14, 2021, and the Receiver's Third Report dated _____, 2021 (the "**Third Report**"), and materials filed herein;

THIS COURT ORDERS that:

SERVICE

1. The time for service of the Notice of Application dated June ____, 2021, is, to the extent necessary, hereby abridged and validated such that the Notice of Application is properly returnable today without further service or notice.

SALE APPROVAL AND VESTING

2. The sale transaction (the "**Transaction**") contemplated by the Asset Purchase Agreement dated _____, 2021, (the "**Asset Purchase Agreement**") between the Receiver and Realcor Golf Inc. (the "**Purchaser**"), a copy of which is attached hereto as **Schedule "A"** is hereby approved, and the Asset Purchase Agreement is commercially reasonable. The execution of the Asset Purchase Agreement by the Receiver is hereby authorized and approved, and the Receiver is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance to the Purchaser of the assets described in the Asset Purchase Agreement (the "**Purchased Assets**").
3. Upon delivery by the Receiver to the Purchaser of a certificate substantially in the form attached as **Schedule "B"** hereto (the "**Receiver's Closing Confirmation Certificate**"), all of Morningstar Golf Club Ltd.'s right, title and interest in and to the Purchased Assets described in the Asset Purchase Agreement shall vest absolutely in the Purchaser in fee simple, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "**Claims**") including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Order of this Court; (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* of British Columbia or any other personal property registry system; and (iii) any Claims, other than those Claims listed on **Schedule "C"** hereto (all of which are collectively referred to as the "**Permitted Encumbrances**"), and, for greater certainty, this Court orders that all of the Encumbrances, other than the Permitted Encumbrances, affecting or relating to the

Purchased Assets are hereby expunged and discharged as against the Purchased Assets.

4. The Receiver is authorized and directed to discharge or amend any registrations in the British Columbia Personal Property Registries that specifically relate to the Purchased Assets and all other persons in control or otherwise supervising such offices of registration or recording shall forthwith remove and discharge all such registrations.
5. For the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Purchased Assets shall stand in the place and stead of the Purchased Assets, and from and after the delivery of the Receiver's Closing Confirmation Certificate all Claims shall attach to the net proceeds from the sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having had possession or control immediately prior to the sale.
6. The Receiver is to file with the Court a copy of the Receiver's Closing Confirmation Certificate forthwith after delivery thereof.
7. Pursuant to Section 7(3)(c) of the *Canada Personal Information Protection and Electronic Documents Act* or Section 18(10)(o) of the *Personal Information Protection Act* of British Columbia, the Receiver is hereby authorized and permitted to disclose and transfer to the Purchaser all human resources and payroll information in the company's records pertaining to the Debtor's past and current employees. The Purchaser shall maintain and protect the privacy of such information and shall be entitled to use the personal information provided to it in a manner which is in all material respects identical to the prior use of such information by Morningstar Golf Club Ltd. Upon closing of the Asset Purchase Agreement, the employees and contractors hired by the Receiver herein shall cease to be employees or contractors of the Receiver and shall become employees or contractors of the Purchaser.
8. Subject to the terms of the Asset Purchase Agreement, vacant possession of the Purchased Assets, including any real property, shall be delivered by the Receiver to the Purchaser at 12:00 noon on the Closing Date (as defined in the Asset Purchase Agreement).

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9. The Receiver, with the consent of the Purchaser, shall be at liberty to extend the Closing Date to such later date as those parties may agree without the necessity of a further Order of this Court.
10. Notwithstanding:
 - (a) these proceedings;
 - (b) any applications for a bankruptcy order in respect of Morningstar Golf Club Ltd. now or hereafter made pursuant to the *Bankruptcy and Insolvency Act* and any bankruptcy order issued pursuant to any such applications; and
 - (c) any assignment in bankruptcy made by or in respect of Morningstar Golf Club Ltd.,

the vesting of the Purchased Assets in the Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of Morningstar Golf Club Ltd. and shall not be void or voidable by creditors of the Morningstar Golf Club Ltd., nor shall it constitute or be deemed to be a transfer at undervalue, fraudulent preference, assignment, fraudulent conveyance or other reviewable transaction under the *Bankruptcy and Insolvency Act* or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

FEE APPROVAL

11. The fees and disbursements of the Receiver from April 1, 2021, to April 30, 2021, as set out in the Third Report, are hereby approved.
12. The fees and disbursements of DLA Piper (Canada) LLP ("**DLA**", in its capacity as counsel to the Receiver), from March 1, 2021, to April 30, 2021, and as set out in the Third Report, are hereby approved.
13. The fees and disbursements of the Receiver and DLA, estimated not to exceed \$260,000 in aggregate, for the completion of remaining activities in connection with these Receivership proceedings, are hereby approved. If the additional fees and disbursements of the Receiver and DLA exceed this amount, the Receiver shall seek

approval of this Court for the amount in excess. For greater certainty, if the additional fees and disbursements incurred by the Receiver and DLA are less than the maximum approved herein, no further action is required by any party to effect the approval of such additional fees and disbursements.

DISCHARGE OF RECEIVER'S CHARGE

14. Upon the service by the Receiver of an executed certificate in substantially the form attached hereto as **Schedule "D"** (the "**Receiver's Termination Certificate**") on the Service List, by email, the Receiver's Charge (as defined in the Receivership Order) shall be and are hereby terminated, released and discharged, and shall be of no further force or effect, without the need for any further act or formality.
15. The Receiver is hereby directed to file a copy of the Receiver's Termination Certificate with the Court as soon as practicable following service thereof on the Service List.
16. The Receiver is hereby directed to post a copy of the filed Receiver's Termination Certificate on the Receiver's website.

TERMINATION OF PROCEEDINGS

17. Upon the service by the Receiver of the Receiver's Termination Certificate on the Service List, by email, certifying that, to the knowledge of the Receiver, all matters to be attended to in these proceedings have been completed, these proceedings shall be terminated without any further act or formality (the "**Termination Time**"), provided that nothing herein impacts the validity of any Orders made in these proceedings or any action or steps taken by any individual, firm, partnership, corporation, governmental body or agency, or any other entity pursuant thereto.
18. The Receiver is hereby directed to file a copy of the Receiver's Termination Certificate with the Court as soon as practicable following service thereof on the Service List.

DISCHARGE OF RECEIVER

19. Effective at the Termination Time, G. Powroznik Group Inc. of G-Force Group, shall be and is hereby discharged from its duties as the Receiver and shall have no further duties, obligations, liabilities, or responsibilities as Receiver from and after the

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Termination Time, provided that, notwithstanding its discharge as Receiver, G. Powroznik Group Inc. of G-Force Group shall have the authority to carry out, complete or address any matters in its role as Receiver as are ancillary or incidental to these proceedings following the Termination Time as may be required.

20. Notwithstanding any provision of this Order, the Receiver's discharge or the termination of these proceedings, nothing herein shall affect, vary, derogate from, limit or amend, and the Receiver shall continue to have the benefit of any of the rights, approvals and protections in favour of the Receiver at law or pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, the Receivership Order, any other Order of this Court in these proceedings or otherwise, all of which are expressly continued and confirmed following the Termination Time, including in connection with any actions taken by the Receiver following the Termination Time with respect to Morningstar Golf Club Ltd. or these proceedings.
21. No action or other proceeding shall be commenced against the Receiver in any way arising from or related to its capacity or conduct as Receiver except with prior leave of this Court on not less than fifteen (15) days' prior written notice to the Receiver.

GENERAL

22. Any party affected by this order may apply to the Court as necessary to seek further orders and directions to give effect to this Order.
23. This Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in any of its provinces or territories or in any foreign jurisdiction, to act in aid of and to be complimentary to this Court in carrying out the terms of this Order, to give effect to this Order and to assist the Petitioner, Purchaser or the Receiver and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Petitioner, Purchaser or to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order, or to assist the Petitioner, Purchaser, or the Receiver and their respective agents in carrying out the terms of this Order.

24. Endorsement of this Order by counsel appearing on this application other than the counsel for the Receiver and the Petitioner is hereby dispensed with.

THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:

Signature of lawyer for the Receiver
DLA Piper (Canada) LLP (Jeffrey D. Bradshaw)

Signature of lawyer for the Petitioner
Stikeman Elliot LLP (Karen Fellowes)

BY THE COURT

REGISTRAR

Schedule "A"
Asset Purchase Agreement

Schedule "B"

Receiver's Closing Confirmation Certificate

No. S186288
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN:

REALCOR MORTGAGE CORP.

PETITIONER

AND:

MORNINGSTAR GOLF CLUB LTD.
CANADIAN WESTERN BANK
NATIONAL LEASING GROUP INC.
ROYNAT INC.
ICE CUBE LEASING INC.

RESPONDENTS

RECEIVER'S CERTIFICATE

- A. By Order pronounced on June 1, 2018, (the "**Receivership Order**") by Madam Justice MacNaughton of the Supreme Court of British Columbia, G. Powroznik Group Inc. of G-Force Group was appointed as the Receiver of the assets, undertakings and property of Morningstar Golf Club Ltd. (and in such capacity, the "**Receiver**").
- B. Pursuant to an order of the Court dated June ___, 2021 (the "**Sale Approval, Vesting and Termination Order**"), the Court approved the asset purchase agreement between Realcor Golf Inc. ("**RGI**") and the Receiver (the "**APA**").
- C. Unless otherwise indicated herein, capitalized terms have the meanings set out in the Sale Approval, Vesting and Termination Order.

THE RECEIVER HEREBY CERTIFIES the following:

1. The Receiver has received the Purchase Price and all conditions of Closing have been satisfied or waived by the applicable parties.

This Certificate was delivered by the Receiver
at [TIME] on _____ 2021.

G. Powroznik Group Inc. of G-Force Group, in its capacity as the Receiver Morningstar Golf Club Ltd., and not in its personal capacity:

Per:

Name

Schedule "C"
Permitted Encumbrances

Schedule "D"
Receiver's Termination Certificate

No. S186288
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN:

REALCOR MORTGAGE CORP.

PETITIONER

AND:

MORNINGSTAR GOLF CLUB LTD.
CANADIAN WESTERN BANK
NATIONAL LEASING GROUP INC.
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RESPONDENTS

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- A. By Order pronounced on June 1, 2018, (the "**Receivership Order**") by Madam Justice MacNaughton of the Supreme Court of British Columbia, G. Powroznik Group Inc. of G-Force Group was appointed as the Receiver of the assets, undertakings and property of Morningstar Golf Club Ltd. (and in such capacity, the "**Receiver**").
- B. Pursuant to an order of the Court dated June ____, 2021 (the "**Sale Approval, Vesting and Termination Order**"), the Court authorized these within proceedings be terminated by delivery of a Receiver's Certificate and upon delivery, the Receiver's Charge, granted in the Receivership Order, will be terminated, released and discharged, and shall be of no further force or effect.
- C. Unless otherwise indicated herein, capitalized terms have the meanings set out in the Sale Approval, Vesting and Termination Order.

THE RECEIVER HEREBY CERTIFIES the following:

1. The Receiver's Charge is hereby terminated, released and discharged, and shall be of no further force or effect.
2. The within proceedings are terminated.

This Certificate was delivered by the Receiver at [TIME] on _____ 2021.

G. Powroznik Group Inc. of G-Force Group, in its capacity as the Receiver Morningstar Golf Club Ltd., and not in its personal capacity:

Per: _____
Name

No. S186288
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN:

REALCOR MORTGAGE CORP.

PETITIONER

AND:

MORNINGSTAR GOLF CLUB LTD.
CANADIAN WESTERN BANK
NATIONAL LEASING GROUP INC.
ROYNAT INC.
ICE CUBE LEASING INC.

RESPONDENTS

ORDER MADE AFTER APPLICATION

**(SALE APPROVAL, VESTING, AND TERMINATION
ORDER)**

DLA Piper (Canada) LLP
Barristers & Solicitors
2800 Park Place
666 Burrard Street
Vancouver, BC V6C 2Z7

Tel. No. 604.687.9444
Fax No. 604.687.1612

File No.: 074081-00004

JDB/day

SCHEDULE 1 - Loans

First mortgage loan over the Morningstar Golf Course registered in the Victoria Land Title Office under Number CA1545577 as amended by Number CA4484571 and securing a balance of \$1,648,593.99 as at May 29, 2018, with per diem interest of \$243.56 on such amount thereafter.

SCHEDULE 2 - Receiver Certificates

MORNINGSTAR GOLF CLUB LTD.

RECEIVER CERTIFICATE

CERTIFICATE NO.	1
AMOUNT	\$ 50,000.00

1. THIS IS TO CERTIFY that G. Powroznik Group Inc., of G-Force Group ("G-Force") the Receiver-Manager (the "**Receiver**") of all of the assets, undertakings and properties of MORNINGSTAR GOLF CLUB LTD. acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (collectively, the "**Property**") appointed by Order of the Supreme Court of British Columbia and/or the Supreme Court of British Columbia (In Bankruptcy and Insolvency) (the "**Court**") dated the 1st day of June, 2018 (the "**Order**") made in SCBC Action No. S-186288 has received as such Receiver from the holder of this certificate (the "**Lender**") the principal sum of \$50,000, being part of the total principal sum of \$500,000 which the Receiver is authorized to borrow under and pursuant to the Order.
2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded monthly not in advance on the 1st day of each month after the date hereof at a rate of 12 per cent per annum.
3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of the Property in respect of its remuneration and expenses.
4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at 4333 Ledger Avenue, Burnaby, BC, Canada V5G 3T3.
5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.
6. The charge securing this certificate shall operate to permit the Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.

7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum under this Certificate in respect of which it may issue certificates under the terms of the Order.

DATED the 1st day of June, 2018.

G. POWROZNIK GROUP INC., solely in its capacity as Receiver of the Property, and not in its personal capacity



Per:

Name: Gary Powroznik, FCPA, LIT

Title: Managing Director

MORNINGSTAR GOLF CLUB LTD.

RECEIVER CERTIFICATE

CERTIFICATE NO.	2	
AMOUNT	\$ 100,000.00	

1. THIS IS TO CERTIFY that G. Powroznik Group Inc., of G-Force Group ("G-Force") the Receiver-Manager (the "**Receiver**") of all of the assets, undertakings and properties of MORNINGSTAR GOLF CLUB LTD. acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (collectively, the "**Property**") appointed by Order of the Supreme Court of British Columbia and/or the Supreme Court of British Columbia (In Bankruptcy and Insolvency) (the "**Court**") dated the 1st day of June, 2018 (the "**Order**") made in SCBC Action No. S-186288 has received as such Receiver from the holder of this certificate (the "**Lender**") the principal sum of \$100,000, being part of the total principal sum of \$500,000 which the Receiver is authorized to borrow under and pursuant to the Order.
2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded monthly not in advance on the 1st day of each month after the date hereof at a rate of 12 per cent per annum.
3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of the Property in respect of its remuneration and expenses.
4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at 4333 Ledger Avenue, Burnaby, BC, Canada V5G 3T3.
5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.
6. The charge securing this certificate shall operate to permit the Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.

7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum under this Certificate in respect of which it may issue certificates under the terms of the Order.

DATED the 10th day of July, 2018.

G. POWROZNIK GROUP INC., solely in its capacity as Receiver of the Property, and not in its personal capacity

Per: 

Name: Gary Powroznik, FCPA, LIT

Title: Managing Director

MORNINGSTAR GOLF CLUB LTD.

RECEIVER CERTIFICATE

CERTIFICATE NO.	3
AMOUNT	\$ 33,163.64

1. THIS IS TO CERTIFY that G. Powroznik Group Inc., of G-Force Group ("G-Force") the Receiver-Manager (the "**Receiver**") of all of the assets, undertakings and properties of MORNINGSTAR GOLF CLUB LTD. acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (collectively, the "**Property**") appointed by Order of the Supreme Court of British Columbia and/or the Supreme Court of British Columbia (In Bankruptcy and Insolvency) (the "**Court**") dated the 1st day of June, 2018 (the "**Order**") made in SCBC Action No. S-186288 has received as such Receiver from the holder of this certificate (the "**Lender**") the principal sum of \$33,163.64, being part of the total principal sum of \$500,000 which the Receiver is authorized to borrow under and pursuant to the Order.
- ~~2.~~ The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded monthly not in advance on the 1st day of each month after the date hereof at a rate of 12 per cent per annum.
3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of the Property in respect of its remuneration and expenses.
4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at 4333 Ledger Avenue, Burnaby, BC, Canada V5G 3T3.
5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.
6. The charge securing this certificate shall operate to permit the Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.

7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum under this Certificate in respect of which it may issue certificates under the terms of the Order.

DATED the 23rd day of August, 2018.

G. POWROZNIK GROUP INC., solely in its capacity as Receiver of the Property, and not in its personal capacity

Per: 

Name: Gary Powroznik, FCPA, LIT

Title: Managing Director

MORNINGSTAR GOLF CLUB LTD.

RECEIVER CERTIFICATE

CERTIFICATE NO.	4
AMOUNT	\$ 116,836.36

1. THIS IS TO CERTIFY that G. Powroznik Group Inc., of G-Force Group ("G-Force") the Receiver-Manager (the "**Receiver**") of all of the assets, undertakings and properties of MORNINGSTAR GOLF CLUB LTD. acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (collectively, the "**Property**") appointed by Order of the Supreme Court of British Columbia and/or the Supreme Court of British Columbia (In Bankruptcy and Insolvency) (the "**Court**") dated the 1st day of June, 2018 (the "**Order**") made in SCBC Action No. S-186288 has received as such Receiver from the holder of this certificate (the "**Lender**") the principal sum of \$116,836.36, being part of the total principal sum of \$500,000 which the Receiver is authorized to borrow under and pursuant to the Order.
2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded monthly not in advance on the 1st day of each month after the date hereof at a rate of 12 per cent per annum.
3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of the Property in respect of its remuneration and expenses.
4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at 4333 Ledger Avenue, Burnaby, BC, Canada V5G 3T3.
5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.
6. The charge securing this certificate shall operate to permit the Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.

7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum under this Certificate in respect of which it may issue certificates under the terms of the Order.

DATED the 7th day of September, 2018.

G. POWROZNIK GROUP INC., solely in its capacity as Receiver of the Property, and not in its personal capacity

Per: 

Name: Gary Powroznik, FCPA, LIT

Title: Managing Director

MORNINGSTAR GOLF CLUB LTD.

RECEIVER CERTIFICATE

CERTIFICATE NO.	5	
AMOUNT	\$ 100,000.00	

1. THIS IS TO CERTIFY that G. Powroznik Group Inc., of G-Force Group ("G-Force") the Receiver-Manager (the "**Receiver**") of all of the assets, undertakings and properties of MORNINGSTAR GOLF CLUB LTD. acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (collectively, the "**Property**") appointed by Order of the Supreme Court of British Columbia and/or the Supreme Court of British Columbia (In Bankruptcy and Insolvency) (the "**Court**") dated the 1st day of June, 2018 (the "**Order**") made in SCBC Action No. S-186288 has received as such Receiver from the holder of this certificate (the "**Lender**") the principal sum of \$100,000.00, being part of the total principal sum of \$500,000 which the Receiver is authorized to borrow under and pursuant to the Order.
2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded monthly not in advance on the 1st day of each month after the date hereof at a rate of 12 per cent per annum.
3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of the Property in respect of its remuneration and expenses.
4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at 4333 Ledger Avenue, Burnaby, BC, Canada V5G 3T3.
5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.
6. The charge securing this certificate shall operate to permit the Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.

7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum under this Certificate in respect of which it may issue certificates under the terms of the Order.

DATED the 19th day of October, 2018.

G. POWROZNIK GROUP INC., solely in its
capacity as Receiver of the Property, and not
in its personal capacity

Per: 

Name: Gary Powroznik, FCPA, LIT

Title: Managing Director

MORNINGSTAR GOLF CLUB LTD.

RECEIVER CERTIFICATE

CERTIFICATE NO.	6
AMOUNT	\$ 100,000.00

1. THIS IS TO CERTIFY that G. Powroznik Group Inc., of G-Force Group ("G-Force") the Receiver-Manager (the "**Receiver**") of all of the assets, undertakings and properties of MORNINGSTAR GOLF CLUB LTD. acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (collectively, the "**Property**") appointed by Order of the Supreme Court of British Columbia and/or the Supreme Court of British Columbia (In Bankruptcy and Insolvency) (the "**Court**") dated the 1st day of June, 2018 (the "**Order**") made in SCBC Action No. S-186288 has received as such Receiver from the holder of this certificate (the "**Lender**") the principal sum of \$100,000.00, being part of the total principal sum of \$500,000 which the Receiver is authorized to borrow under and pursuant to the Order.
2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded monthly not in advance on the 1st day of each month after the date hereof at a rate of 12 per cent per annum.
3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of the Property in respect of its remuneration and expenses.
4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at 4333 Ledger Avenue, Burnaby, BC, Canada V5G 3T3.
5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.
6. The charge securing this certificate shall operate to permit the Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.

7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum under this Certificate in respect of which it may issue certificates under the terms of the Order.

DATED the 31st day of December, 2018.

G. POWROZNIK GROUP INC., solely in its capacity as Receiver of the Property, and not in its personal capacity

Per: 

Name: Gary Powroznik, FCPA, LIT
Title: Managing Director

MORNINGSTAR GOLF CLUB LTD.

RECEIVER CERTIFICATE

CERTIFICATE NO.	7	
AMOUNT	\$ 750,000.00	

1. THIS IS TO CERTIFY that G. Powroznik Group Inc., of G-Force Group (“G-Force”) the Receiver-Manager (the “**Receiver**”) of all of the assets, undertakings and properties of MORNINGSTAR GOLF CLUB LTD. acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (collectively, the “**Property**”) appointed by Order of the Supreme Court of British Columbia and/or the Supreme Court of British Columbia (In Bankruptcy and Insolvency) (the “**Court**”) dated the 1st day of June, 2018 (the “**Order**”) and an Order by the Court After Application on October 4, 2019 (the “**October 4, 2019 Order**”) both made in SCBC Action No. S-186288 (collectively “the **Orders**”) has received as such Receiver from the holder of this certificate (the “**Lender**”) the principal sum of \$750,000, being part of the total principal sum of \$1,400,000 which the Receiver is authorized to borrow under and pursuant to the Orders.
2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded monthly not in advance on the 1st day of each month after the date hereof at a rate of 12 per cent per annum.
3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Orders or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of the Property in respect of its remuneration and expenses.
4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at 4333 Ledger Avenue, Burnaby, BC, Canada V5G 3T3.
5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.
6. The charge securing this certificate shall operate to permit the Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.

7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum under this Certificate in respect of which it may issue certificates under the terms of the Orders.

DATED the 8th day of October 2019.

G. POWROZNIK GROUP INC., solely in its capacity as Receiver of the Property, and not in its personal capacity

Per: 

Name: Gary Powroznik, FCPA, LIT
Title: Managing Director

MORNINGSTAR GOLF CLUB LTD.

RECEIVER CERTIFICATE

CERTIFICATE NO.	8	
AMOUNT	\$ 62,000.00	

1. THIS IS TO CERTIFY that G. Powroznik Group Inc., of G-Force Group ("G-Force") the Receiver-Manager (the "**Receiver**") of all of the assets, undertakings and properties of MORNINGSTAR GOLF CLUB LTD. acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (collectively, the "**Property**") appointed by Order of the Supreme Court of British Columbia and/or the Supreme Court of British Columbia (In Bankruptcy and Insolvency) (the "**Court**") dated the 1st day of June, 2018 (the "**Order**") and an Order by the Court After Application on October 4, 2019 (the "**October 4, 2019 Order**") both made in SCBC Action No. S-186288 (collectively "the **Orders**") has received as such Receiver from the holder of this certificate (the "**Lender**") the principal sum of \$62,000, being part of the total principal sum of \$1,400,000 which the Receiver is authorized to borrow under and pursuant to the Orders.

