

STANDARD TERMS AND CONDITIONS CORPORATE FINANCE ENGAGEMENTS

5. Confidentiality

5.1 Confidential Information means information or documents we received or produced hereunder and which are marked confidential or are manifestly confidential, but does not include any information which:

- a) Is or becomes generally available to the public other than as a result of a breach of an obligation under this clause; or
- b) Is known to the receiving party prior to disclosure hereunder; or
- c) Is received from a third party who owes no obligation of confidence in respect of the information.

PwC agrees to take reasonable measures to keep confidential the Confidential Information. We will not release Confidential Information to any party without your prior written consent other than to (i) PwC's partners, employees, agents, authorized representatives; (ii) PwC's affiliates, and related partnerships and other PricewaterhouseCoopers Firms and their respective partners, employees, agents and authorized representatives (collectively the "PwC Personnel"); and (iii) service providers and subcontractors, as required to perform the Services, and as long as they are bound by reasonable confidentiality obligations.

5.2 Notwithstanding anything to the contrary in this Agreement, PwC may disclose Confidential Information as may be required bylaw, statute, rule or regulation, including any subpoena or other similar form of process. We will provide you with prompt notice of any request that PwC disclose Confidential Information (so long as such notice is not prohibited by law), so that you may object to the request and/or seek an appropriate protective order. It is understood and agreed any objection by you to such a request (other than an objection in the form of an appropriate protective order issued by a court of competent jurisdiction) shall not affect PwC's obligations to produce materials called for by appropriate legal process.

5.3 PwC is subject to anti-money laundering and anti-terrorist financing obligations under the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada), the regulations made thereunder and the Criminal Code (Canada). Under certain circumstances, PwC is legally required to submit reports to the Financial Transactions and Reports Analysis Centre of Canada, the Royal Canadian Mounted Police and/or the Canadian Security Intelligence Service. PwC may submit such reports notwithstanding any confidentiality obligations.

6. Personal and Protected Information

6.1 The Client hereby acknowledges and agrees that the Client (1) shall only provide PwC with access to, and PwC will otherwise collect, use and disclose, information about identified individuals ("personal information" as more particularly defined in the applicable law) about the Client and/or individuals in respect to whom the Client collects, uses, holds or discloses personal information, in connection with providing the Deliverables hereunder (the "Purposes"); (2) has obtained all required consents, if any, for such activities, and shall otherwise provide such personal information only in compliance with applicable legislation regarding the protection of personal information; and (3) in addition to any other liability for breach of this Agreement, shall indemnify and hold PwC, its partners, employees, authorized representatives and associated entities in Canada, harmless for any claim, demand, debt, action, or liability to any third party, including legal costs and disbursements, arising out of or in respect of any breach of the Client's obligations under this paragraph. For greater certainty, references in this Agreement to "information" may include personal

information. Subject to (2) above, PwC agrees that it will receive, collect, use, hold and disclose such personal information in compliance with all applicable legislation regarding the protection of personal information. Client agrees that PwC may send personal information outside of the country for the Purposes, including for process and storage by service providers, subcontractors or PricewaterhouseCoopers Firms (defined below) and that while such personal information is out of the country it is subject to access by the regulatory authorities in, and to the laws of, those other jurisdictions.

6.2 As certain countries may have strict laws around data protection, where applicable, the risks of exporting or disclosing certain categories of sensitive data need to be assessed and managed by you appropriately. You will also advise us in writing immediately if any software, information, or other materials that may be accessed by us in performing the services constitute controlled goods or controlled technology under Canadian law, or are subject to any Canadian export controls.

7. Public Notice

7.1 It is common practice for professional service firms such as PwC, in discussions with our prospective clients and in our promotional materials, to make reference to prior work, and we would like to have the opportunity to do so with respect to this assignment. Unless you inform us to the contrary, on completion of this assignment PwC understands that it will be entitled to make reference to having undertaken it, including a brief description of its objectives, in PwC newsletters, publications and discussions with third parties regarding work opportunities. If desired, at the conclusion of the assignment we will be pleased to agree with you suitable wording for us to use in such future references.

8. Fees and Additional Services

8.1 **Fee basis** – our fees and expenses will be charged on the basis set out in the Engagement Letter.