2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded monthly not in advance on the 1st day of each month after the date hereof at a rate of 12 per cent per annum.

3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Orders or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of the Property in respect of its remuneration and expenses.

4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at 4333 Ledger Avenue, Burnaby, BC, Canada V5G 3T3.

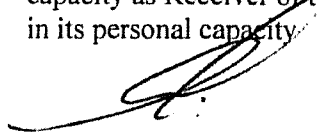
5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.

6. The charge securing this certificate shall operate to permit the Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.

7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum under this Certificate in respect of which it may issue certificates under the terms of the Orders.

DATED the 19th day of May 2020.

G. POWROZNIK GROUP INC., solely in its capacity as Receiver of the Property, and not in its personal capacity.



Per:

Name: Gary Powroznik, FCPA, LIT

Title: Managing Director

MORNINGSTAR GOLF CLUB LTD.

RECEIVER CERTIFICATE

CERTIFICATE NO.	9	
AMOUNT	\$ 37,716.47	

1. THIS IS TO CERTIFY that G. Powroznik Group Inc., of G-Force Group (“G-Force”) the Receiver-Manager (the “**Receiver**”) of all of the assets, undertakings and properties of MORNINGSTAR GOLF CLUB LTD. acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (collectively, the “**Property**”) appointed by Order of the Supreme Court of British Columbia and/or the Supreme Court of British Columbia (In Bankruptcy and Insolvency) (the “**Court**”) dated the 1st day of June, 2018 (the “**Order**”) and an Order by the Court After Application on October 4, 2019 (the “**October 4, 2019 Order**”) both made in SCBC Action No. S-186288 (collectively “the **Orders**”) has received as such Receiver from the holder of this certificate (the “**Lender**”) the principal sum of \$37,716.47, being part of the total principal sum of \$1,400,000 which the Receiver is authorized to borrow under and pursuant to the Orders.

2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded monthly not in advance on the 1st day of each month after the date hereof at a rate of 12 per cent per annum.

3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Orders or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of the Property in respect of its remuneration and expenses.

4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at 4333 Ledger Avenue, Burnaby, BC, Canada V5G 3T3.

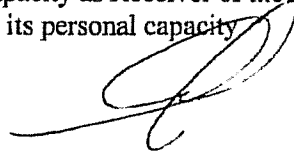
5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.

6. The charge securing this certificate shall operate to permit the Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.

7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum under this Certificate in respect of which it may issue certificates under the terms of the Orders.

DATED the 27th day of July 2020.

G. POWROZNIK GROUP INC., solely in its capacity as Receiver of the Property, and not in its personal capacity



Per:

Name: Gary Powroznik, FCPA, LIT

Title: Managing Director

MORNINGSTAR GOLF CLUB LTD.

RECEIVER CERTIFICATE

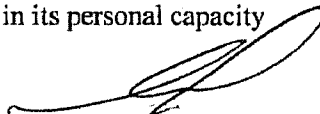
CERTIFICATE NO.	10
AMOUNT	\$ 50,283.53

1. THIS IS TO CERTIFY that G. Powroznik Group Inc., of G-Force Group ("G-Force") the Receiver-Manager (the "**Receiver**") of all of the assets, undertakings and properties of MORNINGSTAR GOLF CLUB LTD. acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (collectively, the "**Property**") appointed by Order of the Supreme Court of British Columbia and/or the Supreme Court of British Columbia (In Bankruptcy and Insolvency) (the "**Court**") dated the 1st day of June, 2018 (the "**Order**") and an Order by the Court After Application on October 4, 2019 (the "**October 4, 2019 Order**") both made in SCBC Action No. S-186288 (collectively "the **Orders**") has received as such Receiver from the holder of this certificate (the "**Lender**") the principal sum of \$50,283.53, being part of the total principal sum of \$1,400,000 which the Receiver is authorized to borrow under and pursuant to the Orders.
2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded monthly not in advance on the 1st day of each month after the date hereof at a rate of 12 per cent per annum.
3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Orders or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of the Property in respect of its remuneration and expenses.
4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at 4333 Ledger Avenue, Burnaby, BC, Canada V5G 3T3.
5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.
6. The charge securing this certificate shall operate to permit the Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.

7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum under this Certificate in respect of which it may issue certificates under the terms of the Orders.

DATED the 27th day of August 2020.

G. POWROZNIK GROUP INC., solely in its capacity as Receiver of the Property, and not in its personal capacity



Per:

Name: Gary Powroznik, FCPA, LIT

Title: Managing Director

MORNINGSTAR GOLF CLUB LTD.

RECEIVER CERTIFICATE

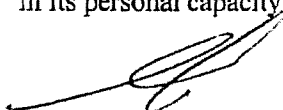
CERTIFICATE NO.	11
AMOUNT	\$ 790,000.00

1. THIS IS TO CERTIFY that G. Powroznik Group Inc., of G-Force Group ("G-Force") the Receiver-Manager (the "**Receiver**") of all of the assets, undertakings and properties of MORNINGSTAR GOLF CLUB LTD. acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (collectively, the "**Property**") appointed by Order of the Supreme Court of British Columbia and/or the Supreme Court of British Columbia (In Bankruptcy and Insolvency) (the "**Court**") dated the 1st day of June, 2018 (the "**Order**") and an Order by the Court After Application on October 4, 2019 (the "**October 4, 2019 Order**") and an Order by the Court After Application on April 22, 2021 (the "**April 22, 2021 Order**"), all made in SCBC Action No. S-186288 (collectively "the **Orders**") has received as such Receiver from the holder of this certificate (the "**Lender**") the principal sum of \$790,000, being part of the total principal sum of \$2,190,000 which the Receiver is authorized to borrow under and pursuant to the Orders.
2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded monthly not in advance on the 1st day of each month after the date hereof at a rate of 12 per cent per annum.
3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Orders or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of the Property in respect of its remuneration and expenses.
4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at 4333 Ledger Avenue, Burnaby, BC, Canada V5G 3T3.
5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.
6. The charge securing this certificate shall operate to permit the Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.

7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum under this Certificate in respect of which it may issue certificates under the terms of the Orders.

DATED the 23rd day of April 2021.

G. POWROZNIK GROUP INC., solely in its capacity as Receiver of the Property, and not in its personal capacity



Per:

Name: Gary Powroznik, FCPA, LIT

Title: Managing Director

SCHEDULE 3 - Owned Real Property

The lands and premises with an address at 525 Lowry's Road, Parksville, British Columbia and legally described as:

Parcel Identifier: 014-884-275

LOT A, DISTRICT LOTS 29, 81, 83 AND 126, NANOOSE DISTRICT, PLAN 49145,
EXCEPT PARTS IN PLANS VIP51714, VIP52613, VIP76030 AND VIP79051

Permitted Encumbrances (unaffected by the Vesting Order)

Legal Notations:

1. THIS CERTIFICATE OF TITLE MAY BE AFFECTED BY THE AGRICULTURAL LAND COMMISSION ACT; SEE AGRICULTURAL LAND RESERVE PLAN NO. 5, DEPOSITED 26 JULY 1974;
2. THIS TITLE MAY BE AFFECTED BY A PERMIT UNDER PART 29 OF THE MUNICIPAL ACT (SEE DF ED115978);
3. HERETO IS ANNEXED EASEMENT EH137064 OVER THAT PART OF LOT 1, PLAN 8903, EXCEPT PARTS IN PLANS 26472, 32898, 45632, 45825, 49145 AND VIP52613 SHOWN ON PLAN VIP59866;
4. HERETO INTER ALIA IS ANNEXED EASEMENT EV155454 OVER THAT PART OF LOTS 2 AND 3, PLAN VIP55697 SHOWN ON PLAN VIP76280;
5. HERETO IS ANNEXED EASEMENT EX74423 OVER THAT PART OF LOT 15, PLAN VIP79051 SHOWN ON PLAN VIP79053;
6. HERETO IS ANNEXED EASEMENT EX74424 OVER THAT PART OF LOT 19, PLAN VIP79051 SHOWN ON PLAN VIP79053;
7. HERETO IS ANNEXED RESTRICTIVE COVENANT EX74425 OVER THOSE PARTS OF LOTS 7, 8, 12, 13, 14, 15, 16, 17, 18, AND 19, PLAN VIP79051 SHOWN ON PLAN VIP79054;
8. HERETO IS ANNEXED RESTRICTIVE COVENANT EX92037 OVER PART OF LOTS 3, 4, 10, 11, 12 & 13, ALL OF PLAN VIP79269 AS SHOWN ON PLAN VIP79270.

Charges, Liens and Interests:

1. Exceptions and Reservations M76300 in favour of Esquimalt and Nanaimo Railway Company;
2. Undersurface Rights S6060 in favour of Weyerhaeuser Company Limited;

3. Covenant S97207 in favour of Her Majesty the Queen in Right of the Province of British Columbia and Regional District of Nanaimo;
4. Statutory Right of Way S97213 in favour of Her Majesty the Queen in Right of the Province of British Columbia;
5. Undersurface and other Exc & Res EC103437 in favour of Her Majesty the Queen in Right of the Province of British Columbia;
6. Covenant EC95138 in favour of Her Majesty the Queen in Right of the Province of British Columbia and Regional District of Nanaimo;
7. Statutory Right of Way EC95146 in favour of Her Majesty the Queen in Right of the Province of British Columbia;
8. Covenant EC98512 in favour of Provincial Agricultural Land Commission;
9. Statutory Right of Way EF171715 in favour of Epcor Water (West) Inc.;
10. Statutory Right of Way EF171717 in favour of Regional District of Nanaimo;
11. Easement EG41354;
12. Statutory Right of Way EH128035 in favour of Her Majesty the Queen in Right of the Province of British Columbia;
13. Easement EH137066;
14. Covenant EL99059 in favour of Regional District of Nanaimo.

SCHEDULE 4 - Contracts

CONTRACTS As of May 19, 2021

Operations Related

1. Collective Agreement with IUOE, Local 115.
2. Wedgewood Golf Management Letter of Engagement dated Oct 21, 2019.
3. Shaw Telephone, Fax, and Internet - Shaw Communications Ltd.
4. Security Monthly Monitoring Agreement - Houle Electric Ltd.
5. Insurance Contract Policy no. SGC10001564 July 15, 2020 - July 15, 2021.
6. Insurance on company pick-up truck – ICBC.
7. National Leasing Group Inc. Lease #2847047 dd 2017 11 27 – For 11 Pieces Greens Equipment Payment 6 remaining payments x \$2200 + tax per annum ending 2021 10 31, with buyout for \$1.
8. Monthly Service Agreement for Copier – AGS Business Systems.
9. Dishwasher lease through Sysco –November 2020 - \$120 / month- Victoria Keystone #502634749.
10. Microsoft 365 licence billed monthly by AGS Business systems.
11. Chronogolf Golf Course Management Software and Lightspeed Point of Sale Service and License Agreement August 19, 2020 and updated May 17, 2021.
12. Golf Vancouver Island marketing and reservation agreement.
13. Carmichael HVAC Preventative Maintenance contract.
14. Chase Bank Paymentech credit card processing services.
15. Elavon Credit Card Processor, pending applications to replace Chase, sent April 18, 2021.
16. Membership Agreements.
17. Encroachment Removal and Development Cooperation Agreement.

Water and Irrigation

1. Water Licence #C132333 dd 2015 07 22 – For the diversion of water from Morningstar Creek in February and March each year into the two main irrigation ponds for storage and source of irrigation.
2. Water Licence #72283 dd 1990 12 14 – For the storage of water in 4 dugout ponds for irrigation.
3. Ministry of Environment Permit #PE-8195 dd 1990 04 26 - For the storage and use for irrigation of discharge effluent provided by the Regional District of Nanaimo (RDN) from the French Creek Pollution Control Centre.
4. RDN and MGC Agreement dd 1989 10 18 - For the supply of treated effluent from RDN's French Creek Pollution Control Centre to MGC.
5. Well license application Tracking #100269131 dd 2018 11 29 and interim authorization dd 2019 06 10 – For drawing groundwater from 3 wells.

6. Pesticide Licence # 23251- the golf course must have a licence as well as each licenced applicator.

Food and Beverage

1. VIHA Permit to Operate dd 2018 08 03 – For Food Services in excess of 50 seats.
2. Liquor Primary License #148270 Expiry Date 2020-08 31 – For the sale of liquor on the (patio) adjoining the restaurant and from the beverage cart.
3. Food Primary Licence #145641 Expiry Date 2020-08 31 – For the sale of liquor with the service of food in the restaurant and outside deck.

SCHEDULE 5 - Equipment

Equipment

As of March 31, 2021

1. GOLF CAR ASSETS

2. GOLF OPERATIONS

- Golf Shop
- Office
- Golf Car Storage Building
- Practice Tee

3. CLUB HOUSE ASSETS

- Clubhouse Building - Upper Level Seating
- The Turn
- Clubhouse Building - Upper Kitchen Level
- Preparation Room
- Clubhouse Building - Lower Level Offices (4)
- Clubhouse Building - Lower Level Food & Beverage
- Clubhouse Building - Lower Level Dry Storage
- Pavilion

4. COURSE MAINTENANCE ASSETS

- Maintenance Equipment
- Hand Tools
- Maintenance Office Furniture & Equipment
- Irrigation System

GOLF CAR ASSETS
As of March 31, 2021

Inventory Management		MORNINGSTAR			
Cart #	Serial Number	8V or 12V	Batt Date Code	JCI/Trojan	OBC Version
1	PH1039-132061	8V	J8	JCI	6.0
2	PH1050-157266	8V	J8	JCI	6.0
3	PH1039-132063	8V	B0	TROJAN	5.5
4	PH1039-131942	8V	J8	JCI	6.0
5	PH1039-131936	8V	B0	TROJAN	5.5
6	PH1039-131927	8V	B0	TROJAN	5.5
7	PH1039-131928	8V	J8	JCI	6.0
8	PH1039-131929	8V	J8	JCI	6.0
9	PH1039-131952	8V	B0	TROJAN	5.5
10	PH1039-131931	8V	B0	TROJAN	5.5
11	PH1039-131959	8V	B0	TROJAN	5.5
12	PH1039-131935	8V	B0	TROJAN	5.5
13	PH1039-131937	8V	B0	TROJAN	5.5
14	PH1039-131962	8V	B0	TROJAN	5.5
15	PH1039-131922	8V	B0	TROJAN	5.5
16	PH1039-131941	8V	B0	TROJAN	5.5
17	PH1039-131982	8V	B0	TROJAN	5.5
18	PH1039-131987	8V	B0	TROJAN	5.5
19	PH1039-131921	8V	B0	TROJAN	5.5
20	PH1039-131924	8V	B0	TROJAN	5.5
21	PH1039-131999	8V	J8	JCI	6.0
22	PH1039-132046	8V	J8	JCI	6.0
23	PH1039-132047	8V	A8	JCI	6.0
24	PH1039-132003	8V	J8	JCI	6.0
25	PH1039-132005	8V	J8	JCI	6.0
26	PH1039-132051	8V	J8	JCI	6.0
27	PH1039-132010	8V	B0	TROJAN	5.5
28	PH1039-132055	8V	B0	TROJAN	5.5
29	PH1039-132043	8V	B0	TROJAN	5.5
30	PH1039-132059	8V	J8	JCI	6.0

GOLF OPERATIONS ASSETS

As of March 31, 2021

Golf Operations Department		
Golf Shop		
Counter	1	
Shelving and display racks	misc	
Flat screen tv	1	
Dell 7010 workstations	2	
HP Laserjet printer	1	
Chairs	2	
Counter and storage cabinets	misc	
I Com hand held radios	5	
Office		
desk/hutch set	1	
office chair	3	
filing cabinet lateral	1	
small fridge	1	
shelving	1	
cash drop safe	1	
Safe 8" x 20"	1	
Dell 7010 workstation	1	
ASUS monitor	2	
HP printer/scanner	1	
Golf Car storage bldg		
Charging units	30	
central charging unit	1	
EP electric range ball washer	1	
Pop up tents	2	
Golf bag storage shelving	misc	
Practice Tee		
Dry range covers	3	
artificial turf stations	9	
EP range ball dispenser	1	
EP range ball picker	1	
Club Car carryall - gas	1	2003

CLUB HOUSE ASSETS
As of March 31, 2021

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CLUBHOUSE BUILDING - UPPER LEVEL SEATING			
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ITEM	QTY	ITEM	QTY
Dining Tables	16	Draft Beer Dispenser	4 outlets
Dining Chairs	44	Pop Dispenser	11 outlets
Deck Tables	6	Receipt Printer	1
Deck Chairs	23	Stainless Bar Back Fridge (non-operational)	1
Umbrellas	6	Coffee pumps (loan from Oughtred)	2
Bar Counter		Coffee machine	1
Bar Stools	4 (in stor.)	Stainless Coffee Carafes	4
F/Screen Samsung TVs	3	iPad	1
Sink - Stainless	single x 3	Chase pin pad	1
Glassware	multiple	Wood Cabinet Storage	2
Coolers	2 (on loan from Pepsi)	Cutlery	3 sets

THE TURN			
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ITEM	QTY	ITEM	QTY
Patio Table	1	Draft Beer Dispenser	2
Patio Chairs	4	POS - Chase/Poynt	2
Umbrella	1	Fridge/mini	1
Slide in Counter		Coffee Dispenser	1
Stool	1	Glass Shelving	2
Sinks	2	Hot Water Disp./Warmer	1
Coolers	2	Hot Dog Roller	1
Portable Cooler	1	Food Steamer	1
iPad	1	Black/Decker Grill Top	1

CLUB HOUSE ASSETS
As of March 31, 2021

301

CLUBHOUSE BUILDING - UPPER KITCHEN LEVEL

ITEM	QTY	ITEM	QTY
Star Micronic Printer	1	Hobart Dishwasher	1
NSF Gas Grill	1	Cooking Trays, pots, pans	Multiple
Quest Deep Fryer	2 units	Mixing/Serving Bowls	Multiple
Royal Conv. Oven	1	Crockery/Cutlery	Multiple
Stainless Sink	1	Cintas First Aid Kit	1
Stainless Prep Counter w/cooler	1	Cintas Eye Wash	1
Vulcan Gas range (6 burner + grill top)	1	Danby 16.7 cu ft Upright Freezer	1

PREPARATION ROOM

ITEM	QTY	ITEM	QTY
Stainless Sink - Double	1	Baking Sheets	Multiple
Stainless Prep. Counter	1	Blentec Blender	Single
Racking		Vollrath Soup Warmer	Single
Cooler - on loan from Pepsi	±	Cambro Food Containers	Multiple
New sliding door cooler 2020	1	Kitchen Utensils	Multiple
Microwave	Single	Cutting Boards	Multiple
Belleco Toaster	Single	Hotel Pans	Multiple
Food Insert containers	Multiple		
Potato Puncher	Single		

CLUB HOUSE ASSETS
As of March 31, 2021

302

CLUBHOUSE BUILDING - LOWER LEVEL OFFICES (4)

ITEM	QTY	ITEM	QTY
Desks	4	Bookcase	3
Boardroom Table	1	Safe - 24" x 24"	1
Boardroom Chairs	8	Dell Computers (2012)	2
Office Chairs	3	Monitors	4
Guest Chairs - brown vinyl	8	Server Power Edge 1900	1
Guest Chairs - gray fabric	4	Back-up APC Pro 1000	1
White Board	1	Copier/Fax/Printer Ricoh (Network Color)	1
Stationery Cabinet	1		
Filing Cabinets	6	Cash Drop Box	1

CLUBHOUSE BUILDING - LOWER LEVEL FOOD & BEVERAGE

(In Cooler Room - walk-in Fridge, walk-in Freezer)

ITEM	QTY	
Freezer - 8 cu. Ft.	1	
Ice Machine & Bin (on lease from Ice Cube Leasing)	1	
Stainless Prep. Counter	1	
Shelving		
Beverage Dispense Pump		Pepsi owned
Draft Beer line system	1	

CLUB HOUSE ASSETS
As of March 31, 2021

303

CLUBHOUSE BUILDING - LOWER LEVEL DRY STORAGE

ITEM	QTY	ITEM	QTY
		Cutlery	Multiple
		Wooden Shelving	Multiple
Indoor Driving Range Net/Pads System	1	Plates - banquet	Multiple
Tables - round - 48"	12	Chairs - brown vinyl	20
Tables - rectangle	1	Banquet Tables - 8' Folding	16
Stacking Event Chairs	150		
Serving Trays Electric & Flame	Multiple		

PAVILION

ITEM	QTY
bar counter	1
moveable counter w/ bev dispenser	1
Sink	Single
Round tables	3
Folding 8 ft banquet tables	15
stacking chairs	6
Flat screen tv's Samsung	2
PA and Music equipment	1
shelving	Multiple
Lecturn	1
Misc office desk assembly components	20

COURSE MAINTANCE ASSETS

As of March 31, 2021

Maintenance Equipment	Year Acquired	Comments
2 Post Hoist	2003	
2 Ton Floor Jack	2004	
3 Ton Floor Jack	1995	
Aerway Slicer	2003	
Anglemaster Bedknife Grinder	1990	
Bench Grinder	1995	
Chevy Pickup Truck	2000	
Club Car Utility Cart #1	1995	
Club Car Utility Cart #2 (1999)	2004	
Club Car Utility Cart #3 (1999)	2004	
Club Car Carry All Turf 2		
Club Car Electric #30		
Compressor 20gal	2003	
Compressor 60gal	1991	
Cub Car Range Cart	2003	
Demo TB200 Turf Brush	2013	Under Lease 2847047
Dewalt 3/8 Cordless Drill	2021	
Dewalt 3/8 Cordless Impact Drill	2021	
Dewalt 3/8 Drill	2000	
Dewalt Palm Sander	2005	
Dewalt Reciprocating Saw	2004	
Drill Press	1995	
Echo hand blower	2020	
Echo water pump 2"	2006	
Express Dual Grinder	1990	
Fuel Tank 300 gallons	2020	
Fuel Tank 500 gallons	2020	
Honda Line Trimmer	2004	
Honda Line Trimmer	2004	
Honda Line Trimmer	2004	
Honda water pump 2"	2014	
Honda water pump 4"	2018	
Honda water pump 4"	2018	
Husky Hedge Trimmer	2004	
Husky Push Mower	2013	
Hydra spread	1995	
Jacobson Core Harvester	2002	
Jacobsen Eclipse Greensmower s/n 6280301688		
Jacobsen HR5111 Noughmower s/n 6911607663		
J D 1070 Tractor	1991	
J D 220A	1995	
J D 220A	1998	
J D 220A	1998	
J D 4120 Tractor	2005	

J D Backhoe 8A	1991	
J D 2000 AerCore		
J D Trap Rake 1200a	2001	
John Deer 2020 Progator Ut Vehicle	2014	Under Lease 2847047
John Deer HD 300 Select Sprayer	2014	Under Lease 2847047
John Deere Gator TX Turf Ut Vehicle	2014	Under Lease 2847047
Kabota 60" Mowing Deck	1998	
LicIn Welder	2005	
Long Arm Crane 2 Ton	1993	
Makita ½" Drill	2002	
Makita Belt Sander	2000	
Makita Chop Saw	2000	
Makita Cordless Drill	2006	
Makita Orbital Sander	2002	
Mastercraft Mitre Saw	2007	
MTD Rotary 22"	2004	
Orchard Ladder 20'		
Peerless Relief Grinder (1980)	2004	
PowerJet Pressure Washer	2012	
Prize Lawn CBR III Spreader	2008	
P3-Power Generator	2005	
Prize Lawn CBR III Spreader	2008	
RedMax Recip Cutter	2013	
Ryan Ga 30	1999	
Ryan Renovair	1990	
Ryan Sod Cutter	1995	
Salsco Greens Roller and Trailer	2012	
Scotts Spreader	2004	
Scotts Spreader	2004	
Seco Transit	2004	
Paint Spray Gun		
Sthil Pole Saw	2020	
Sthil Chainsaw 260	2010	
Sthil Chainsaw Magnun	2002	
Sthil String Trimmer	2014	
Sthil String Trimmer	2014	
Stihl Backpack Blower	2018	
Stihl Backpack Blower	2010	
TD Top Dresser		
True Surface Vibratory Rollers x 3	2014	
Tire Machine	1995	
Toro 11 blade reels	2000	
Toro 3150	2003	tee mower
Toro Greenspaster 3150 Triplex (used)	2007	Under Lease 2847047 - tee mower
Toro Greensmaster 3150 Triplex	2014	Under Lease 2847047 - primary
Toro 3150 #2	2003	*** Being used for parts
Toro 3500 D	2003	*** Being used for a trade
Toro Groundsmaster 3500D	2014	Under Lease 2847047 - sidewinder
Toro Greensmaster 4500 D	2003	

Toro 5200 D	2003	fairway verticutter
Toro 5410D	2011	fairway
Toro 5410D	2011	fairway
Toro Procore 648	2006	
Toro Aero Thatch 83 & Seeder 93	2006	
Toro Fwy Verticuting Reels (2003)	2007	
Toro Greens Verticuting Reels	1999	
Toro Proforce Blower	2014	Under Lease 2847047
Toro Reelmaster 5000 Brush Kits x 2	2014	Under Lease 2847047
Toro Rollers	2004	
Toro Sandpro 3040	2014	Under Lease 2847047
Toro Trap Rake (1999) 3020	2011	*** Requires parts - repair quote
Toro Workman 1100	2005	*** Currently away for repair
Toro Workman 2110	2005	*** Will be taken for repair
Toro Workman 3300	2007	
Toro Workman 3200	2005	
Transit Set		
Tycrop MH 400	2010	
Tycrop Topdressor	2006	
Vermeer Chipper 600XL	2005	
Vicon Spreader	1990	
Water pump 2"	2012	
Wire Locator 541	2008	
Hand Tools		Quantity
Metric Wrench Set		1
SAE Wrench Set		1
Wrenches		7
Screw Driver Sets		1
Saws		4
Miscellaneous Tools		30
<i>Crowbar, Tape Measures, Levels, etc.</i>		
Landscape Tools		
Shovels		16
Rakes		18
Misc		30
<i>Edging, Forks, Brooms, etc.</i>		
Garden Tools		
Hand Pruners		1
Loppers		2
Hedge Trimmer		1
Pole Saw		2
Misc		10
<i>Weeder, Hoe, Trowels, Jugs, Sprinklers</i>		

Specialty Tools		
Cup Cutters		3
Cup Setters		2
Hex Repair Tool		1
Sod Slide		1
Dew Whip		1
Drag Mat		2
Maintenance Office Furniture & Equipment		
	Quantity	Description
desk	4	
chairs	6	
computer monitor	2	
workstations	1	
keyboard	3	
mouses	3	
printers	2	
filing cabinets	3	
storage cabinets	4	
Toro Irrigation system - Site pro	1	workstation & software
Lunch room		
tables	2	
chairs	12	
lockers	14	
fridge	1	
microwave	1	
toaster	1	
washer	1	
dryer	1	
Irrigation System		
	Quantity	Comments
Pump # 1, Jockey 25hp	1	
Pump # 2 - 50HP	1	
Pump # 3 - %0 HP	1	overhauled in Feb '21
1/2 HP compressor	1	acquired in 2020 to run the aerators
Aerators	9	

SCHEDULE 6 - Intellectual Property

INTELLECTUAL PROPERTY ASSETS

As of March 31, 2021

1. Internet domain names – www.morningstargolf.com (registered with Go Daddy # 234135986)
 - a. Facebook
 - b. Instagram
 - c. Twitter
2. Morningstar logo art files
3. Name 'Morningstar Golf Club'
4. Any and all copyrights (registered and unregistered) and copyrightable works and registrations and applications for registration
5. Computer software, data, databases, and related documentation
 - a. Includes 9 Office 365 licences, ChronoGolf, Lightspeed POS, and ChronoPitch CRM
6. List of members
7. Trade secrets and other confidential information (including ideas, financial and marketing plans, customer and supplier lists)
8. Golf Vancouver Island, BC Golf Guide, Golf Central, Parksville Qualicum Beach Tourism Assn and local hotel partner relationships
9. Vancouver Island Economic licensee
10. Parksville Chamber of Commerce membership
11. Golf Canada and British Columbia Golf memberships
12. Library of photographs

SCHEDULE 7 - Statutory Priority Claims

**Statutory Priority Claims
As of April 30, 2021**

	\$
Property Taxes due to BC Ministry of Finance	124,147.08
Employee withholdings due to Canada Revenue Agency	41,535.82
GST due to Canada Revenue Agency	7,335.11
Worksafe BC	6,786.31
WEPPA	2,000.00
	<u>181,804.32</u>

SCHEDULE 8 - Encroachment Removal and Development Cooperation Agreement

ENCROACHMENT REMOVAL AND DEVELOPMENT COOPERATION AGREEMENT

THIS AGREEMENT dated JUNE 11 , 2021 is between:

G.POWROZNIK GROUP INC., solely in its capacity as court-appointed receiver and manager of the assets, undertakings and properties of **MORNINGSTAR GOLF CLUB LTD.**, and not in its personal capacity

(the "Receiver")

AND

LOT G HOLDINGS LTD., a company incorporated under the laws of British Columbia.

("LGH")

BACKGROUND

A. LGH is the owner of those certain lands located in the vicinity of Parksville B.C. and legally described in Schedule "A" hereto ("**Lot G**").

B. Pursuant to an order of the Supreme Court of British Columbia (Vancouver) dated June 1, 2018 (the "**Receivership Order**"), the Receiver was appointed as receiver and manager of the assets, properties and undertakings of Morningstar Golf Club Ltd. (the "**Debtor**") comprising the Morningstar Golf Course located in the vicinity of Parksville B.C. (the "**MGC Assets**") including those lands and premises located adjacent to Lot G and legally described as Schedule "A" hereto (the "**MGC Lands**").

C. There are certain encroachments from the MGC Lands onto Lot G as shown on the sketch plan attached as Schedule "D" of this Agreement (the "**Encroachments**") which must be removed by the Receiver or any purchaser of the MGC Assets from the Receiver.

D. LGH intends to develop Lot G in accordance with the Lot G Development Plan (as defined herein) which includes *inter alia* certain applications and undertakings requiring the cooperation of the owner of the MGC Lands.

E. The parties have agreed to enter into this agreement to reach mutually acceptable understandings to address the Encroachments and to commit to certain land exchanges and easements that, in combination, will facilitate the sale of the MGC Assets by the Receiver and the development of Lot G by LGH.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which each of the parties acknowledge, the parties agree as follows:

Article 1

INTERPRETATION

1.1 **Defined Terms.** In this Agreement:

- (a) **"Agreement"** means this agreement, including all Schedules, as it may be supplemented, amended, restated or replaced from time to time.
- (b) **"ALC"** means the Agricultural Land Commission of the Province of British Columbia.
- (c) **"ALR"** means the agricultural land reserve designated by the ALC under the *Agricultural Land Commission Act* (BC).
- (d) **"Approvals"** means the applications and approvals required by LGH from the relevant governmental or regulatory authorities to complete the Lot G Development Plan.
- (e) **"Business Day"** means any day except Saturday, Sunday or statutory holiday in the Province of British Columbia.
- (f) **"Connector Paths"** has the meaning given in paragraph 2.2(b)(iii).
- (g) **"Debtor"** has the meaning given in Recital B of this Agreement.
- (h) **"Encroachment Removal Deadline"** has the meaning given in paragraph 2.3(d) hereof.
- (i) **"Encroachments"** has the meaning given in Recital C of this Agreement and as further described in paragraph 2.2 hereof.
- (j) **"Existing Easements"** has the meaning given in paragraph 2.2 hereof.
- (k) **"Land Exchange"** has the meaning given in paragraph 2.1(a) hereof.
- (l) **"Lot 1"** means the parcel of land to be subdivided from Lot G and comprising approximately 3.98 hectares of land as shown on Lot G Subdivision Plan, the dimensions of which may be modified if LGH is required to revise the Lot G Subdivision Plan.
- (m) **"Lot 2"** means the approximately 4.60 hectares parcel of land remaining after Lot 1 is subdivided from Lot G, as shown on the Lot G Subdivision Plan, the dimensions of which may be modified if LGH is required to revise the Lot G Subdivision Plan.
- (n) **"Lot G"** has the meaning given in Recital A of this Agreement.
- (o) **"Lot G Development Plan"** has the meaning given in paragraph 2.1 hereof.
- (p) **"Lot G Rezoning Bylaw"** means LGH's pending rezoning and Official Community Plan of the RDN amendment application with the RDN under File No. (PL2019-051) to *inter alia* permit the subdivision of Lot G into two lots with zones as designated in the amending bylaw and varying the minimum lot size under the current Official Community Plan of the RDN for Lot 2.
- (q) **"Lot G Subdivision Plan"** means the subdivision plan of Lot G to subdivide Lot 1 and Lot 2 from Lot G, subject to approval of the MOTI and ALC, a copy of which is attached hereto as Schedule "C".

- (r) "MGC Assets" has the meaning given in Recital B of this Agreement.
- (s) "MGC Lands" has the meaning given in Recital B of this Agreement.
- (t) "MGC Lands Requirements" has the meaning given in paragraph 2.2 hereof.
- (u) "MOTI" means the Ministry of Transportation and Infrastructure of British Columbia.
- (v) "New Golf Cart and Utilities Easement" has the meaning given in paragraph 2.2 hereof.
- (w) "Notches" has the meaning given in paragraph 2.1(a)(ii) hereof.
- (x) "Parties" means LGH and the Receiver, collectively, and "Party" means either one of them.
- (y) "Permit" means any building permit, development permit or development variance permit application, rezoning, OCP or bylaw amendment application or other material municipal approval or permit issued by the RDN, the MOTI or any other governmental authority having jurisdiction over Lot G or the MGC Lands.
- (z) "Postage Stamp" has the meaning given in paragraph 2.1(a)(iii) hereof.
- (aa) "RDN" means the Regional District of Nanaimo.
- (bb) "Strip" has the meaning given in paragraph 2.1(a)(i).
- (cc) "Subdivision 1" has the meaning given in paragraph 2.1(a)(ii).
- (dd) "Subdivision 2" has the meaning given in paragraph 2.1(a)(iii).
- (ee) "Water Well" has the meaning given in paragraph 2.1(e) hereof.

1.2 **Schedules.** The following are the schedules attached to and incorporated in this Agreement by reference and are considered to be a part hereof:

Schedule "A"	-	Legal Descriptions
Schedule "B.1"	-	Land Exchange - Subdivision 1
Schedule "B.2"	-	Land Exchange - Subdivision 2
Schedule "C"	-	Lot G Subdivision Plan
Schedule "D"	-	Encroachments
Schedule "E"	-	Strip, Notches and Postage Stamp
Schedule "F.1"	-	New Golf Cart and Utilities Easement Terms of Instrument
Schedule "F.2"	-	New Golf Cart and Utilities Easement Location

Article 2

COOPERATION

2.1 **Lot G Development Plan.** The Parties acknowledge and agree that LGH intends to develop Lot G (collectively, the "Lot G Development Plan") by:

- (a) completing one or more transfers, subdivisions and/or other applications pertaining to Lot G and the MGC Lands such that:
 - (i) the part of Lot G shown on Subdivision Plan EPP109379 attached hereto as Schedule "B.1" (the "Strip") will be transferred to the Receiver as owner of the

MGC Lands and thereafter consolidated with a portion of the MGC Lands to create a new legal parcel as shown on Subdivision Plan EPP109379. For greater certainty the Strip is also shown in red and labeled on the sketch plan attached as Schedule "E" hereto;

- (ii) those parts of the MGC Lands shown on Subdivision Plan EPP109379 attached hereto as Schedule "B1" (collectively, the "**Notches**") will be transferred to LGH as owner of Lot G and thereafter consolidated with Lot G to create a new legal parcel as shown on Subdivision Plan EPP109379. For greater certainty, the Notches are also shown in green and labeled on the sketch plan attached hereto as Schedule "E" (the subdivision described in paragraph 2.1(a)(i) and 2.1(a)(ii) hereinafter referred to as "**Subdivision 1**"); and
- (iii) that part of Lot G comprising 0.35 hectares of land shown in red and labelled on the sketch plan attached hereto as Schedule "E" (the "**Postage Stamp**") will be transferred to the Receiver as owner of the MGC Lands and thereafter consolidated with the new legal parcel subdivided from the MGC Lands referred to in paragraph 2.1(a)(i) as shown on the proposed subdivision plan attached hereto as Schedule "B.2" ("**Subdivision 2**"),

(Subdivision 1 and Subdivision 2, collectively, the "**Land Exchange**").

- (b) obtaining fourth reading of the Lot G Rezoning Bylaw by the RDN;
- (c) completing the Lot G Subdivision;
- (d) obtaining such other Permits or approvals as may be required by LGH to develop Lot G; and
- (e) constructing, installing, maintaining and operating a water well on Lot G for the benefit of the proposed Lot 2 (the "**Water Well**") to the satisfaction of the RDN.

2.2 **MGC Lands Requirements.** The Parties acknowledge and agree that in connection with the Lot G Subdivision Plan and/or to facilitate the sale of the MGC Lands, the Receiver and/or LGH, as the case may be, will complete the following requirements (collectively, the "**MGC Lands Requirements**"):

- (a) promptly after completion or concurrently with the Land Exchange:
 - (i) a new easement in the form attached as Schedule "F1" or in such other form as the parties may agree in writing, will be granted by LGH over the portion of Lot G shown on the survey plan attached hereto as Schedule "F" to allow the construction and maintenance of a golf cart path and utilities over, in and under the proposed easement area ("**New Golf Cart and Utilities Easement**") and registered against title to Lot G;
 - (ii) the Receiver will discharge the existing easements CA7692581 and CA7692583 registered against Lot G, as servient tenement, in favour of the MGC Lands, as dominant tenement within seven days of receipt of registrable discharges of the same from LGH (collectively, the "**Existing Easements**"); and
- (b) the Receiver will remove all of the Encroachments as shown on Schedule "D" hereto, as may be identified by notice from LGH to the Receiver, including, without limitation:

- (i) the approximately 30 metres of ditch in the panhandle portion of Lot G that drains into the pond on Hole 5 of the golf course on the MGC Lands;
- (ii) the golfcart/pedestrian pathways located at several locations on Lot G along Holes 6 and 7 of the golf course on the MGC Lands; and
- (iii) the two existing cart paths connecting green #5 and tee #8 with tee #6 and green #7 (the "**Connector Paths**") as shown in red and labelled on Schedule "D".

2.3 **Cooperation.** The Receiver and LGH hereby approve the Lot G Development Plan and the MGC Lands Requirements, and agree to provide all reasonable cooperation to each other in respect thereto. In particular, the Receiver agrees to fully cooperate with the requirements of LGH in connection with the Lot G Development Plan and not to oppose the same. Without limiting the generality of the foregoing, the Receiver agrees to:

- (a) sign all instruments, subdivision plans, documents or consents, in registrable form, when applicable, within seven days after receipt of same, and promptly do all such further acts as may be required to complete the Land Exchange, which documents are to be prepared by LGH and for which costs are to be shared by the Parties in accordance with paragraph 2.6;
- (b) with respect to LGH's applications to the ALC, not to oppose in any way any of LGH's applications to the ALC to exclude any or all of Lot G from the ALR;
- (c) execute and deliver a discharge of the Existing Easements to be registered concurrently with the New Golf Cart Easement following the completion of the Land Exchange;
- (d) remove the Encroachments from Lot G and restore any damage caused to Lot G as a result thereof on or before the completion of the sale of the MGC Assets and the MGC Lands to a purchaser, unless otherwise agreed to by LGH in writing (the "**Encroachment Removal Deadline**"). The removal of the Encroachments shall be completed by a qualified professional engineer licenced to practice in BC and shall be completed to the satisfaction of LGH, acting reasonably, at the sole cost and expense of the Receiver. The Receiver's qualified professional engineer shall promptly and diligently restore any damage caused to Lot G as the result of the removal of the Encroachments from Lot G. Notwithstanding the foregoing, the Receiver shall not be required to remove the Encroachments by the Encroachment Removal Deadline if the Receiver obtains a written agreement of the purchaser of the MGC Assets in favour of LGH to pay to LGH or its solicitors, in trust, a sum of \$100,000 as a bond for the completion of the removal of the Encroachments and a covenant to complete the removal of the Encroachments as required under this paragraph 2.3(d) within 6 months of the completion of the sale of the MGC Assets; and
- (e) promptly execute and deliver at the reasonable request of LGH all such further documents, deeds and instruments within seven days after receipt of same, and promptly perform all such further acts as may be reasonably requested by LGH to facilitate the Lot G Development Plan.

2.4 **Reasonable Access.** The Receiver shall permit reasonable access by LGH at its own risk over fairways 6 and 7 to the Lot G panhandle to conduct further work on Lot G that might be required to complete applications by LGH for subdivision and development approvals or approvals of the Water Well. LGH agrees to indemnify and hold harmless the Purchaser for damage to the MGC Assets or business caused by LGH or its agents or subcontractors;

2.5 **Costs and Expenses.** Except as otherwise specified in this Agreement, all costs and expenses (including the fees and disbursements of accountants, Receiver, legal counsel and other

professional advisers) incurred in connection with this Agreement are to be paid by the Party incurring those costs and expenses. If this Agreement is terminated, the obligation of each Party to pay its own costs and expenses is subject to each Party's respective rights arising from a breach or termination.

- 2.6 **Timing of Land Exchange.** LGH and the Receiver acknowledge that the Land Exchange is currently in progress and that LGH has submitted subdivision applications to MOTI to approve the Land Exchange. LGH has received preliminary layout review for Subdivision 1 on March 2, 2021 (MOTI File No. 2020-04421) and has received preliminary layout review for Subdivision 2 on May 13, 2021 (MOTI File No. 2021-01216). LGH and the Receiver agree to cooperate to complete the Land Exchange within 12 months of the execution and delivery of this Agreement or such other time mutually agreed upon by the parties in writing.
- 2.7 **Costs for Land Exchange.** Notwithstanding paragraph 2.5 hereof, all application, survey and registration costs associated with the Land Exchange shall be borne equally by LGH and the Receiver.
- 2.8 **Representation of Receiver.** The Receiver represents and warrants to LGH that the Receiver has the right to enter into this Agreement.
- 2.9 **Assignment by Receiver on Sale.** The Receiver shall assign its obligations under this Agreement to any prospective purchaser of the MGC Assets and MGC Lands as a condition of and upon closing of such a sale and shall obtain a written assumption agreement on the closing of such sale in favour of LGH and in a form acceptable to LGH, acting reasonably, signed by the Purchaser in connection with such assignment and assumption. Upon closing of the sale of the MGC Assets and MGC Lands and upon the delivery of the written assumption agreement by the purchaser thereof to LGH, the Receiver will be released from its obligations under this Agreement, and the purchaser will be solely responsible for performance of such obligations.

Article 3

GENERAL

- 3.1 **Amendment.** This Agreement may be amended or supplemented only by a written document signed by the party intended to be obligated by it.
- 3.2 **References to Lands.** Any references to Lot G and MGC Lands shall be interpreted to refer to any parcels subdivided from or consolidated with such lands as the context requires.
- 3.3 **Entire Agreement.** This Agreement is the entire agreement between the Parties relating to the subject matter of this Agreement and supersedes any prior agreement, negotiations, and discussions, whether oral or written, of the Parties. There are no representations, warranties, covenants, or agreements, express or implied, statutory, collateral, or otherwise, save as set forth herein.
- 3.4 **Governing Law.** This Agreement will be governed by, and construed in accordance with, British Columbia law and applicable Canadian law and will be treated in all respects as a British Columbia contract.
- 3.5 **Binding Agreement.** This Agreement will bind and benefit each of the Parties, and each of their respective successors, heirs, executors, personal representatives and permitted assigns.
- 3.6 **Time of the Essence.** Time shall be of the essence under this Agreement and in respect to all matters to be completed hereunder.

3.7 **Notices.** In this Agreement:

- (a) any notice or communication required or permitted to be given under the Agreement will be in writing and will be considered to have been given if delivered by hand, transmitted by facsimile transmission or mailed by prepaid registered post in Canada, to the address, facsimile transmission number or e-mail of each Party set out below:

- (i) if to LGH:

Operating Engineers' Pension Plan
4333 Ledger Avenue
Burnaby, BC
V5G 3T3 Canada
Attention: Mr. Lee Riggs
Fax No: (604) 473-5235

- (ii) if to the Receiver:

Suite 710 – 750 Pender Street West
Vancouver, British Columbia
V6C 2T7, Canada
Attention: Gary Powroznik
Fax No.: (778) 370-0043

or to such other address or facsimile transmission number as any Party may designate in the manner set out above;

- (b) notice or communication will be considered to have been received:
- (i) if delivered by hand during business hours, upon receipt by a responsible representative of the receiver, and if not delivered during business hours, upon the commencement of business on the next Business Day;
- (ii) if sent by facsimile transmission during business hours, upon the sender receiving confirmation of the transmission, and if not transmitted during business hours, upon the commencement of business on the next Business Day; and
- (iii) if mailed by prepaid registered post in Canada, upon the 5th Business Day following posting; except that, in the case of a disruption or an impending or threatened disruption in postal services every notice or communication shall be delivered by hand or sent by facsimile transmission.
- (c) All notices to be provided by any Party to another Party will be provided concurrently to the remaining Party to this Agreement.

3.8 **Severability.** If any provision of this Agreement is determined to be invalid or unenforceable in whole or in part, such invalidity or unenforceability attaches only to such provision and everything else in this Agreement continues in full force and effect.

3.9 **Receiver's Capacity.** The Receiver acts solely in its capacity as court-appointed receiver and manager of the Debtor and will have no personal or corporate liability under this Agreement.

[Signature page follows]

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

LOT G HOLDINGS LTD.


By:



Authorized Signatory *LEE RIGGS*

G. POWROZNIK GROUP INC., solely in its capacity as court-appointed receiver and manager of the assets, undertakings and properties of **MORNINGSTAR GOLF CLUB LTD.**, and not in its personal capacity

By:


Authorized Signatory

SCHEDULE "A"

Legal Descriptions

Lot G

PID: 014-884-518, LOT G DISTRICT LOTS 81 AND 126, NANOOSE DISTRICT, PLAN 49145 EXCEPT PART IN PLANS VIP53112 AND VIP70880

MGC Lands

PID: 014-884-275, LOT A, DISTRICT LOTS 29, 81, 83 AND 126, NANOOSE DISTRICT, PLAN 49145, EXCEPT PARTS IN PLANS VIP51714, VIP52613, VIP76030 AND VIP79051

SCHEDULE "B.1"

Land Exchange

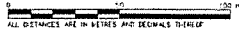
Subdivision 1

[See Attached]

SUBDIVISION PLAN OF LOT G, DISTRICT LOTS 81 AND 126, PLAN 49145 EXCEPT PART IN PLANS VP53112 AND VP70880; AND PART OF LOT A, DISTRICT LOTS 29, 81, 83 AND 126, PLAN 49145, EXCEPT PARTS IN PLANS VP51714, VP52613, VP76030 AND VP79051; ALL OF NANOOSE DISTRICT

PLAN EPP109379

BCGS 82F.039



ALL DISTANCES ARE IN METRES AND DECIMALS THEREOF
 THE INTENDED PLOT SIZE OF THIS PLAN IS 864 m² IN WIDTH BY 306 m IN DEPTH (20-500) WHEN PLOTTED AT A SCALE OF 1:10000

GRID BEARINGS ARE DERIVED FROM DIFFERENTIAL GALILEO FREQUENCY OBSERVATIONS AND ARE REFERRED TO THE CENTRAL MERIDIAN OF UTM ZONE 16 (12° WEST LONGITUDE)

THE UTM ZONE IS COORDINATE AND ESTIMATED ABSOLUTE ACCURACY DATA IS DERIVED FROM GLOBAL POSITIONING SYSTEM OBSERVATIONS USING THE PRECISE POINT POSITIONING SERVICE OF NATURAL RESOURCES CANADA

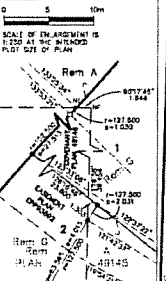
THIS PLAN SHOWS HORIZONTAL GROUND LEVEL DISTANCES UNLESS OTHERWISE NOTED TO COMPUTE GRID DISTANCES MULTIPLY GROUND LEVEL DISTANCES BY THE AVERAGE CORRECTION FACTOR OF 0.99972. THE AVERAGE CORRECTION FACTOR HAS BEEN DETERMINED BASED ON AN ELLIPSOIDAL ELEVATION OF 30.87 METRES

LEGEND:

- | SYMBOLS | DESCRIPTION |
|---------|----------------------------|
| ▲ | ODIS CONTROL STATION |
| ⊕ | STANDARD CEMENT POST |
| ⊙ | STANDARD IRON POST |
| ⊖ | NON-STANDARD IRON POST |
| + | DEMONSTRATES |
| ⊕ | DEMONSTRATES BOUNDS |
| ⊙ | DEMONSTRATES CENTRES |
| ⊖ | DEMONSTRATES DISTRICT LOT |
| + | DEMONSTRATES HECTARE |
| ⊕ | DEMONSTRATES HECTARE BOUND |
| ⊙ | DEMONSTRATES REMAINDER |
| ⊖ | DEMONSTRATES WITNESS |

NOTE:
 THIS PLAN SHOWS ONE OR MORE WHITE POSTS WHICH ARE NOT SET ON THE TRUE CORNERS.
 SOME POSTS ARE ENLARGED FOR CLARITY

DETAIL



DISTRICT LOT 20
 COVENANT PLAN 49146
 PARCEL C (DD 33738)
 DISTRICT LOT 21
 PLAN EPP56384
 SRW PLAN EPP58446

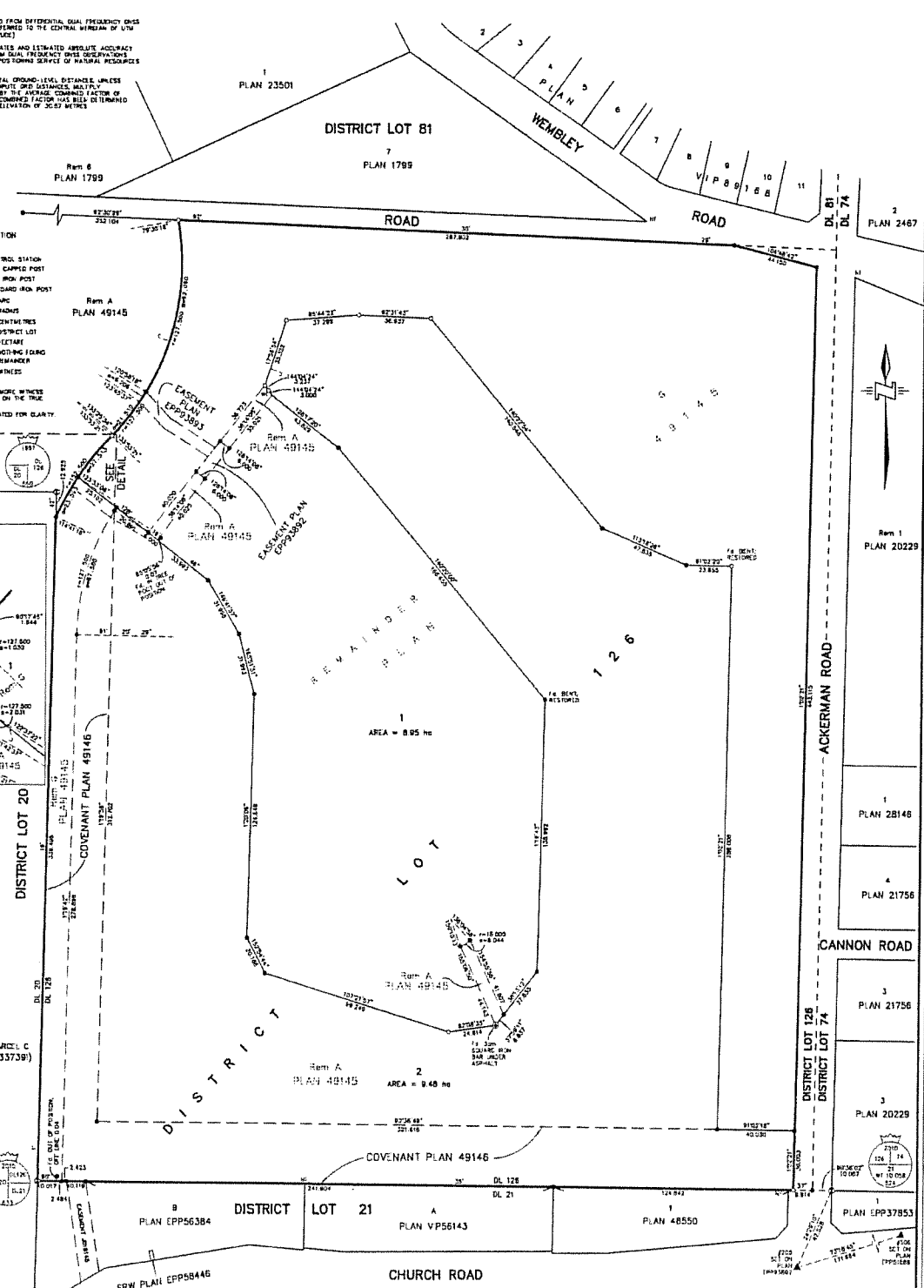


TABLE OF UTM CONTROL STATIONS

UTM ZONE, E5, MAGNETIC (EPOCH 1987.0) (VANCOUVER ISLAND)	ODIS CONTROL STATION	UTM NORTHING	UTM EASTING	POINT CORRECTION FACTOR	ABSOLUTE ACCURACY
16N	546877.63	489878.05	0.999720	0.05	
16N	546828.83	492740.84	0.999722	0.07	

THIS PLAN LIES WITHIN THE JURISDICTION OF THE APPROVING OFFICER FOR THE MINISTRY OF TRANSPORTATION AND INFRASTRUCTURE.
 THIS PLAN LIES WITHIN THE AGRICULTURAL LAND RESERVE APPROVAL IS BEING GRANTED UNDER PART 2, SECTION 2 OF THE AGRICULTURAL LAND RESERVE ORDER, REGULATION 81/2000.
 THIS PLAN LIES WITHIN THE REGIONAL DISTRICT OF NANAIMO.
 THE FIELD SURVEY REPRESENTED BY THIS PLAN WAS COMPLETED ON THE 10TH DAY OF MARCH, 2021.
 TERRY GOODENOUGH, B.S.C., B.S.M.

M.H. HANLEY ASSOCIATES AND SURVEYING LTD.
 Suite 1
 1281 Calverton Avenue
 Nanaimo, BC
 Canada V9T 3Y3
 Tel: 250 718 3336
 Fax: 250 718 3336
 P.L.L. NO. 2232 (00445-01)
 PRINTING NO. 10985-3 W 5 98104

SCHEDULE "B.2"

Land Exchange

Subdivision 2

[See Attached]

**PROPOSED SUBDIVISION PLAN OF PART OF LOT 1;
AND LOT 2; BOTH OF DISTRICT LOT 126,
NANOOSSE DISTRICT, PLAN EPP109379**

BCDS 92F.030

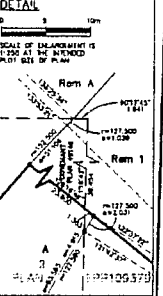
ALL DISTANCES ARE IN METRES AND DECIMALS THEREOF
THE INTENDED PLOT SIZE OF THIS PLAN IS 844.00 M² IN
WIDTH BY 540.00 M IN HEIGHT (D-SIZE) WHEN PLOTTED AT
A SCALE OF 1:1000

ONE METRE APPROX ARE DERIVED FROM DIFFERENTIAL GLOBAL FREQUENCY GPS
OBSERVATIONS AND ARE REFERRED TO THE CENTRAL MERIDIAN OF UTM
ZONE 18 (72° WEST LONGITUDE)
THE UTM ZONE IS CONSIDERED AND ESTIMATED APPROXIMATE ACCURACY
ADVERSE ARE DERIVED FROM GLOBAL FREQUENCY GPS MEASUREMENTS TO
PRECISE POINT POSITIONING BASED ON NAD83/CORS: 800 BC 1.1.1.1
THIS PLAN SHOWS HORIZONTAL GROUND-LEVEL DISTANCES UNLESS
OTHERWISE NOTED. TO COMPUTE GROUND DISTANCES, MULTIPLY
GROUND-LEVEL DISTANCES BY THE AVERAGE CORRECTION FACTOR OF
0.999997. THE AVERAGE CORRECTION FACTOR HAS BEEN DETERMINED
BASED ON AN ELLIPSOIDAL ELEVATION OF 3027 METRES

LEGEND:

SYMBOLS	DESCRIPTION
△	OSM CONTROL STATION
○	STANDARD CLAMPED POST
□	STANDARD MON. POST
+	DEMONSTR. ARC
r	DEMONSTR. RADIUS
⊖	DEMONSTR. HEAVY
⊕	DEMONSTR. METRES BOUNDARY
⊗	DEMONSTR. BOUNDARY

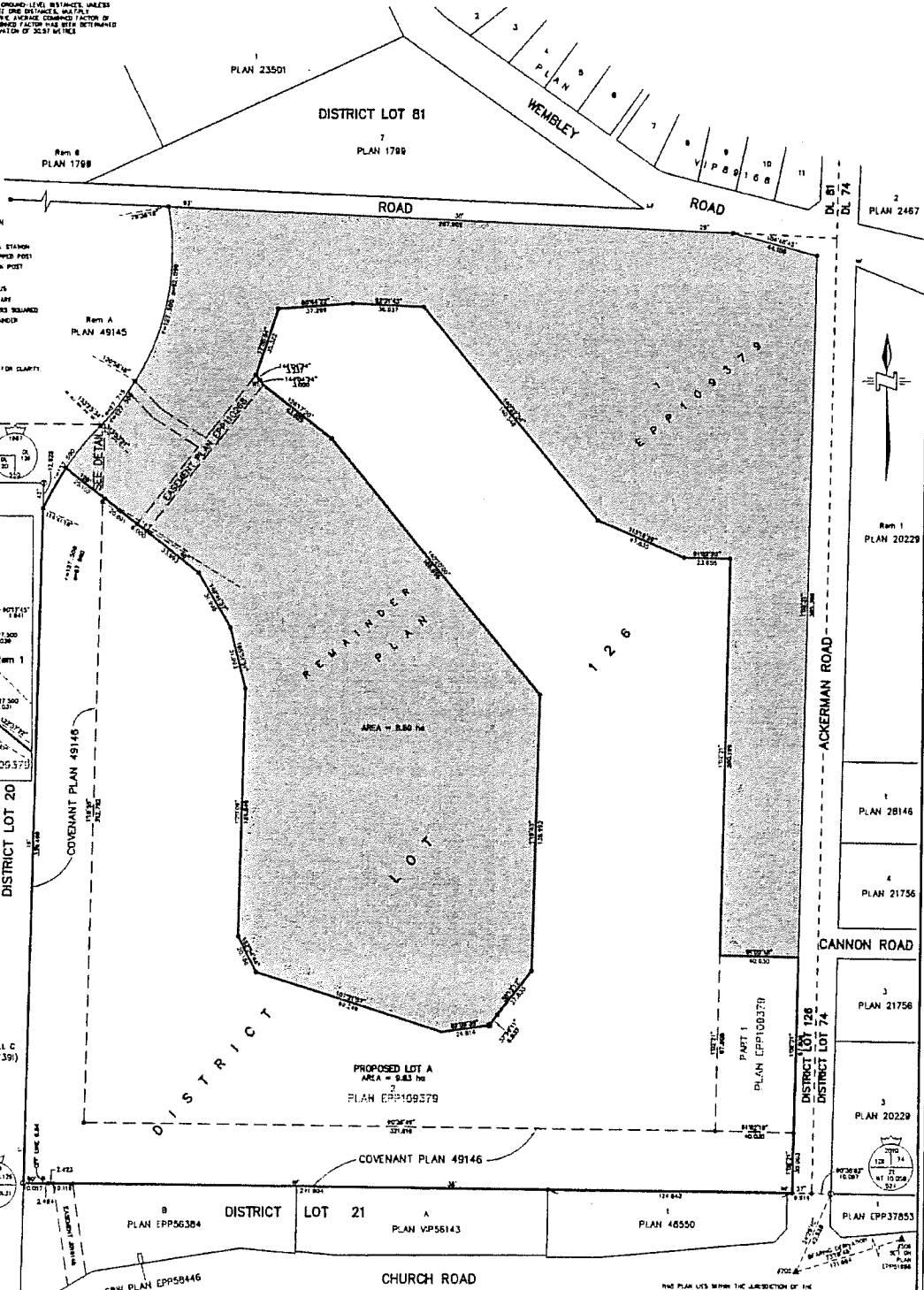
NOTE: SOME POINTS ARE ENLARGED FOR CLARITY



DISTRICT LOT 20
COVENANT PLAN 49145
PARCEL C (DD 337359)

M&S
MAPPING ASSOCIATES
AND SURVEYING LTD.
Suite 1
1211 Highway 96
Nanaimo BC
Canada V9T 1T0
(1) 250 718 3138
FAX: (1) 250 718 3138
P.L.T. NO. 2723-0049-03
B.C. LAND SURVEYING ACT, 1997

OSM CONTROL STATION	UTM NORTHING	UTM EASTING	POINT CORRECTION FACTOR	ABSOLUTE ACCURACY
7725	5464579.83	407818.02	0.99997128	0.05
7728	5464676.93	407740.44	0.99997122	0.05



Rem 1
PLAN 20229

1
PLAN 28146

4
PLAN 21756

3
PLAN 21756

3
PLAN 20229

1
PLAN CPP37853

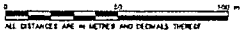
THIS PLAN LIES WITHIN THE JURISDICTION OF THE
APPROVING OFFICER FOR THE DEPARTMENT OF
TRANSPORTATION AND INFRASTRUCTURE
THIS SUBDIVISION LIES WITHIN THE AGRICULTURAL LAND ZONING
THIS PLAN LIES WITHIN THE REGIONAL DISTRICT OF NANAIMO
CERTIFIED CORRECT THIS 31ST DAY OF MAY, 2021

FROM SUBDIVISION, B.C.S.
THIS DOCUMENT IS NOT VALID UNLESS DATED AS SHOWN

SCHEDULE "C"
Lot G Subdivision Plan
[See Attached]

**PROPOSED SUBDIVISION PLAN OF LOT 1,
DISTRICT LOT 126, NANOOSE DISTRICT,
PLAN EPP109378, EXCEPT PART IN PLAN
EPP109380,**

BOSS 92F.030



ALL DISTANCES ARE IN METERS AND DECIMALS THEREOF
THE INTENDED PLOT SIZE OF THIS PLAN IS 844.00 M BY 540.00 M BY HEIGHT (D-S-E-T) WHEN PLATTED AT A SCALE OF 1:1000.

ONE BEARING AND DISTANCE FROM DIFFERENTIAL BULL HEAD QUANTITY OVER OBSERVATIONS AND ARE REFERRED TO THE CENTRAL MERIDIAN OF UTM ZONE 18 Q UTM (WGS 84).

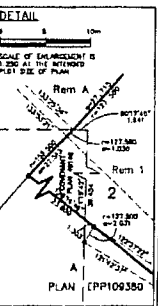
THE UTM ZONE 18 COORDINATES AND DETERMINED ABSOLUTE ACCURACY ACHIEVED ARE DERIVED FROM DATA PROVIDED BY THE B.C. GOVERNMENT TO THE POINT POSITIONING BASED ON NANOOSE DISTRICT.

THIS PLAN SHOWS HORIZONTAL SPACING, LEVEL DISTANCES, LINE BEARINGS, DISTANCES, TO COMPUTE AND DISTANCES, MULTIPLE DISTANCE, DISTANCES BY THE PLANNED CORNER FACTOR OF 0.999737. THE AVERAGE CORNER FACTOR HAS BEEN DETERMINED BASED ON AN ELLIPTICAL CURVATURE OF 0.0000001 METERS.

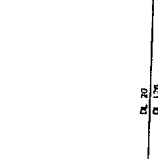
LEGEND:

SYMBOLS	DESCRIPTION
▲	GPS CONTROL STATION
○	STANDARD CORNER POINT
●	STANDARD BOUND POINT
+	DIAGONAL APC
+	DIAGONAL BOUND
+	DIAGONAL METERS SQUARED
+	DIAGONAL METERS SQUARED
+	DIAGONAL METERS SQUARED
+	DIAGONAL METERS SQUARED

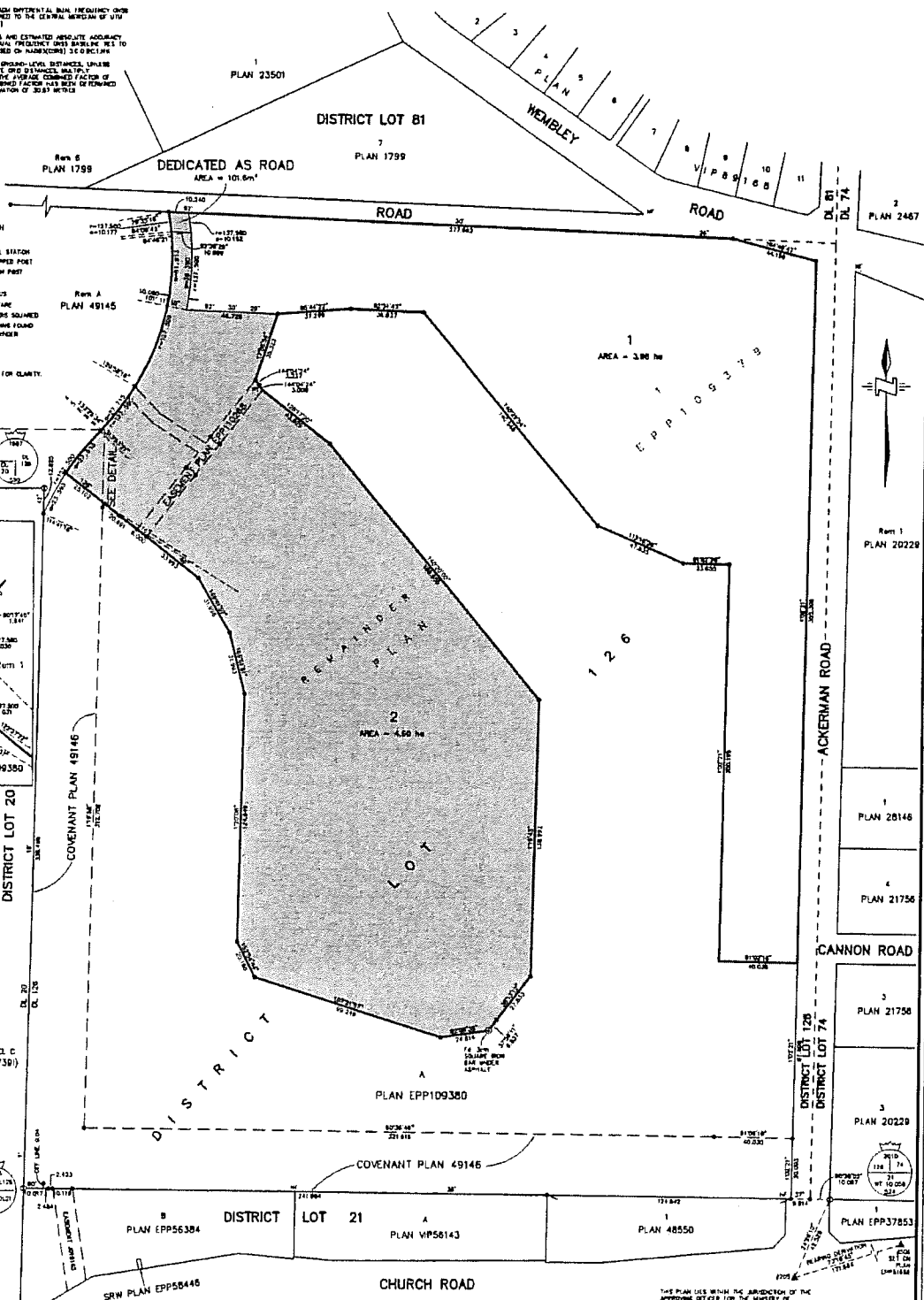
NOTE: SOME POINTS ARE CHARACTERIZED FOR CLARITY.



SCALE OF ENLARGEMENT IS 3.000 AS AT THE INTENDED PLOT SIZE OF PLAN



SCALE OF ENLARGEMENT IS 3.000 AS AT THE INTENDED PLOT SIZE OF PLAN



Map Information
MILLIEN'S ASSOCIATES
LAND SURVEYING LTD.
2241 1st Street
Nanaimo BC
Canada V9S 2V2
Tel: 250 718 3338
Fax: 250 718 3338
EPP109378-03
DRAWN BY: C. H. H. / J. P. L.

**TABLE OF GPS CONTROL STATIONS
MADE (CORS) 3-DIGITALLY UTM ZONE 18**

GPS CONTROL STATION	PLN	UTM EASTING	POINT CORNER FACTOR	ABSOLUTE ACCURACY
EPP109378	344497.82	408765.08	0.999737	0.03
EPP109380	344428.12	408765.14	0.999737	0.03

THIS PLAN LIES WITHIN THE JURISDICTION OF THE
APPLICABLE OFFICER FOR THE QUALITY OF
MUNICIPALITY AND INFRASTRUCTURE.
THIS SUBDIVISION LIES WITHIN THE AGRICULTURAL LAND RESERVE.
THIS PLAN LIES WITHIN THE REGIONAL DISTRICT OF NANAIMO.
DRAFTED CORRECT THIS DATE MAY 04, 2021.

TYSON BUCKLEMASTER BOLS
THIS DOCUMENT IS NOT VALID UNLESS DATEDLY DATED

SCHEDULE "D"

Encroachments

[See attached]

SKETCH PLAN SHOWING ENCROACHMENTS ON LOT G, DISTRICT LOTS 81 AND 126, NANOOSE DISTRICT, PLAN 49145 EXCEPT PART IN PLANS VIP53112 AND VIP70880

BCGS 82F 030

ALL DISTANCES ARE IN METRES AND DECIMALS THEREOF

THE EXTENDED PLAN 82F OF THIS PLAN IS MAP AND WITHIN BY MEANS OF WHICH IS TO BE REPRODUCED AT A SCALE OF 1:1000

GRID BEARING ARE DERIVED FROM DIFFERENTIAL DUAL FREQUENCY GNSS OBSERVATIONS AND ARE REFERRED TO THE CENTRAL MERIDIAN OF UTM ZONE 18 (27° WEST LONGITUDE)

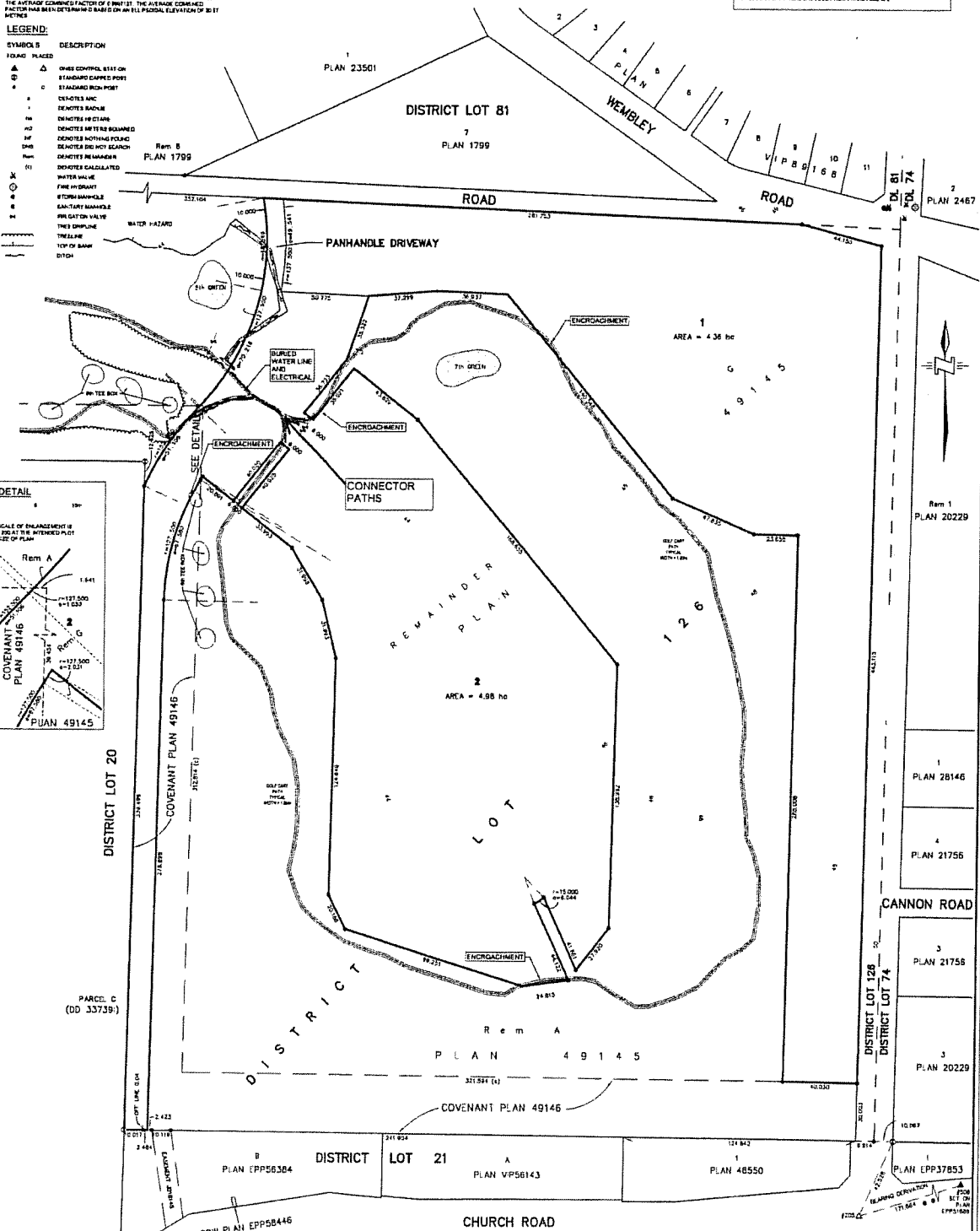
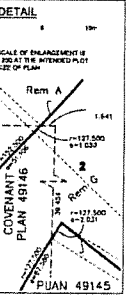
THE UTM ZONE 18 COORDINATES AND ESTIMATED ABSOLUTE ACCURACY ACHIEVED ARE DERIVED FROM QUALITY RELIABLE GNSS BASELINE TIES TO PHOTO POINT POSITIONS BASED ON NAVSTAR GPS DATA

THIS PLAN SHOWS HORIZONTAL DISTANCES, LEVEL DISTANCES, LINES OF SIGHT AND NOTES TO COMPLETE OR CORRECT THE PLAN'S ORGANIZATION BY THE AVERAGE CORRECTION FACTOR OF 0.9997. THE AVERAGE CORRECTION FACTOR HAS BEEN DETERMINED BASED ON AN ELLIPSOIDAL ELEVATION OF 30.87 METRES

REGISTERED OWNER: LOT 10 HOLDING LTD
P.O. BOX 88418
NOTES
PARCEL DIMENSIONS ARE DERIVED FROM FIELD SURVEY AND EXISTING LOTS TO THE DEGREE NECESSARY TO THE PLAN HEREIN
DATE OF FIELD SURVEY: NOVEMBER 8TH, 2018
THIS ENCUMBRANCE SHALL NOT BE USED TO DEFINE PROPERTY LINES OF PROPERTY CORNERS
CONTIGUOUS INTERVAL: 10.0 METRES
CONTOUR SURVEY: THIS PLAN IS DERIVED FROM REMOTE SENSING DATA (SATELLITE PHOTOGRAPHS) TAKEN UNDER THE OPEN GOVERNMENT LICENSE. THE ORIGINAL SURVEY IS AVAILABLE FOR REVIEW AT THE BC REGISTERED PROFESSIONAL ENGINEER'S OFFICE.
ENCUMBRANCE: THIS PLAN IS DERIVED FROM THE BC REGISTERED PROFESSIONAL ENGINEER'S OFFICE.
UTM 18Z IS SHOWN HEREIN DERIVED FROM PARALLEL LINES

LEGEND:

SYMBOL	PLACED	DESCRIPTION
▲	CHAINS CONTROL POINT ON STANDING CAPPED POINT	
○	STANDARD BORN POINT	
△	DEVIATE ANGLE	
+	DEVIATE BOUNDARY	
⊙	DEVIATE INTERSECTION	
⊙	DEVIATE INTERSECTION BOUNDARY	
⊙	DEVIATE BOUNDARY POINT	
⊙	DEVIATE BOUNDARY SEARCH	
⊙	DEVIATE RESEARCHER	
⊙	DEVIATE CALCULATED	
⊙	WATER HAZARD	
⊙	FIRE HAZARD	
⊙	STORM HAZARD	
⊙	SANITARY HAZARD	
⊙	WATER VALVE	
⊙	TRAILLINE	
⊙	TOP OF BANK	
⊙	DITCH	



McElwanney
 McELWANNEY ASSOCIATES
 LAND SURVEYORS LTD
 1011 Canyon Road
 Vancouver BC
 Canada V6E 2E3
 Tel 604 748 2386
 F.L.E. NO. 2230 (2018)
 2018/07/20 09:08:16 1:84 Encumbrance BCPS

DATE OF SURVEY CONTROL STATION	MASS (EPOCH)	3-D POSITION (U, V, W)	POINT CORRECTION FACTOR	ACCURACY
2018	344177.63	421876.05	0.9997128	0.05
2018	344425.83	422140.44	0.9997122	0.07

THIS PLAN LIES WITHIN THE REGULAR DISTRICT OF NANAIMO CERTIFIED CORRECT THIS 14th DAY OF JUNE, 2019

THIS DOCUMENT IS NOT VALID UNLESS DIGITALLY SIGNED

SCHEDULE "E"

Strip, Notches and Postage Stamp

[See attached]

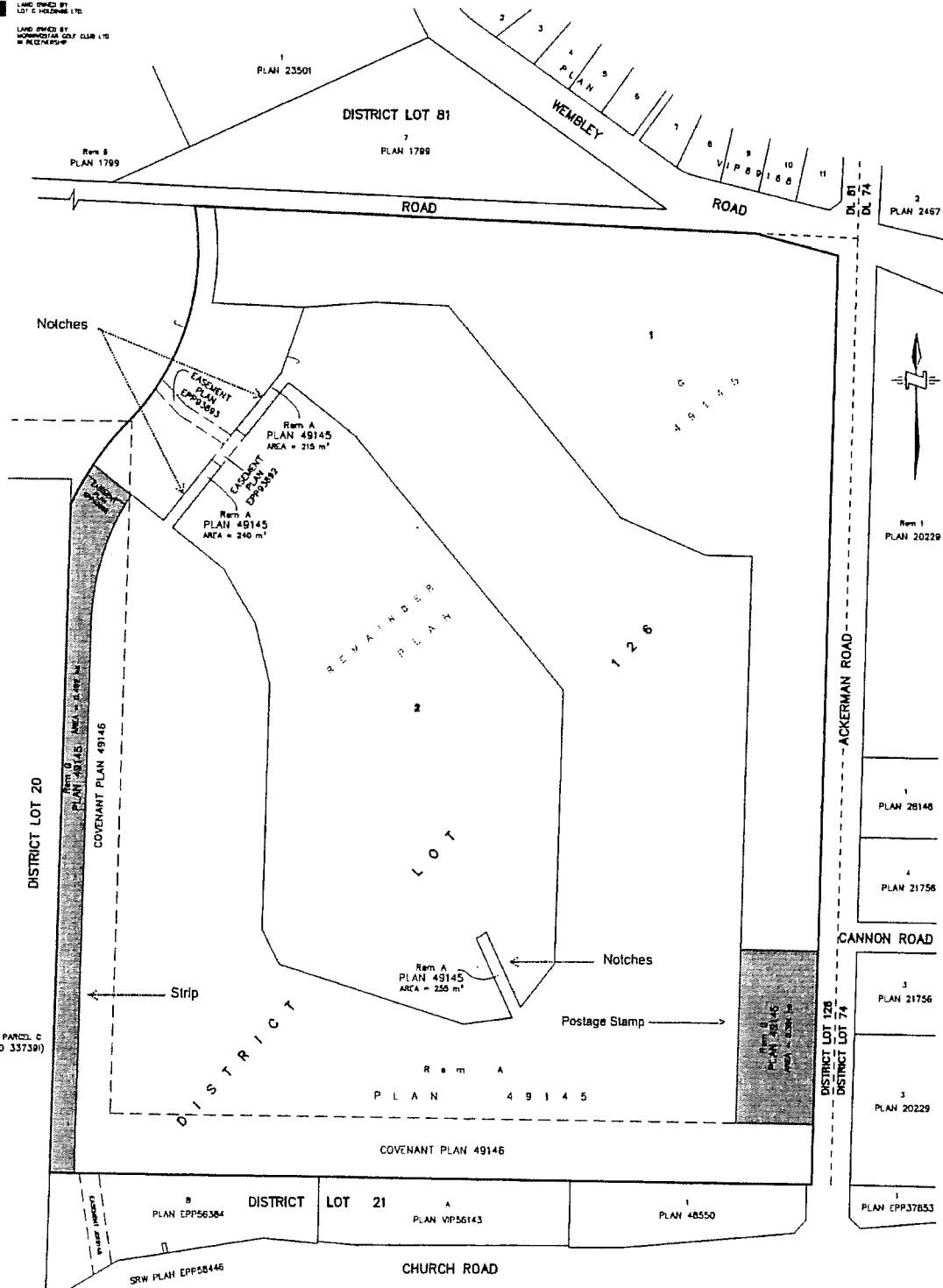
SKETCH PLAN SHOWING LAND EXCHANGE
SCENARIO #2 BETWEEN LOT G HOLDINGS
LTD AND MORNINGSTAR GOLF CLUB LTD
IN RECEIVERSHIP

DRAFT

BCOS 82F.030

0 100 200
ALL DIMENSIONS ARE IN METRES AND DECIMALS THEREOF
THE INTENDED PRINT SIZE OF THIS PLAN IS 844 mm IN
WIDTH BY 595 mm IN HEIGHT (D-92) WHEN PLOTTED AT
A SCALE OF 1:5000

LAND OWNED BY
LOT G HOLDINGS LTD
LAND OWNED BY
MORNINGSTAR GOLF CLUB LTD
IN RECEIVERSHIP



PARCEL C
(DD 33739)

M&H McSherry
McSherry Associates
LAND SURVEYING LTD
Suite 1
1301 Ottawa Road
Markham, ON
Canada L3R 3T3
Tel: 905 477-1111
Fax: 905 477-1112
DRAWING NO. 00485-2-V-1 EX-2002

THIS PLAN LIES WITHIN THE JURISDICTION OF THE
APPROVED OFFICE FOR THE MINISTRY OF
TRANSPORTATION AND INFRASTRUCTURE
THIS SUBDIVISION LIES WITHIN THE AGRICULTURAL LAND RESERVE
THIS PLAN LIES WITHIN THE REGIONAL DISTRICT OF HAMBURG

SCHEDULE "F.1"

New Golf Cart and Utilities Easement Terms of Instrument

TERMS OF INSTRUMENT – PART 2

EASEMENT

THIS AGREEMENT made the JUNE 11, 2021

BETWEEN:

✓ **LOT G HOLDINGS LTD.** (Inc. No. BC0554848), of
#330 - 435 Columbia Street, New Westminster, British Columbia, V5L 5N8
(the "Grantor")

AND:)

MORNINGSTAR GOLF CLUB LTD. (Inc. No. BC0789885), of #250 – 750 West
Pender Street, Vancouver, British Columbia, V6C 2T7
(the "Grantee")

WHEREAS:

- A. The Grantor is the registered owner of the lands and premises legally described as:
Parcel Identifier 014-884-518
Lot G, District Lots 81 and 126, Nanoose District, Plan 49145 except part in Plans
VIP53112 and VIP70880
(the "Servient Tenement").
- B. The Grantee is the registered owner of the lands and premises legally described as:
Parcel Identifier 014-884-275, Lot A, District Lots 29, 81, 83 and 126, Nanoose District,
Plan 49145, except parts in Plans VIP51714, VIP52613, VIP76030 and VIP79051
(the "Dominant Tenement").
- C. The Grantee operates the Golf Course, as hereinafter defined, on the Dominant
Tenement.
- D. The Grantor has agreed to grant to the Grantee certain easements for the purposes of
access to the Dominant Tenement, in perpetuity, all in accordance with and subject to the
terms of this Agreement.
- E. The parties have agreed to enter into this Agreement in respect of the easement hereby
granted over the Servient Tenement, as set forth herein.

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the agreements
herein contained and the sum of one (\$1.00) dollar now paid by each of the parties hereto to the
other, and in good and valuable consideration the receipt and sufficiency of which is hereby
acknowledged by each party, the parties covenant and agree as follows:

1. Definitions

- (a) "**Dominant Tenement**" has the meaning ascribed to it in Recital B;
- (b) "**Easement Areas**" means those portions of the Servient Tenement which are shown outlined in heavy black and labelled on Reference Plan EPP110268, a copy of which is attached hereto as Schedule "A";
- (c) "**Golf Course**" means the Morningstar golf course situated on the Dominant Tenement and located at 525 Lowry's Road, Parksville, British Columbia;
- (d) "**Grantee's Obligations**" has the meaning ascribed to it in Section 9;
- (e) "**Hole 6**" means the sixth hole located within the Golf Course as at the time of this Agreement;
- (f) "**Hole 7**" means the seventh hole located within the Golf Course as at the time of this Agreement;
- (g) "**Initiating Party**" has the meaning ascribed to it in Section 12;
- (h) "**Responding Party**" has the meaning ascribed to it in Section 12;
- (i) "**Servient Tenement**" has the meaning ascribed to it in Recital A;
- (j) "**Underground Services**" means the existing underground water line and power line located underneath the Easement Area and their respective appurtenances, owned by the Grantee; and
- (k) "**Users**" means the Grantee and its employees, licensees, servants, agents, officers, contractors, licensees, guests, golf club members, and invitees from time to time of all or any part of the Dominant Tenement, for whose benefit and use the easement rights described in Section 2 are granted, and their respective successors and assigns.

2. The Grantor hereby grants to the Users the non-exclusive, perpetual, full, free and uninterrupted right, licence, liberty and permission at all times to enter, with or without vehicles, over the Easement Areas for the purposes of:

- a) maintaining, repairing, and replacing the Underground Services
- b) ingress and egress to and from Hole 6 and/or Hole 7; and
- c) to maintain, repair, and replace the pedestrian and vehicle paths located within the Easement Areas and on or adjacent to Hole 6 and Hole 7,

subject nevertheless at all times to the provisos, reservations, restrictions and limitations herein set forth.

3. The Grantor shall not do or permit to be done any act or thing which might interfere with, obstruct or impair the use of the Easement Areas, but rather shall permit the Grantee to peaceably hold and enjoy the rights hereby granted.
4. Nothing contained in Section 2 of this Agreement shall be interpreted so as to restrict or prevent the Grantor from entering, passing in over and upon all or any part of the Easement Areas on foot or wheelchair, bicycle, or similar modes of conveyance with or without supplies and equipment for the purposes of accessing the Servient Tenement, provided that access does not interfere with the rights of the Users under the easement granted in Section 2 hereof.
5. The Grantee shall have the responsibility and obligation for the maintenance and repair of the Easement Area and the improvements located thereon including, without limitation, the Undergrounds Services.
6. The Grantee shall be permitted to construct new improvements on the Easement Areas for the same purpose as the existing improvements provided that the Grantee obtain prior consent from the Grantor, which consent shall not be unreasonably withheld.
7. Except for any loss, damage or expense incurred as a result of the Grantor's gross negligence, the Grantee shall at all times indemnify and save harmless the Grantor from any and all loss, damages or other expenses for personal injury or damage to property in any way including, without limitation, for any claims under the *Occupier's Liability Act*, arising from the use of the Easement Areas by the Users pursuant to the rights granted herein.
8. The easement over the Easement Areas and the covenants of the Grantor herein shall run with and be registered against the title to the Servient Tenement and be binding upon the registered owners, tenants and occupants thereof for the time being and from time to time and shall enure to the benefit of the Dominant Tenement and the registered owners and tenants thereof for the time being and from time to time and shall be enforceable by the Grantee and its tenants and successors in title to the Dominant Tenement against the Grantor and its tenants and successors in title to the Servient Tenement provided that:
 - (a) the benefits and obligations of the Grantee herein may only be enjoyed by the Grantee and be binding personally upon the Grantee, as the case may be, for that period of time during which the Grantee is the owner of the Dominant Tenement and no person shall be entitled to enjoy any benefit or be personally liable for any covenant of the Grantee herein contained except during the period in which that person has an interest, either in whole or in part, in the Dominant Tenement; and
 - (b) the obligations of the Grantor herein are only personally binding on the Grantor for that period of time during which the Grantor is the owner of the Servient Tenement and no person shall be personally liable for any covenant of the Grantor herein contained except during the period in which that person has an interest, either in whole or in part, in the Servient Tenement.
9. The right to enforce the Grantee's obligations under this easement, including, without limitation, the Grantee's obligation to maintain the improvements on the Easement Area set out in Section 5, the Grantee's obligation to indemnify the Grantor set out in Section 7

(the "**Grantee's Obligations**"), shall enure to the benefit of the Servient Tenement and the successors in title to the Grantor as owner of the Servient Tenement and such owners' respective servants, agents, licensees, invitees, subleasees, assigns and successors. The parties expressly acknowledge and agree that the rights granted to the Grantee under this easement are conditional upon the performance by the Grantee and its successors in title of the Grantee's Obligations and in the event that the Grantee or its successors in title to the Dominant Tenement refuse or are unable to perform the Grantee's Obligations this easement and the rights granted hereunder shall, upon notice by the Grantor or its successors in title, be terminated and of no further force or effect.

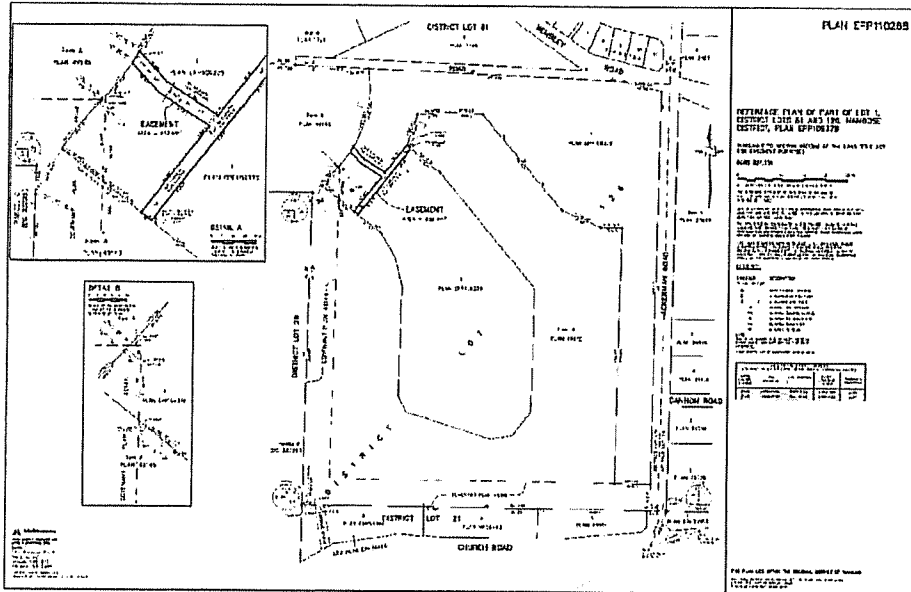
10. This Agreement will not in any way operate to restrict the Grantor from using the Servient Tenement in any manner, including the constructing, building, installing or placing a building, development or other improvement on the Servient Tenement, excluding the Easement Areas, provided that such use by the Grantor shall not interfere with or derogate from the rights granted to the Grantee hereunder.
11. The parties will act reasonably at all times in exercising their rights, forming their opinions and performing their duties hereunder.
12. If the Grantee and the Grantor are unable to resolve any dispute with respect to this Easement Agreement, such dispute will be determined by arbitration. Any party (the "**Initiating Party**") may give notice to the other party (the "**Responding Party**") requesting an arbitration and the parties will thereupon select an arbitrator. If the parties are not able to agree upon an arbitrator within ten (10) days of the delivery of the notice requesting an arbitration, then either party will be entitled to make application to Court pursuant to the *Arbitration Act* (British Columbia), as amended from time to time, for selection of an arbitrator, and the provisions of the *Arbitration Act* (British Columbia) will govern such election. The arbitrator so appointed will proceed immediately to hear and determine the dispute and his or her decision and the reasons therefore will be made within thirty (30) days of the appointment, subject to any reasonable delay due to unavoidable circumstances. The determination of the arbitrator will be conclusive upon the parties and judgment upon same may be entered in any court having jurisdiction. The decision and the reasons therefore will be signed by the arbitrator and will be final and binding on the Grantee and the Grantor. The compensation and expenses of the arbitrator will (unless the arbitrator otherwise determines) be paid equally by the Grantee and the Grantor.
13. Waiver of any default by any party will not be deemed to be a waiver of any subsequent default by that party.
14. Whenever it is required or desired that either party serve notice on the other, service will be deemed to be satisfactory if and deemed to have occurred when the party being served has been served personally at the applicable address set out above.
15. This Agreement will be governed and construed in accordance with the laws in force in the Province of British Columbia.
16. This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.
17. If any section, subsection, sentence, clause or phrase in this Agreement is for any reason held to be invalid by the decision of a court of competent jurisdiction, the invalid portion

will be severed and the decision that is invalid will not affect the validity of the remainder of the Agreement.

18. Wherever the terms "Grantor" and "Grantee" are used herein, the same shall be construed as meaning the plural, masculine, feminine or body corporate or politic, where the context or the parties so require.

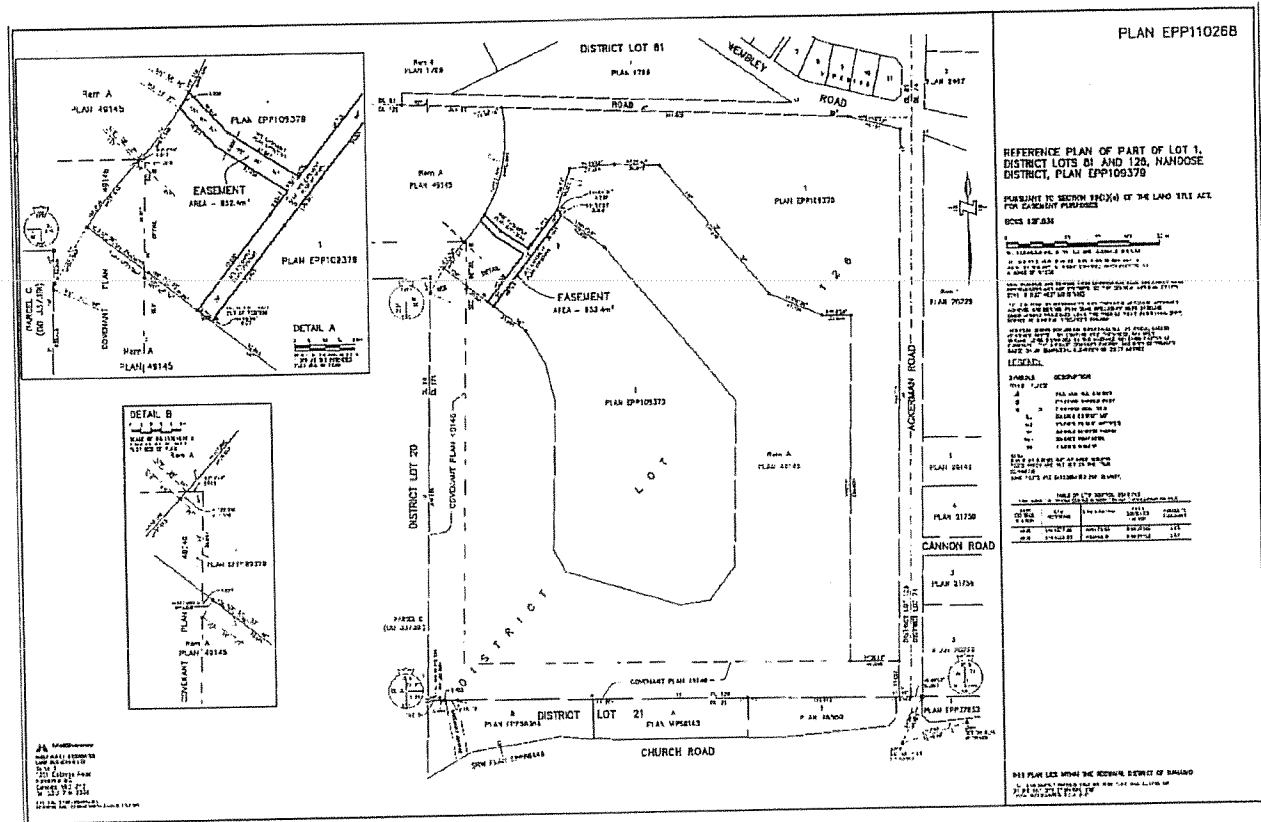
IN WITNESS WHEREOF the parties hereto have executed this Easement Agreement by executing the Form C attached to and forming part of this Agreement.

Schedule "A"



SCHEDULE "F.2"

New Golf Cart and Utilities Easement Location



SCHEDULE 9 - Buildings and Fixtures

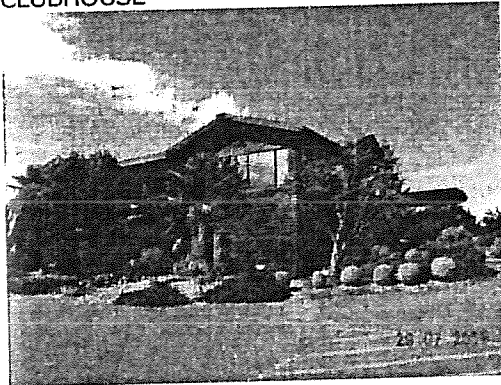
BUILDINGS AND FIXTURES
As of March 31, 2021

BUILDING AND FIXTURE NAME

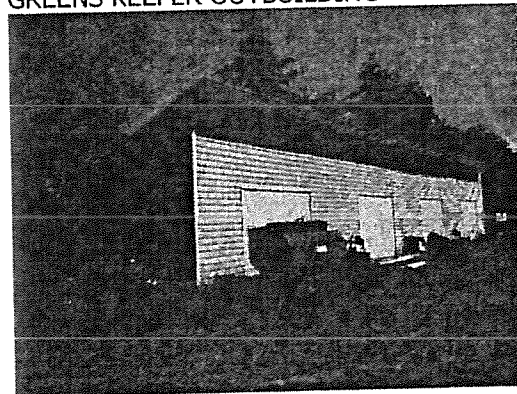
- CLUBHOUSE
- PRO SHOP
- GREENS KEEPER OUTBUILDING
- MAINTENANCE
- CART STORAGE
- WASHROOMS (13TH HOLE)
- WASHROOMS (5TH HOLE)

- PUMP HOUSE
- RANGE SHACK
- GAZEBO
- PAVILION
- STARTERS SHED
- YARD IMPROVEMENTS

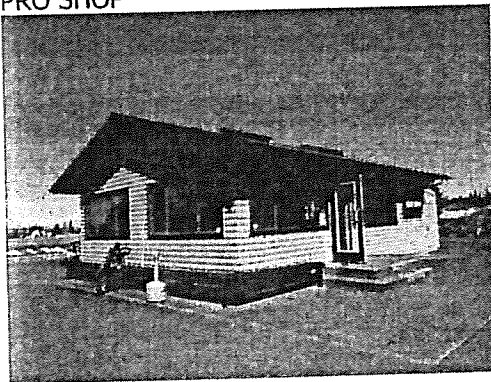
CLUBHOUSE



GREENS KEEPER OUTBUILDING



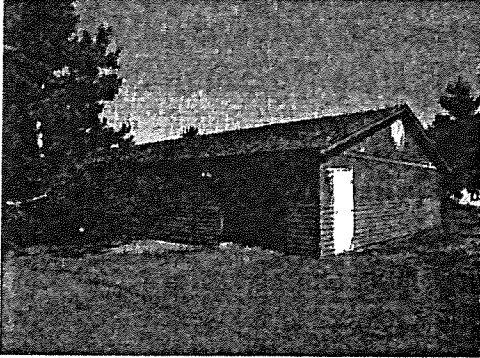
PRO SHOP



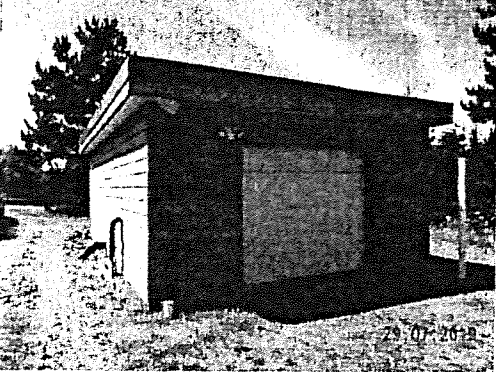
MAINTENANCE



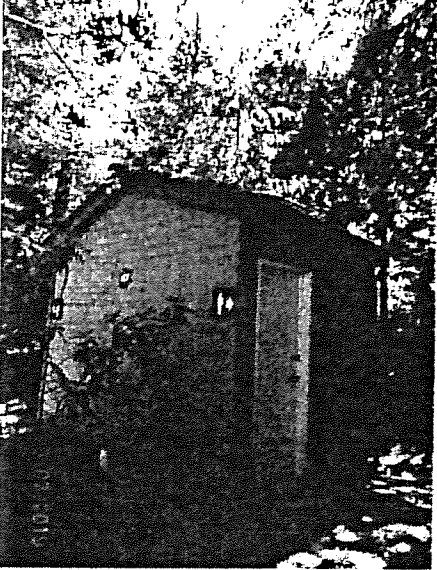
CART STORAGE



PUMP HOUSE



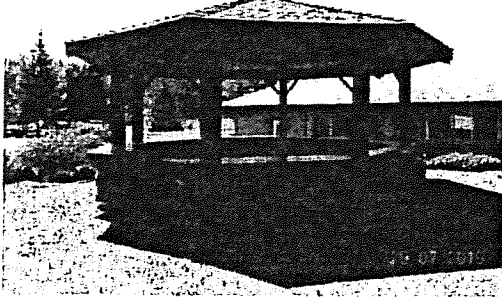
WASHROOMS (13TH HOLE)



RANGE SHACK



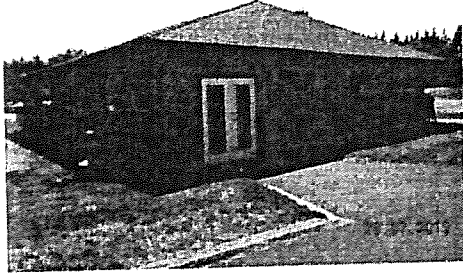
GAZEBO



WASHROOMS (5TH HOLE)



PAVILION



YARD / SITE IMPROVEMENTS

ASPHALT PAVING, CART PATHS, LANDSCAPING, WATER FEATURES, CHAINLINK FENCING TO MAINTENANCE YARD, STEEL AND WOOD BRIDGES, THREE (3) WATER WELLS, IRRIGATION SYSTEM, DRIVING RANGE SHELTERS WOOD STORAGE SHED.

SCHEDULE 10 - Purchase Price Allocation

Land	\$4,000,000
Land Improvements	\$150,000
Buildings	\$300,000
Equipment	\$50,000
Total:	\$4,500,000

Appendix F

Morningstar Golf Club Ltd.
Management's Operations and Financial Report
for March 2021



Report to G. Powroznik, Receiver March 2021

Golf course

In March, the weather was a mix of playable days. There were 7 days of frost delays, some of which were two hours long. There were 6 poor weather days with limited play. There were 17 playable days, which is a day where weather would not play a factor is some deciding not to play. In total there were 2112 member rounds, 801 daily fee rounds and 65 non-revenue rounds (staff, industry, donations). Seldom during the month did we have 18 holes in play. Much of the month holes 6 and 12 were played as par 3's. We had temporary tees on 11 and 12, and several days it was 9 holes only. That certainly impacted play although overall the numbers were decent, it shows what the potential could be.

Don Macdonald filed the annual report for the permit for the use of reclaimed water (Permit # PE-8195). He also completed the Operating Plan for the application for applying wastewater to the golf course.

We have managed without recalling the mechanic and took delivery of two pieces of cutting equipment that had been repaired. There applications of fertilizer on greens and took delivery of topdressing sand in preparation for aerating scheduled the 6th and 7th of April.

Gord America and Kyle Jones both attended a three-day course in Victoria to get their spraying certification. A golf course planning to spray chemicals is required to register with the Ministry of Environment and anyone doing the actual spraying is required to be certified. Morningstar is fully compliant.

We prepared permanent tee markers for each of the four tee colours. We purchased concrete pavers and painted them green/white/blue/gold and place one on each tee box to indicate where the hole length is measured from.

During frost delays the crew worked on restoring bunkers and mowing all the unsightly areas where the fescue had gotten out of control. This year with two working rough mowers we will have a primary and secondary rough cut which will improve the appearance and playability of the course.

Golf Shop Operations

During February and March we ran very lean on Golf Shop staff with one person inside and one person outside. There is very little merchandise although in mid April we will take delivery of shoes, clothing, and balls and gloves. Golf club inventory is a challenge this year in that delivery is backed up just like golf cars and so many other commodities. We are planning a PING fitting day (late May, early June) and a Titleist fitting day (May 9).

The practice tee has been busy with only 9 spots under the dry range covers.

Golf bookings from our travel partners (Golf Vancouver Island, BC Golfers Guide and Golf central) and we are currently looking at 150 rounds booked so far

Memberships

Membership inquiries have continued, and I have advised the that by purchasing a 10 or 20 game pass they can put their name on a waiting list for membership. There are currently 3 on the waiting list. I have taken in 6 intermediate memberships because they are all young working people so they do not interfere with busy times because they will play after work and it is good to bring some younger members into the Club.

We are starting to hear from juniors and parents of juniors. They are the future of the game and we will develop a junior program in early April.

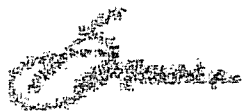
The Clubhouse

We took delivery of a new line cooler and an upright freezer, so we are in pretty good shape equipment-wise. Of course, then we got the news to shut down inside dining. We have been managing to serve drinks on the patios but really only when the weather cooperates. We have been developing a smaller menu and daily special sheets for when we can reopen.

COVID-19

We continue to be vigilant in all departments with cleaning, sanitizing, reminding patrons to mask up and not move around from table to table. We have gone back to allowing only two people in to the Golf shop at a time.

Respectfully submitted

A handwritten signature in black ink, appearing to be a cursive name, possibly "John Smith".

General Manager

Financial Report – March 2021

March 2021 operations showed a loss of \$16,410, \$7,677 better than forecast. As noted in earlier reports, because more of the Membership Revenue is received monthly than 2020, comparisons to last year are less valid. Keeping that in mind, the March 2021 loss was \$37,605 less than the 2020 loss, and Membership Revenue was \$35,500 more. The 2020 results include an allocation of \$10,000 from the CEWS program. Over the year the CEWS (Canadian Emergency Wage Subsidy) funds will be allocated to the months the claims were approved, not the receipt of funds.

Membership and golf car revenue were the only revenue categories greater than forecast, with Annual Golf Car Rentals from new members responsible for rentals beating budget. Daily Fee rounds were below forecast by 54 in what was a below average weather March, especially with respect to the number of frost delays. The average Daily Fee was \$1.00 below forecast, but encouragingly \$10.82 above 2020. This is largely a result of a higher winter rate and maintaining that rate longer in the day, a strategy that will continue to be utilized as we move to higher rates in April. It was especially effective in the winter with limited times available, compounded by the frost delays. With the almost doubling of capacity with the longer days, it remains to be seen if demand will keep up and so there will be increased tee sheet management.

Food and beverage revenue in March was \$2,520 below forecast, \$9,200 above 2020 when the facility was closed for more than half the month due to COVID. Per round revenue is \$3.34 below forecast which reflects the reduced availability of food service in particular. Retail golf sales are very limited with low stock levels, supplies are expected to arrive late April and May.

Total Revenue for the month was \$5,476 below forecast of \$100,583, Gross Profit \$3,393 below. Wages were less than forecast by \$7,300, partly a result of not having a Director of Golf wage (Started April 1), but also a result of lower golf course maintenance wages as the larger winter crew allowed for a slower return to work for seasonal staff. Golf Course Improvements were less than forecast by \$6,820 as work budgeted for March was completed earlier in the year, as the YTD overage of \$3,600 indicates. Equipment Repairs exceeded forecast by \$2,664 for the month, primarily a result of parts installed which reinstated previously unusable equipment. This will reduce equipment lease cost for the year by approximately \$5,000 as a budgeted mower lease will not be needed this year. Overall, operating costs were below forecast by \$3,721, despite Utilities being over forecast by \$4,566 (due to bill timing, note YTD is on budget). Overhead expenses are on budget for the month, with all categories having small variance amount from forecast.

Year to date EBITA is \$46,870 above forecast, with Membership Revenue \$64,219 above forecast. With membership sales essentially complete, based on monthly scheduled receipts the forecast is now to be \$55-60,000 above forecast for the year. The COVID restrictions have resulted in some May/June travel related cancellations and could have an impact if they are extended into the summer. Sales and margins in the Food & Beverage and Golf Shop, while impacted by the restrictions, do not have the impact on EBITA that reduced Daily Fee play would have, where the forecast increases for summer are more aggressive.

Operating and overhead expenses are a combined \$6,200 above forecast year to date and barring unexpected repairs or building costs overall budgets look to be inline. Maintaining wage costs to forecast in the Golf



Services Department will be more challenging as the increase in rounds in COVID times, especially member rounds which require more management.

Capital Expenditures completed and estimated cost to complete are approximately 5% below forecast, with less expected to be required for bunker improvement and the addition of a clubhouse garden irrigation system. The final bill for the dam safety report has not been received, the total is expected to be \$7,500 above the \$25,000 budget. Major improvement items budgeted in the operating budget are to budget in total, with savings in leasing costs offset by the increase in equipment renewal costs. The addition of teaching aid TrackMan is subject to approval of the Teaching Academy and the additional revenues to justify the purchase.

Submitted by

Ray Riva

Morningstar Golf Club

349

Balance Sheet As of March 31, 2021

	TOTAL		
	AS OF MAR 31, 2021	AS OF FEB 28, 2021 (PP)	CHANGE
Assets			
Current Assets			
Cash and Cash Equivalent			
1000 Banks	24,369.61	6,918.43	17,451.18
1120 Operatings Float	1,057.60	1,057.60	0.00
1122 Pro Shop Float	400.00	400.00	0.00
1125 Petty Cash	52.03	52.03	0.00
Total Cash and Cash Equivalent	\$25,879.24	\$8,428.06	\$17,451.18
1005 Cash Deposits in Transit	1,584.69	859.80	724.89
1010 Credit Card Deposits In Transit	4,148.84	5,996.36	-1,847.52
1012 Credit Card - Stripe Deposit in Transit	0.00	5,205.40	-5,205.40
1200 Accounts Receivable - General	8,722.19	12,246.12	-3,523.93
1215 Utilities Deposits	430.00	430.00	0.00
1250 Food & Beverage Inventories	15,512.36	15,459.58	52.78
1350 Pro Shop Inventory	12,445.00	13,535.00	-1,090.00
Prepaid Expenses	12,287.67	14,865.50	-2,577.83
Total Current Assets	\$81,009.99	\$77,025.82	\$3,984.17
Non-current Assets			
Property, plant and equipment			
1480 Property & Equipment			
1481 Golf Course Capital Improvements	4,647.45	2,266.50	2,380.95
1483 Equipment	26,255.51	4,188.41	22,067.10
1485 Buildings	16,425.97	16,425.97	0.00
1495 Computer Equipment	3,247.13	2,743.40	503.73
1520 Land	12,291.55	12,291.55	0.00
Total 1480 Property & Equipment	62,867.61	37,915.83	24,951.78
Total Property, plant and equipment	\$62,867.61	\$37,915.83	\$24,951.78
Total Non Current Assets	\$62,867.61	\$37,915.83	\$24,951.78
Total Assets	\$143,877.60	\$114,941.65	\$28,935.95

Morningstar Golf Club

Balance Sheet
As of March 31, 2021

	TOTAL		CHANGE
	AS OF MAR 31, 2021	AS OF FEB 28, 2021 (PP)	
Liabilities and Equity			
Liabilities			
Current Liabilities			
Accounts Payable (A/P)	\$92,287.07	\$59,804.69	\$32,482.38
2210 Accounts Payable Due			
2220 GST ITC's	-31,543.43	-28,130.37	-3,413.06
2221 GST Payable	44,685.33	39,019.59	5,665.74
2222 GST ITC's Pd by GF Recd by MSGC	14,375.33	14,375.33	0.00
2225 PST Payable	2,930.79	1,110.21	1,820.58
2245 Property Tax Payable	66,134.35	64,467.35	1,667.00
Total 2210 Accounts Payable Due	96,582.37	90,842.11	5,740.26
2260 Payroll Liabilities	33,780.29	26,148.65	7,631.64
2550 Gift Certificates	40.02	65.00	-24.98
GST-5% Payable	0.00	483.61	-483.61
Total Current Liabilities	\$222,689.75	\$177,344.06	\$45,345.69
Non-current Liabilities			
2600 Receiver Advances to Operations	458,635.29	458,635.29	0.00
Total Non-current Liabilities	\$458,635.29	\$458,635.29	\$0.00
Total Liabilities	\$681,325.04	\$635,979.35	\$45,345.69
Equity			
3005 Opening Cash On Hand	3,865.24	3,865.24	0.00
3010 Member Accounts Receivable	-655.51	-655.51	0.00
3015 Opening Salable Inventory	11,320.59	11,320.59	0.00
3020 Pre Paid Insurance.	2,000.00	2,000.00	0.00
3030 Payroll Liability Due	-4,494.00	-4,494.00	0.00
Retained Earnings	-569,047.77	-569,047.77	0.00
Profit for the year	19,564.01	35,973.75	-16,409.74
Total Equity	\$ -537,447.44	\$ -521,037.70	\$ -16,409.74
Total Liabilities and Equity	\$143,877.60	\$114,941.65	\$28,935.95

Morningstar Golf Club EBITDA

	March 2021				Year to Date					
	March 2021		Change From Forecast		Mar. 2020 (PY)		Change From March		Dec 2019 - March 2020	
	Mar 2021	March Forecast	Forecast	Forecast	Mar. 2020 (PY)	March	YTD Forecast	Forecast	Dec 2019 - March 2020	
Paid Rounds	796	850	(54)	286	510	1,583.00	1,550.00	33	645.00	
Member Rounds	2182	1200	982	410	1,772	4,463.00	3,671.00	792	1,250.00	
Total Rounds	2978	2050	928	696	2282	6,046.00	5,221.00	825	1,895.00	
Number of Members	220	195	25	110	110	214.00	200.00	14	113.00	
Revenue per Member	9.92	6.15	4	3.73	6.19	20.86	18.36	2.50	11.06	
Revenue/Paid Round	\$ 36.02	\$ 37.00	\$ (0.98)	\$ 25.19	\$ 10.82	\$ 34.72	\$ 36.10	\$ (1.38)	\$ 24.03	
Food & Beverage Revenue/Round	\$ 4.67	\$ 8.01	\$ (3.34)	\$ 6.66	\$ (1.99)	\$ 5.50	\$ 8.02	\$ (10.41)	\$ 12.01	
INCOME										
4000 Golf Course & Pro Shop Revenues										
4010 Golf Course Revenues										
Total 4020 Green Fees Revenue	26,668.20	31,450.00	(2,781.80)	7,205.50	21,462.70	54,955.31	55,950.00	(994.69)	15,500.50	
4022 Pass Cards Revenue	995.00	2,500.00	(1,505.00)	995.00	995.00	995.00	2,500.00	(1,505.00)	-	
4025 Golf Memberships Revenue	47,541.39	41,342.91	6,198.48	12,025.45	35,515.94	284,250.08	220,031.53	64,218.55	243,296.67	
4030 Driving Range Revenues	4,784.68	6,500.00	(1,715.32)	3,656.46	1,128.22	10,722.95	11,000.00	(277.05)	8,786.69	
4060 Club Rentals Revenue	31.22	175.00	(143.78)	26.82	4.40	98.12	325.00	(226.88)	256.99	
4065 Storage Revenue	269.25	200.00	69.25	269.25	269.25	7,836.62	2,125.00	5,711.62	3,267.96	
4070 Power Car Revenue	8,125.91	6,800.00	1,325.91	1,585.87	6,540.04	26,646.55	22,000.00	4,646.55	11,261.83	
Total 4010 Golf Course Revenues	90,415.65	88,967.91	1,447.74	24,500.10	65,915.55	385,504.63	313,931.53	71,573.10	282,374.64	
Total 4100 Pro Shop Merchandise Revenues	1,632.45	6,035.00	(4,402.55)	128.82	1,503.63	3,611.87	13,575.00	(9,963.13)	989.13	
4113 Golf Shop Services - Lessons & Repairs	-	-	-	40.00	-40.00	-	1,022.00	(1,022.00)	769.60	
Total 4000 Golf Course & Pro Shop Revenues	92,048.10	95,002.91	(2,954.81)	24,668.92	67,379.18	389,116.50	328,528.53	60,587.97	284,113.37	
4200 Food & Beverage Revenues										
Total 4201 Food Revenues	6,009.86	7,175.00	(1,165.14)	1,831.55	4,178.31	14,279.67	18,274.00	(3,994.33)	11,676.92	
Total 4230 Alcoholic Beverage Revenues	8,016.40	9,225.00	(1,208.60)	2,775.75	5,240.65	19,789.79	23,494.00	(3,704.21)	10,659.79	
Total 4370 Other F&B Revenue	(125.59)	22.00	(147.59)	27.05	(152.64)	(793.61)	99.00	(892.61)	430.16	
Total 4200 Food & Beverage Revenues	13,900.67	16,422.00	(2,521.33)	4,634.35	9,266.32	33,275.85	41,867.00	(8,591.15)	22,766.87	
Canada Emergency Wage Subsidy (CEWS)	-	-	-	10,000.00	-	-	-	-	10,000.00	
Total Income	\$ 105,948.77	\$ 111,424.91	\$ -5,476.14	\$ 39,303.27	\$ 76,645.50	\$ 422,392.35	\$ 370,395.53	\$ 51,996.82	\$ 316,880.24	
COST OF GOODS SOLD										
4400 Cost of Goods Sold - Pro Shop	1,090.00	3,948.00	(2,858.00)	110.00	980.00	2,384.63	9,512.86	(7,128.23)	1,093.46	
4500 F & B Cost of Sales	5,696.59	3,014.00	2,682.59	3,084.00	(425.34)	10,069.42	7,674.87	2,394.55	7,167.60	
Total 4505 Food Cost of Sales	1,972.08	3,890.00	(1,907.92)	1,205.00	1,860.64	7,635.33	9,880.74	(2,245.41)	4,340.53	
Total 4500 F & B Cost of Sales	7,668.67	6,894.00	774.67	4,289.00	3,379.67	17,704.75	17,555.61	149.14	11,508.13	
Total Cost of Goods Sold	8,758.67	10,842.00	(2,083.33)	4,399.00	4,359.67	20,089.38	27,068.47	(6,979.09)	12,601.59	
GROSS PROFIT	\$ 97,190.10	\$ 100,582.91	\$ (3,392.81)	\$ 34,904.27	\$ 62,285.83	\$ 402,302.97	\$ 343,327.06	\$ 58,975.91	\$ 304,278.65	

Capital Expenditures/Improvement Budget Update - March 31, 2021

2021 CAPITAL EXPENDITURES NOT INCLUDED IN OPERATING FIGURES

	Budget	Spent or Committed to March 31	Amounts Committed/Estimated Cost to Complete	Notes
Line Cooler	12,000	5,814	-	Purchase & Install Complete
Greens Mower	12,000		12,000	Mower Delivered in April, payments May to October Less Sand Than Original Estimate needed. 2/3rds of expense will be in the fall
Bunker Renovations	45,000		35,000	Operations wages used
Renovate Tees - #14 & 15	7,500	2,267	-	Fall Project
Practice Tee Renovation	10,000		10,000	May be delayed to 2022
Bridge from 14 to 15	10,000		7,500	2 golf shop stations; includes shop counter
New Golf shop Work station	4,000	3,247	1,000	Initial invoice, April \$24,000
Dam Safety Office Report	25,000		32,500	Not Budgeted, total quote \$10,000
Garden Irrigation		2,500	7,500	Not Budgeted
Stand up Freezer		1,300		Not Budgeted
Total Budget	125,500	15,127	105,500	

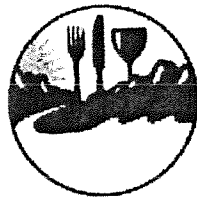
TOTAL CAPITAL EXPENDITURES 2021 FORECAST TO COMPLETE

\$ 120,627

2021 Improvements/Upgrades Included in Operating Budget

Equipment	29,266	20,509	7,100	Budgeted in Leases, rough mower was purchased (\$15,000); Balance includes \$6,000 for trap rake (Lease), \$1,600 for dishwasher (Lease). Spent amount include \$5,000 spent to repair, reducing need for other leases and purchases in next 1-3 years.
Pump Repair	12,000	7,000	3,000	Lower than budgeted
Course improvement - Drainage/Trees/Cart Paths	20,000	12,738	7,500	Tree work, some cart path. More Drainage work will be in 2021/22 Budget
Golf Cars	48,418		49,674	lease including PST
Garden Bed Leaks	1,000		1,000	Repair made in April
TrackMan lease			6,500	Not budgeted, Additional revenue from Academy to justify
Total Budget	110,684	40,247	74,774	

Forecast Upgrade Expenditures \$ 115,021



**BCRFA Restaurant COVID-19 Safety Plan
Morningstar Grill**

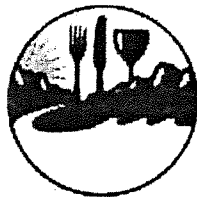
This COVID-19 Safety Plan is our business' step-by-step response to increased awareness around, and our enhanced protocols for, the health and safety for our staff and our customers.

Our business is committing to following the steps outlined in each of the 6 areas mandated by WorkSafe BC and the official Public Health Order. Our plan includes outlining our physical changes, our increased protocols and our required usage of PPE. We also outline the training we will be providing for our staff to ensure that the processes are followed.

Our goal with this plan is to create a workplace that is aware and responsive to the new protocols and physical changes to our workplace as a result of COVID-19. Through our enhanced awareness, we aim to help the Provincial Ministry of health to reduce the risk of person-to-person transmission through the following 6 measures in order of priority:

- 1 – Creating more space between patrons and staff in our business.
- 2 – Reducing the number of people in our business at any one time according to the latest Public Health Order.
- 3 – Adding physical barriers between people working in our establishment that cannot otherwise maintain physical distancing.
- 4 – Establishing new rules and guidelines for our staff to follow to help keep people physically distanced and to enhance our cleaning regimens.
- 5 – Defining what positions and in what situations our staff will safely be using PPE, particularly non-medical masks, to limit exposure to respiratory droplets. This includes training on how to use masks correctly.
- 6 – Limiting private gathering to no more than 50 people in accordance with the PHO.

Our plan is current as of this date: July 4, 2020
Our contact for COVID-19 related concerns is: Barrie McWha
You can reach our COVID-19 contact by email at: bmcwha@morningstargolf.com
Our customer-facing version of this plan is available online at:
www.morningstargolf.com



Risks in Our Workplace

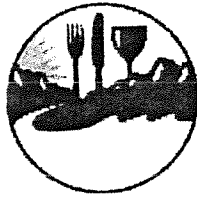
We have worked extensively with our staff and identified the following risk areas in our workplace. We have accessed both physical proximity issues as well as surface contamination issues.

We have identified the following areas where people gather as points where 2 metres of physical distancing is difficult to maintain:

- All 5 entrance points to the Clubhouse
- Main staircases in the Clubhouse
- Behind the bar
- Servery area
- Hallway from front of house to back of house
- On the line in the kitchen
- Both prep rooms and walk-in refrigeration units
- All storage rooms
- The Turn
- Dining room bathroom
- Hallway along the bar
- Ramp up to the patio
- All 3 offices in clubhouse
- All hallways in the lower clubhouse
- All tables on the patios and in the restaurant

We have identified the following job roles, tasks and processes where workers are frequently close to one another or members of the public for periods of time that are longer than 15 minutes:

- Chefs
- Prep Cooks
- Dishwashers
- Servers
- Bartenders
- Hostesses

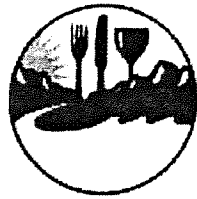


We have identified that the following kitchen equipment, smallwares, computer and POS terminals are high touch surfaces that must be subject to rigorous cleaning protocols:

- All kitchen utensils
- Soap dispensers and sink areas
- Microwave and toaster oven
- Oven and grill knobs
- Ice machine
- Dishwasher
- Meat slicer
- Food processing equipments
- Coffee brewer and coffee pots
- Garbage, compost, and recycling units
- Bar service gun
- Draft tap handles
- iPads
- Printers
- Pinpads
- Telephones
- Hostess stand

We have identified that the following locations as high touch surfaces that must be subject to rigorous cleaning protocols:

- Fridge and freezer handles
- Walk in cooler handles
- All sink areas, taps, paper towel and soap dispensers
- All lightswitches and door knobs, doorways and door handles
- Kitchen pass through window
- Service counters along the line
- Service counter underneath kitchen pass through window
- Bar counter surface, especially where iPads/pinpads are kept
- Draft tap handles
- Hostess stand
- Patio caddy



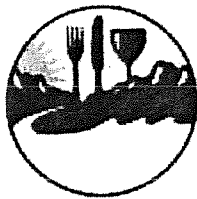
- All tables and chairs
- Railings on staircases

We have created new protocols for reducing risk

In collaboration with our entire staff team and in consulting with the WorkSafe BC guidelines for Restaurants and the Public Health Order, we have outlined the following processes for reducing risk in our workplace.

Our enhanced Front of House Protocols are:

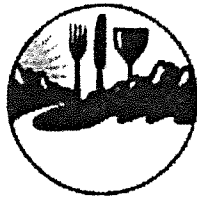
- Servers will:
 - Wear a face mask during customer interactions
 - Have a dedicated place at every table from which to serve.
 - Will stand back at least 3 feet from the table when speaking to guests and approach the table only for service of food and beverage.
 - Hold plates underneath with the thumb on the rim.
 - Use the cup handle to place cups on tables.
 - Use the stem to carry wine glasses.
 - Grip utensils by the handle and don't let handles touch the food.
 - Do not touch the parts of utensils that will be in someone's mouth or were in someone's mouth
- We will create signage to clearly separate and control entering and exiting.
- Whenever possible, we will open windows to allow fresh air into our space while limiting the use of standing fans.
- For water service, staff will provide water in a bottle or jug at the table and allow guests to pour their own water. For coffee service, staff will not touch cups when refilling.
- Staff will remove salt and pepper shakers, sauce dispensers, candles, and other table top items and only provide items when requested.
- Menus will be left at the table instead of having servers remove them mid-meal.
- Staff will wear an apron that allows the server to have an extra layer between their clothes and the guest. This protects the server's clothes and still looks professional.
- For leftovers, staff will provide the guest with the container and let them pack the to-go box.



Our enhanced Back of House Protocols are:

- Employees will wear distinct kitchen uniforms and/or work clothes. No street clothing to be worn in the kitchen.
- We will limit the number of people who aren't cooks and chefs entering the kitchen area. This includes deliveries, service technicians and sales people. For any deliveries that would normally enter the kitchen, we will create a staging area for deliveries outside of the kitchen. Where possible, we will unbox items before bringing them into the kitchen. Our receiving/delivery log will include date, time, company.
- We will set 30-minute timers to remind all food handlers to wash their hands for best practices.
- Kitchen and prep areas are wiped down in 30-minute intervals with approved sanitizer. This will include all fridge and door handles and faucet handles in the kitchen.
- Use of gloves:
 - Gloves recommended for cold food preparation and cold plating.
 - Gloves mandatory when handling deliveries and receiving raw food product and must be changed frequently or after each task.
- Our chefs and cooks will not regularly share knives, utensils or service tools. If shared, they will be cleaned/sanitized between users.
- In the dishwashing area, all employees will wear gloves and masks and/or face shields.
- The dishwashing area will be clearly divided into "Clean End, "Dirty End" so dishwashers are not loading clean dirty and then removing clean to cross-contamination.
- All kitchen sinks will have hand-washing instructions.
- Our cook and chef teams will observe social distancing whenever possible, i.e. when in the walk-in fridges/freezers, dry storage area, during staff meetings, staff meals, receiving orders, large prep jobs, etc.
- In the kitchen, we will review with our staff team traffic flows in high traffic areas to keep a steady flow of people going in one area and coming out the other.

We are installing barriers and partitions to protect our guests and staff.



We are using Barriers and Partitions in the following locations and ways in our business to separate people when physical distance of 2 m cannot be maintained. All our barriers are fixed in place and do not pose a risk to our staff or customers.

Our barriers are included in our cleaning protocol and cleaned 3x daily at the start and end of each shift.

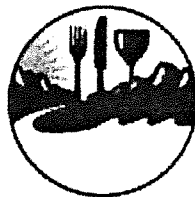
- The Turn service counter



Our People Protocols are changing to respond to COVID-19.

Our staffing protocols have changed as follows:

- We require staff to declare that they will not come to work if they have had symptoms of COVID-19 in the 10 days prior to their shift. Should staff experience symptoms of COVID-19, they are required to contact Public Health at 8-1-1 and self-isolate if required.
- We have also required staff to refrain from coming to work if they have had close exposure to a person currently diagnosed with COVID-19.
- Anyone who is returning to our workplace after travelling must have self-isolated for 14 days while monitoring for symptoms before they can work in our business.
- We have set in place staggered arrivals, breaks and shift ends, allowing 30 minutes between shift starts.
- All staff must wash their hands upon arrival at work at the beginning of each shift and upon return from any breaks.
- Visitors to our back of house for deliveries and service are recorded as follows to assist with tracking in our delivery and service log.
- As we are a restaurant, our staff must come in to work however, we are engaging in regular health and safety conversations and ensuring that our staff are bringing forward any concerns about the new work flow or restaurant layout in order to improve our COVID-19 response.
- We have posted a Health Resource document to orient our staff to COVID-19 and any related health, bullying and mental health resources.
- We are actively monitoring our social media and our guest feedback online and in person to ensure that we are not experiencing any backlash or negative engagement with customers and managing difficult situations accordingly to assist our staff through this difficult transition.



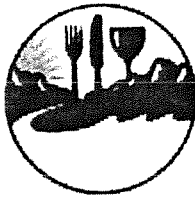
Our customer protocols have changed as follows:

- We have a hand sanitizing station for guests and staff when they enter the front door to immediately clean hands.
- Parties will be limited to groups of no more than 6.
- Tables and chairs cannot be moved from their current placement by customers at any time.
- Special events in private space will be limited to groups of no more than 50 (by pre-reservation only).
- During peak hours, we have a hostess open the front door for staff and guests when they arrive at the restaurant.
- Reservations are recommended. Guests will be able to make a reservation via phone call or by visiting the restaurant in person to place their name on the list.
- Waiting for a table will be outside the restaurant.
- For all dine in guests, we will collect through our hostess station, the first and last name of one guest per party and their phone number. Records will be kept per the Public Health Order for 1 month. Contact information will be used for the PHO or purposes of the reservation or table booking only.
- Customers will be required to wait at appropriate 2 m distance in all areas where queuing is required.
- Customers collecting or requesting take out will wait outdoors.
- Signage is posted at the entrance of the restaurant to ensure that no one with symptoms of COVID-19 or who has contact with someone diagnosed with COVID-19 will enter the restaurant.

We are aware that some guests may not like the new protocols we have instigated and have a staff person assigned to address issues. The point person is Barrie McWha.

We have posted at the entrance to our business sign that show:

- the core public facing elements of our COVID-19 Safety Plan;
- our restriction from entering the premises for any visitors or staff with symptoms of COVID-19.



We are committed to Ongoing Training.

In our business, we have provided restart training for all our staff and will be conducting weekly training updates through email and in-person to our staff to ensure that any changing regulations are enforced and to respond to any concerns being brought forward by staff or guests.

Our goal for our training is to ensure that our staff is safe in our workplace. Each staff person has agreed to our health check, as this is our front line defense against COVID-19 in our workplace. Our training covers:

- Physical distancing measures
- New sanitation and cleaning processes
- Sanitation and cleaning product instructions and sitting time
- Daily cleaning and deep cleaning checklists

Prior to reopening, we deep cleaned all beverage service lines, fridges, pantries, counters, service and cooking areas, inside and outside tables and chairs that have not been in use.

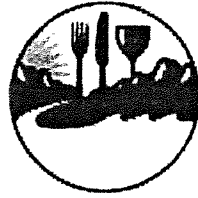
Staff have a designated person to speak to, identified on the cover page of this document, who they can ask COVID-19 related questions to.

We are requiring masks in specific roles.

We are supplementing the measures above with limited use of non-medical masks in the following core positions and for the following core tasks:

- Doing dishes
- Serving tables & taking payments at tables
- Speaking with customers

We have provided all staff using masks the instructions and training to use them correctly.



We have enhanced our cleaning and hygiene practices in response to COVID-19.

We have selected Health Canada approved methods to clean and disinfect surfaces for all common areas and surfaces of our business.

To clean in kitchens, we are using: Ecolab Multi Quat Sanitizer, Orange Force Degreaser,

To disinfect tables and menus, we are using: Ecolab Peroxide Disinfectant and Glass Cleaner OR RMC Proxi Concentrate General Purpose Disinfectant Cleaner

To disinfect/clean washrooms, we are using: Ecolab Peroxide Disinfectant and Glass Cleaner OR RMC Proxi Concentrate General Purpose Disinfectant Cleaner

For POS and computer equipment, we are using: Ecolab Peroxide Disinfectant and Glass Cleaner OR RMC Proxi Concentrate General Purpose Disinfectant Cleaner

We have removed all table items from our tables and are only providing them on demand so that they can be sanitized/cleaned between uses.

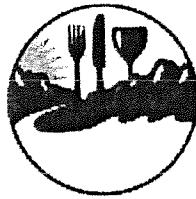
Hand-washing: We have installed hand-washing signage at sinks in washrooms, in the kitchen and staff room. To support proper hand-washing, we have done a demonstration of proper hand-washing technique for 20 seconds.

Bathrooms: Our bathrooms are cleaned 3 times per day and the schedule is posted on the back of the doors. All entry/exit and stall door handles, toilet seats, flush mechanisms, urinals and sinks will be cleaned each time.

High Touch Locations: High frequency touch locations are cleaned every 30 minutes by a reminder alarm/bell. All entry/exit, kitchen or service door handles, POS machines, service counters, bussing stations, service stations, debit terminals will be cleaned each time.

Our Enhanced Cleaning schedule is:

- Hostess stand, service counters and front door handles are wiped down in 60-minute intervals with approved sanitizers.
- Between customers, tables, chairs, menus, and any condiments that have been brought to the table must be thoroughly sanitized.
- POS machines will be sanitized between patrons who must touch the number pad.



- When staff switch shifts, any shared equipment will be sanitized. This will include all repeated contact surfaces such as computer terminals, keyboards, POS machines.
- Our front of house staff will remove everything from the table after guests leave and clean the table completely.
- Staff should perform regular hand washing with soap and water for at least 20 seconds following the official hand-washing guidelines. Hand-washing will be done:
 - Before and after breaks
 - After touching or cleaning tables any surfaces that may be contaminated
 - After sneezing, coughing or nose blowing
 - After touching your face or hair
 - After using the restroom
 - After touching personal phones
 - After using shared equipment such as computers, POS systems and debit terminals between different users
- All kitchen surfaces, equipment used and handles of all types will be sanitized at the end of shift following the product cleaning specs.

We are committed to adapting and changing as required.

Our supervisors are trained to monitor the workplace, engage with staff and ensure that COVID-19 policies and procedures are being followed and that any staff questions are being addressed in a timely manner. Issues that are brought forward that require input from WorkSafe BC will be addressed accordingly.

WorkSafe BC can be contacted at 1.888.621.7233 for Health and Safety Questions. To report a concern, WorkSafe BC's confidential call line is 604.276.3000.

When issues are brought forward by our staff or our guests, and in the event of changes in the Public Health Order or WorkSafe BC recommendations, we are updating this document and changing the date on the cover page.

We have assigned a COVID-19 point person from our team and that person is also identified with contact information on the cover page.

Appendix G

Morningstar Golf Club Ltd.
Statement of Receipts and Disbursements
for Receiver's HSBC Account
for the Period June 1, 2018 to May 19, 2021

Morningstar Golf Club Ltd. ("MGC")
Statement of Receipts and Disbursements
For Receiver's HSBC Account
for the Period June 1, 2018 to May 19, 2021 (note 1)

	Jun 1, 2018 - Mar 31, 2021	Apr 1, 2021 - May 19, 2021	Jun 1, 2018 - May 19, 2021
Receipts			
Receiver-Manager's borrowings (note 2)	1,400,000.00	790,000.00	2,190,000.00
Repayment of advances to operations (note 4)	100,500.00	50,000.00	150,500.00
Additional advance (note 5)	52,905.44	-52,905.44	
Interest earned	406.71		406.71
Total Receipts	1,553,812.15	787,094.56	2,340,906.71
Disbursements (note 3)			
Receiver-Manager fees & disbursements	729,032.89	564,232.30	1,293,265.19
Advances to operations (note 4)	472,589.54	100,602.09	573,191.63
Legal fees & disbursements	76,358.50	11,994.17	88,352.67
Insurance	49,224.00		49,224.00
Appraisal fees	20,820.59	8,137.50	28,958.09
Professional studies related to real estate	56,014.20		56,014.20
Remediation	40,000.00	52,460.00	92,460.00
Bank / OSB charges	226.98		226.98
GST for recovery by operations (note 6)	52,455.17	34,676.06	87,131.23
Total Disbursements	1,496,721.87	772,102.12	2,268,823.99
Balance at end of period	57,090.28	14,992.44	72,082.72

Notes

1. The Receiver-Manager maintained HSBC trust bank accounts for managing its borrowings that were authorized by the Court. It maintained separate BMO accounts for management of MGC's operations, for which a separate Statement of Receipts and Disbursements Statement is provided. Management has also maintained accrual based accounts for maintaining balance sheet and operating accounts for MGC.
2. The borrowings are secured by Receiver-Manager's Certificates.
3. The Receiver's borrowings are used to pay professional fees and augment cash generated from operations by providing advances to the operating account and paying some operational costs.
4. Amounts were advanced to the operating account, based upon the cash needs for operating and capital costs and repaid if possible. The repayment of advances to operations has been now reflected separately, from earlier statements, in the Receipts section. This reclassification is a presentation change only and does not affect the actual cash received and disbursed by the Receiver from either account.
5. This advance was made by Realcor in November 2020, subject to approval by the Court for increased borrowings by the Receiver which occurred on April 22, 2021, at which time \$50,000 became reclassified as Receiver's borrowings and \$2905.44 was returned to Realcor.
6. The GST portion of disbursements is shown separately in this statement from earlier statements for presentation purposes. All GST paid on disbursements from the HSBC account will be fully recovered as offset credits against GST collected on revenues from Golf Operations.

Appendix H

Morningstar Golf Club Ltd.
Statement of Receipts & Disbursements
for Receiver's Operations Account
for the Period June 1, 2018 to April 30, 2021

Morningstar Golf Club Ltd.
Statement of Receipts & Disbursements for Receiver's Operations Account
For the Period from June 1, 2018 to April 30, 2021 (note 1)

	June 1, 2018 - March 31, 2021	April 1 - 30, 2021	June 1, 2018 - April 30, 2021
	\$	\$	\$
Receipts			
Golf Course Revenues	2,539,070.14	111,380.92	2,650,451.06
Food & Beverage Revenues	484,768.33	19,511.73	504,280.06
Sales Taxes (net of remittances)	42,253.54	7,658.11	49,911.65
Canadian Emergency Wage Subsidy	87,082.00		87,082.00
Interest and Miscellaneous Revenue	2,770.35		2,770.35
GST Recovery from Receiver Accts	43,644.15		43,644.15
Advances from Receiver (note 2)	472,589.54	100,602.09	573,191.63
Total Receipts	<u>3,672,178.05</u>	<u>239,152.85</u>	<u>3,911,330.90</u>
Disbursements			
Payroll and Related Expenses	1,697,592.00	81,135.32	1,778,727.32
Purchases of Goods for Resale	272,527.57	9,820.61	282,348.18
Golf Course Operating Expenses	267,932.07	15,673.02	283,605.09
Golf Course Equipment Lease	86,528.68	2,481.33	89,010.01
Golf Course Repairs & Maintenance	323,942.77	15,740.08	339,682.85
Administrative & Marketing Expenses	220,648.57	13,238.57	233,887.14
Utilities	131,488.74	910.90	132,399.64
Operations Management Fees	457,273.06	29,070.76	486,343.82
Buildings & Improvements	74,611.66	8,012.56	82,624.22
Repayments of Receiver Advances (note 2)	100,500.00		100,500.00
Unreconciled Difference	131.00	131.00	262.00
Total Disbursements	<u>3,633,176.11</u>	<u>176,214.15</u>	<u>3,809,390.26</u>
Excess of Receipts over Disbursements	39,001.94	62,938.70	101,940.64
Cash Balance on possession/Start of Period	3,865.24	42,867.18	3,865.00
Cash & Equivalent Balance End of Period	<u>42,867.18</u>	<u>105,805.88</u>	<u>105,805.64</u>

Notes

1. Wedgewood Management normally prepares monthly financial statements on an accrual basis, a sample set of which is included as Appendix F for the month of March 2021. This Schedule summarizes the activity reported in the financial statements for the period June 1, 2018 to April 30, 2021, prepared on a cash-basis, representing the receipts and disbursements from the Receiver's operating bank account with BMO.
2. Amounts were advanced to the operating account by the Receiver, based upon the cash needs for operating and capital costs and repaid if possible. The repayment of advances to operations has now been reflected separately, from earlier statements, in the Disbursements section. This reclassification is a presentation change only and does not affect the actual cash received or disbursed by the Receiver from either account.
3. The GST portion of disbursements made by the Receiver from its HSBC account is shown separately in this statement rather than embedded in the Advances from the Receiver account for presentation purposes. Of the \$86,724.35 in GST paid on disbursements from the HSBC account up to April 30, 2021, \$43,644.15 has been offset to date against GST collected from Golf Operations, leaving a further \$43,080.20 to be offset against future GST collected on revenues net of GST paid from Golf Operations.☐

Appendix I

Morningstar Golf Club Ltd.
Receiver's Fees, Disbursements, and Taxes,
for April 1-30, 2021



G. Powroznik Group Inc., Receiver-Manager
 Morningstar Golf Club Ltd.
 #710 – 750 W. Pender Street
 Vancouver, BC
 V6C 2T7

G. Powroznik Group Inc.
 Licensed Insolvency Trustee
 710 – 750 W. Pender Street
 Vancouver, British Columbia
 Canada V6C 2T7
 Phone: 778.370.0003
 Fax: 778.370.0043

Date: May 13, 2021

Invoice No. 21 8181

GST REGISTRATION # 84987 3021 RT0001

For Professional Services Rendered during the period April 1-30, 2021
 in connection with receivership of Morningstar Golf Club Ltd. per the
 time report attached.

FEES
 DISCOUNT

\$
 51,804.30
 4,600.00
 47,204.30

DISBURSEMENTS
 Administrative charge on 136.29 hours @ \$7.00

954.03

TOTAL

48,158.33

GST

2,407.92

NON-TAXABLE DISBURSEMENTS
 Sharefile data room (GST exempt)

80.00

TOTAL DUE

50,646.25

Please make cheque payable to G. Powroznik Group Inc.
 and return one copy of invoice with your payment

**Morningstar Golf Club in Receivership
Time Report for the Period April 1 to 30, 2021**

Name	Description	Transaction Date	Time Spent	Billed Value
David Lindsay	Call with GP query RDN priority debt and property taxes owed. Email from JP (MoE) re MGC ownership, reply	4/8/2021	1.00	\$280.00
David Lindsay	Emails on leases, payroll funding and interest on loans, and Ryzuk invoices, replies	4/10/2021	1.00	\$280.00
David Lindsay	WCB documentation and update interest on loans	4/26/2021	0.50	\$140.00
David Lindsay	Emails exchanging on claim for rental of photocopier, replies	4/30/2021	1.00	\$280.00
Gary Powroznik	Provide LR with Golf Director contract and background. Tel BM regarding priorities for role for MGC; approve payroll and review cash flow with RR	4/1/2021	0.75	\$360.00
Gary Powroznik	Reporting email to LR re 2020 report of effluent use and advisor retained to help MGC with new permit application and 2021 season irrigation plan; email BM re car lease options	4/2/2021	1.58	\$758.40
Gary Powroznik	Review professional activity reports for February and March 2021 and draft reporting commentary; tel BM re ops issues and finance options for new cars; provide BM CWB emails re Receiver's responses; further drafting of Second Report	4/3/2021	3.33	\$1,598.40
Gary Powroznik	Emails BM re program with Coast; emails RR re current budget and restating November financial statement format; finalize professional activity reports for February, March; submit billings/commentary to LR for December 2020-February 2021; drafting report and preparing appendices	4/4/2021	4.00	\$1,920.00
Gary Powroznik	Emails/tel RR re corrected November 2020 financial statements, updated budget, review November 30 bank reconciliation; emails BM tour packages, review March professional activity report to finalize for Second Report; emails AJ re final DSR draft and approve to send to DSO; review outstanding list of Receiver bills requiring approval; drafting New Borrowing table, editing and updating draft Court Report	4/5/2021	4.25	\$2,040.00

Client TIME REPORT FOR BILLING

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Gary Powroznik	Emails/tel PF, SF re summary of fees and analysis structure; emails CoStar claim; review Gowlings and DLA Piper billings and payments for Court Report Appendices, tel RR re November 2020 year end cash needs for hard cut off for future profitable years; review statutory priority claims, drafting report. Email CB with Appendices of legal fees for taxing	4/6/2021	4.75	\$2,280.00
Gary Powroznik	Emails/tel/conf call Rob D, NA, Don C re MGC/Receiver's requirements to complete Land Exchange and Postage Stamp Amalgamation; emails/dis re options to deal with Provincial lien for property taxes and CWB; drafting Second Receiver's Report; preparing Appendices; tel/text/email BM and RR re cr financing; Golf Pro contract; Ryzuk report; property tax confirmation, ops issues; sign contract for Golf Pro; email CWB re lease financing refusal; provide draft report and affidavit to PF	4/7/2021	4.00	\$1,920.00
Gary Powroznik	Tel PF, SF, emails re edit MGC report and update Appendices; emails Trent Erickson, CWB re car lease financing; emails/tel DL re property tax outstanding; emails BM re Coast Bastion opportunity; emails Elavon, summarize MGC initiatives for LR including Credit Bid issue for OEPP Board meeting; tel Colin, edit draft report and review Appendices	4/8/2021	4.18	\$2,006.40
Gary Powroznik	Tel SF re MCS report; review VIHA update rules re F&B; send final draft Ryzuk report to LR; emails DC, LR on property taxes and RDN portion per DL's emails; sign Colliers LOE for appraisal; emails re distribution of appraisal and providing background information; emails re BC Government subsidy for F&B; tel LR re overall plan for credit bid, car financing, management priorities; tel BM re priorities, car financing, emails RR on SRD to March 31, 2021; confirming final appendices	4/9/2021	3.88	\$1,862.40
Gary Powroznik	Review Elavon contract and emails; email/tel BM/RR re issues; tel/email RR re SRD for Ops; provide activity report and March billing to LR; edit and draft balance of GP's affidavit re fees; ensure Realcor's Credit Bid is properly reflected in Second Report	4/10/2021	3.25	\$1,560.00

Client TIME REPORT FOR BILLING

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Gary Powroznik	Review preliminary March results, email/tel RR adjustments and queries; review SRD with RR and finalize for report; review and discuss capital project budget and expenditures; discuss RR Lot G related capital items; finalize Affidavit; notes of relevant Lot G/MGC issues for Realcor Credit Bid	4/11/2021	2.75	\$1,320.00
Gary Powroznik	Emails/tel BM re golf cars, financing; emails LR re MM's enquiry; emails Pinchin account; property taxes; email Colin re Court Report and application; edit Affidavit and report	4/12/2021	1.58	\$758.40
Gary Powroznik	Emails/tel MM re intention to acquire CWB and Realcor debt; email/tel Trent E re CWB status and National Leasing position; consider Credit Bid possibility and consider how it might affect restructuring and operational activities; send lengthy email, assess merit of current priorities and actions to LR and legal counsel; email/tel Colin B re Court application and other issues related to CWB's position; provide LR with estimated borrowing requirements and tel re potential complications with new offer; scan updated March YTD results; edit all Report appendices and align wording and adopt CB advice	4/13/2021	4.92	\$2,361.60
Gary Powroznik	Emails re conference call re current strategy and protocol to deal with CWB/MM's request; tel/emails BM, RR re Court application; financing options for cars and Trackman; sale attributes to support high value; emails NA re CWB approach; review Realcor calculation of debt components, provide specific appendices to Colin B; review benchmark golf info; review CB's edits of Receiver's report and respond with edits; send resulting draft to Realcor for feedback	4/14/2021	4.33	\$2,078.40

Client TIME REPORT FOR BILLING

374

Gary Powroznik	Emails CB, Jeffrey B re Report edits/amendments; emails Dan Nugent, CWB's counsel, review and input DC's feedback into Report, emails/tel PF and SF re edits to report and appendices, cross-check Appendices and Report for alignment on numbers/calculations; review NOA and provide detailed input, discuss with JB, emails NA re Lot G issues for MGC; emails/tel DL re Ice Cube, Roynat and calculation interest for Receiver's loans, Report to counsel, advise counsel on Roynat and Ice Cube claims, review task list for filing with JB; review and approve payroll, tel RR and Chase Credit Card rep re getting access to information related to fraud against MGC; review affidavit with JB and edit and finalize; edit and finalize report; tel LR re producing payout	4/15/2021	5.63	\$2,702.40
Gary Powroznik	Emails re insufficient payroll funds/re-approve payroll, final review of report and appendices, emails/tel CB, JB re signing, Court filing and affidavits; swear affidavit and sign report and provide original and copies for Court filing; tel LR re Realcor payout; tel DC re Receiver's responsibility for Lot G encroachments; review cash flow; emails re service of Court application; send materials to Trent E; tel/email to Chase Bank re fraud; emails BM re Trackman	4/16/2021	3.17	\$1,521.60
Gary Powroznik	Emails BM/RR re break in and reporting to insurance broker; review Academy budget, CoStar emails, emails Covid 19 concerns, review Realcor interest calculations/emails LR; filing April Court applications materials	4/17/2021	2.33	\$1,118.40
Gary Powroznik	Extensive review and sign Elavon applications for new credit card processing; emails CWB, Piper re service, Realcor interest; review Isle Golf Car proposal and options, dis BM/RR and summarize options and advise LR; edit application for Lease Financing for RR; discuss options re flex financing and Academy budget and summarize plans by email; provide LR with short report on March results	4/18/2021	4.88	\$2,342.40

Client TIME REPORT FOR BILLING

375

Gary Powroznik	Emails Patrick M of LoopNet, review March operations report; approve release of information to car leasing company; review Realcor's discrepancy in calculation of interest on Receiver's loans and respond; emails/tel Colin B re KF's position; update service list; preparation of Manage the Margin program and dis RR; email James G re update information and Kelowna sale	4/19/2021	3.92	\$1,881.60
Gary Powroznik	Email ops issues; email/tel Patrick M re LoopNet problem; email to CB re fee strategy; email car lease financing; review Draft Order, WCB issues	4/20/2021	1.75	\$840.00
Gary Powroznik	Emails lease financing response/options; tel JB/CB re APA, Schedules, cut off, Court Order for Thursday and Realcor's objectives; emails LR, KF, DC re APA, Schedules; provide draft Schedules, tel BM, RA re Chase information, Ops, Schedules updating; emails re updating Schedules and transition planning	4/21/2021	2.75	\$1,320.00
Gary Powroznik	Emails Wedgewood re transition issues, Chase recovery, Union dues analysis; emails/tel DC re Realcor Credit bid and transition; prepare detailed transition list; conf call re Credit Bid and transition and follow up with DC and LR re transition and additional borrowings; tel Colliers re status and reports needed	4/22/2021	4.25	\$2,040.00
Gary Powroznik	Receive additional borrowing from Realcor; pay outstanding bills: Pinchin, DLA Piper, Ryzuk, Receiver's fees; transfer funds to operating account; pay Wedgewood; emails/tel CB re APA and plan for discharge; Receiver/LGL agreement, conf call RR, BM re plan for sale, visit by LR, transition priorities	4/23/2021	3.00	\$1,440.00
Gary Powroznik	Emails Ops, BMO; used Trackman/Academy, Ryzuk account, GST reconstruction; review April activity summary; review APA	4/24/2021	1.83	\$878.40
Gary Powroznik	Ops emails: insurance claim, May payroll dates; review and confirm all priority claims/letter to DLA re WorkSafe claim; photocopier settlement; review final March report; follow up on Schedules, finalize review initial draft of APA and provide comments to DLA; prepare Receiver's Certificate #11 and send to LR with comments	4/25/2021	3.17	\$1,521.60

Client TIME REPORT FOR BILLING

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Gary Powroznik	Emails LR, DC re MM's request; finalize release of March 2021 Ops report to LR; emails Chase fraud; review BM's changes to Schedules for APA; tel BM and confirm changes; review and summarize trap rake lease/delay for LR; review new car commitment with BM and RR and summarize for LR; review updated analysis; tel RR/BM re LR visit on Tuesday; provide LR with updates on transition list and APA	4/26/2021	3.83	\$1,838.40
Gary Powroznik	Review info for APA Schedules with SF to finalize including Receiver Borrowings; tel LR re priorities for MGC visit; emails Chase re loss; email/tel JB re finalization of schedules for APA; emails DC, CB, KR re CWB payout; emails DL re update Receiver loan interest calculation; finalize schedule and send to lawyers and LR; ask KF to confirm WorkSafe BC priority	4/27/2021	2.92	\$1,401.60
Gary Powroznik	Emails CB, KF re Realcor Credit Bid issues; review payroll and Wedgewood expense reimbursements and cash flow; tel RR	4/28/2021	1.00	\$480.00
Gary Powroznik	Initial review of Colliers appraisal; request BM, RR to review for accuracy; tel James G to discuss likely and suggested changes, approved payment of payroll and Wedgewood charges/expenses; email re Roynat claim to photocopier	4/29/2021	2.33	\$1,118.40
Gary Powroznik	Emails Roynat copier/tel DL and Joe G of AGS; email DLA on Roynat claim; emails NA, tel RR, BM re Collier's appraisal	4/30/2021	1.50	\$720.00
Patricia Foster	Upload time entries; make revision to January invoice, download Excel professional activity and time reports for February and March, review, and tie into invoices for those time periods	4/4/2021	3.75	\$412.50
Patricia Foster	Tel con GP and GP/SF re preparation of summary of fees, disbursements and GST; review past billings for inclusion in Second Receiver's report	4/5/2021	3.08	\$338.80
Patricia Foster	Assist SF with compilation of invoices and completion of schedules required for Court filing	4/6/2021	5.00	\$550.00
Patricia Foster	Proofread/edit draft Second Report, check formatting and consistency, input edits into 2nd Affidavit of GP	4/8/2021	2.97	\$326.70
Patricia Foster	Tele con with GP while inputting further edits required on Second Report, finalize, and then additional edits and final review later in the day	4/15/2021	1.25	\$137.50

Client TIME REPORT FOR BILLING

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Patricia Foster	Prepare draft professional activity reports for April	4/24/2021	1.75	\$192.50
Susanna Fok	Upload 2020 Annual Report to data room and email link to Lee. Assist GP to locate file in data room	4/4/2021	0.50	\$75.00
Susanna Fok	Prepare MSC appendices for court report	4/6/2021	3.00	\$450.00
Susanna Fok	Prepare Appendices for second court report. Prepare CRA Payroll cheque for March 2020 and pay from BMO	4/13/2021	3.25	\$487.50
Susanna Fok	Resend returned mail to Waste Connection of Canada. Scan CRA payroll receipts to BM & RR. Update appendices per GP. Gather supporting documents and prepare bank reconciliation for account ending 032 for March 2021. Review of completed set of appendices for pick up from Lawyer	4/15/2021	1.25	\$187.50
Susanna Fok	Compile and print court report	4/16/2021	1.50	\$225.00
Susanna Fok	Scan and email Fortis bill to BM and RR	4/20/2021	0.10	\$15.00
Susanna Fok	Provide 2 dataroom access to Jeffrey and Colin	4/21/2021	0.33	\$50.00
Susanna Fok	Deposit IUOE cheque to MGC HSBC a/c. Deposit MGC cheque at BMO branch. Pay outstanding invoices. Discussion with GP re MGC GST paid and update general ledger on GST amounts. Scan & email IUOE cheque image to Eric at HSBC. Various banking admin matters and documentation	4/23/2021	3.50	\$525.00
Susanna Fok	Prepare summary of 11 Receiver's Certificates for APA. Update MGC schedules of assets and assumable contracts	4/27/2021	4.00	\$600.00
Susanna Fok	Prepare 2021.04 payroll remittance slip and cheque for payment. Organize and email all schedules to Barrie & Ray. Email BM/RR to request more BMO cheques. Organize and email all asset and liability schedules soft copies to BM/RR	4/29/2021	1.75	\$262.50

136.29 \$51,804.30

Appendix J

Morningstar Golf Club Ltd.
Summary of Receiver's Time and Fees
for April 1-30, 2021

Morningstar Golf Club Ltd.
Summary of Receiver-Manager's Time and Fees
For April 1-30, 2021

Name	Title	Hours	Hourly Rate (\$)	Value (\$)
	\$	\$	\$	\$
Gary Powroznik	Managing Director	95.81	480.00	45,988.80
David Lindsay	Associate Director	3.50	280.00	980.00
Susanna Fok	Associate Manager	19.18	150.00	2,877.00
Patricia Foster	Administrator	17.80	110.00	1,958.00
	Subtotal			51,803.80
	Less: Discount			4,600.00
	Receiver-Manager's Fees for April 2021 (notes 1 and 2)			47,203.80
	Receiver-Manager's Time for April 2021	136.29		
	Average Hourly Billing Rate (note 1)		346.35	

Notes:

1. Total fees before disbursements and taxes.
2. There is a difference between this figure and the fees shown on the billing of \$0.50 due to rounding.

Appendix K

DLA Piper's Statement of Fees, Disbursements and Taxes
for the Period March 1, 2021 to April 30, 2021

DLP PIPER Legal Counsel
For G. Powroznik Group Inc., Receiver-Manager of Morningstar Golf Club Ltd.
Summary of Fees, Disbursements and Taxes
for the Period March 1, 2021 - April 30, 2021

Billing Period	Fee	Disburse- ments	GST	PST	Total
	\$	\$	\$	\$	\$
March 1, 2021	975.00		48.75	68.25	1,092.00
April 1, 2021	56,977.50	231.40	2,856.46	3,988.43	64,053.79
	57,952.50	231.40	2,905.21	4,056.68	65,145.79
Total Taxes			6,961.89		
Total	57,952.50	231.40	6,961.89		65,145.79



DLA Piper (Canada) LLP 382
Suite 2800, Park Place
666 Burrard St
Vancouver BC V6C 2Z7
www.dlapiper.com
T 604.687.9444
F 604.687.1612

April 8, 2021

G. Powroznik Group Inc.
250 - 750 West Pender Street
Vancouver, BC V6C 2T7 Canada

INVOICE NUMBER: 2020817
FILE NUMBER: 074081-00004
BUSINESS NUMBER: REG # 110 152 824
FROM THE OFFICE OF: Colin D. Brousseau
DIRECT LINE: 604.643.6400

Attention: Gary Powroznik

For Professional Services rendered and disbursements advanced through March 31, 2021.

Our Fees:	\$	975.00
Total GST:	\$	48.75
Total PST (BC):	\$	68.25
Total Current Invoice Due:	CAD \$	1,092.00

Please note that this account is payable on receipt. If not paid within 30 days from the invoice date, interest at the rate of prime plus 2% per annum will be charged from the invoice date.

Remittance Advice:

Invoice No: 2020817

Please be sure to indicate invoice number on all payments

File No: 074081-00004

Amount: CAD \$ 1,092.00

Cheque Payments To:
DLA Piper (Canada) LLP

Suite 2800 Park Place
666 Burrard Street
Vancouver, BC V6C 2Z7 Canada

Please return remittance advice with cheque.

Credit Card Payments:

<https://payments.dlapiper.ca>

Tel: 604.643.2955
Toll free: 1.833.299.9022

Canadian Dollar Wire Payments To:
DLA Piper (Canada) LLP

Beneficiary Acc#: 00010-1085588
Bank: Royal Bank of Canada
Swift Code: ROYCCAT2
Bank Address: Main Branch Royal Centre
1025 West Georgia Street
Vancouver, BC V6E 3N9
Transit: 00010
Institution: 003

US Dollar Wire Payments To:
DLA Piper (Canada) LLP

Beneficiary Acc#: 00010-4009726
Bank: Royal Bank of Canada
Swift Code: ROYCCAT2
Bank Address: Main Branch Royal Centre
1025 West Georgia Street
Vancouver, BC V6E 3N9
Intermediary Bank: JP Morgan Chase Bank
270 Park Avenue New York,
NY 10017
SWIFT Code: CHASUS33
ABA#: 021000021



DLA Piper (Canada) LLP
 Suite 2800, Park Place
 666 Burrard St
 Vancouver BC V6C 2Z7
 www.dlapiper.com
 T 604.687.9444
 F 604.687.1612

May 11, 2021

G. Powroznik Group Inc.
 250 - 750 West Pender Street
 Vancouver, BC V6C 2T7 Canada

Attention: Gary Powroznik

INVOICE NUMBER: 2030207
 FILE NUMBER: 074081-00004
 BUSINESS NUMBER: REG # 110 152 824
 FROM THE OFFICE OF: Colin D. Brousson
 DIRECT LINE: 604.643.6400

For Professional Services rendered and/or disbursements advanced through April 30, 2021.

Total Fees	\$	56,977.50
Total Disbursements:	\$	231.40
Total GST:	\$	2,856.46
Total PST:	\$	3,988.43
Total Current Invoice Due:	CAD \$	64,053.79

Please note that this account is payable on receipt. If not paid within 30 days from the invoice date, interest at the rate of prime plus 2% per annum will be charged from the invoice date.

Remittance Advice:

Invoice No: 2030207

Cheque Payments To:
 DLA Piper (Canada) LLP

Suite 2800 Park Place
 666 Burrard Street
 Vancouver, BC V6C 2Z7 Canada

*Please return remittance advice with
 cheque.*

Credit Card Payments:

<https://payments.dlapiper.ca>

Tel: 604.643.2955
 Toll free: 1.833.299.9022

Please be sure to indicate invoice number on all payments

File No: 074081-00004

Amount: **CAD \$64,053.79**

Canadian Dollar Wire Payments To:
 DLA Piper (Canada) LLP

Beneficiary Acc#: 00010-1085588
 Bank: Royal Bank of Canada
 Swift Code: ROYCCAT2
 Bank Address: Main Branch Royal Centre
 1025 West Georgia Street
 Vancouver, BC V6E 3N9

Transit: 00010

Institution: 003

US Dollar Wire Payments To:
 DLA Piper (Canada) LLP

Beneficiary Acc#: 00010-4009726
 Bank: Royal Bank of Canada
 Swift Code: ROYCCAT2
 Bank Address: Main Branch Royal Centre
 1025 West Georgia Street
 Vancouver, BC V6E 3N9

Intermediary Bank: JP Morgan Chase Bank
 270 Park Avenue New York,
 NY 10017
 SWIFT Code: CHASUS33
 ABA# 021000021