8.2 **Changes to Services/Deliverables** – either party may request changes to the Services or Deliverables. We shall work with you to consider and, if appropriate, to vary any aspect of the engagement, subject to payment of reasonable additional fees and a reasonable additional period to provide any additional Services or Deliverables. Any variation to the Contract shall be set forth in a written addendum which upon execution by the parties shall form part of the Contract and to which these Standard Terms and Conditions shall apply.

8.3 **Payment of fees** – time for payment of fees and expenses shall be of the essence. If we do not receive payment of any invoice within 30 days of the invoice date we shall be entitled, without prejudice to any other rights that we may have in law or equity, to charge you interest accruing on the sum due to us at the annual rate of 15% and, after 45 days from invoice date, to suspend provision of the Services and Deliverables until all sums due are paid in full. Further, if you disagree with or question any amount due under an invoice submitted by us, you shall communicate such disagreement to us, in writing, within 30 days of the invoice date. Any claim not made within that period shall be deemed to be waived.

9. Limited Warranties

9.1 PwC warrants that the Services will be performed and supervised by qualified personnel. In the event that the Client identifies any personnel of PwC that the Client believes is not qualified to perform the Services, Client may request that such personnel be replaced on the engagement. Replacement of such personnel is the sole remedy

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available to Client for breach of this warranty. **Except as expressly contained in this agreement, PwC makes no other warranties, express or implied, or whether arising by operation of law, course of performance or dealing, custom, usage in the trade or profession or otherwise, including without limitation implied warranties or conditions of merchantable quality and fitness for a particular purpose.** Further, no cause of action which accrued more than two (2) years prior to the filing of a suit alleging such cause of action may be asserted against PwC.

10. Liability Limitation

10.1 Limitation of our liability – in no event shall PwC be liable to Client or any third party for any claim, liability, loss, damage, cost or expense attributable to any act, omission or misrepresentation by Client, its affiliates or their respective personnel.

10.2 We will accept liability without limit for (i) death or personal injury caused by our negligence or the negligence of our employees acting in the course of their employment; (ii) any fraudulent pre-contractual misrepresentations made by us on which you can be shown to have relied; and (iii) any other liability which by law we cannot exclude. This does not in any way confer greater rights that you would otherwise have at law or in equity.

10.3 In no event shall PwC be liable to Client or any third party for any indirect, special, consequential, punitive, exemplary, incidental or similar damages including, but not limited to, lost profits, lost revenues, failure to realize expected savings, loss of data, loss of business or goodwill, cost of capital or third party claims, whether such liability is based on breach of contract, negligence or any other tort or otherwise, in connection with or arising out of the Agreement.

10.4 Our liability to pay damages for all claims and losses incurred by you as a direct result of breach of contract, negligence or any other tort or otherwise by us in connection with or arising out of the Agreement shall be limited to direct damages, and to that proportion only of your actual loss which was directly and solely caused by us, and in no event shall our aggregate liability exceed the total amount of fees paid by you to PwC under this Agreement.

10.5 Where there is more than one addressee to the Engagement Letter, the limit of liability specified in the immediately preceding paragraph will have to be allocated among such addressees. It is agreed that such allocation will be entirely a matter for the addressees, who will be under no obligation to inform us of it; if (for whatever reason) no such allocation is agreed, no addressee will dispute the validity, enforceability or operation of the limit of liability on the grounds that no such allocation was agreed.

10.6 PricewaterhouseCoopers is a worldwide network of individual partnerships and companies, each of which is a separate and independent legal entity (each, a "PricewaterhouseCoopers Firm"). This Agreement is between Client and PricewaterhouseCoopers LLP, a limited liability partnership organized under the laws of the Province of Ontario, only. In the course of providing our Services and providing service delivery, we may, at our discretion, draw on the resources of and subcontract to other PricewaterhouseCoopers Firms, service providers or subcontractors. Client agrees that PwC may provide information (including personal information) PwC receives in connection with this Agreement to the applicable other PricewaterhouseCoopers Firms and to other subcontractors or service providers for the purpose of the Deliverables and related internal administration and regulatory compliance. Information (including personal information) provided to such other

PricewaterhouseCoopers Firms, subcontractors or service providers pursuant to this section will be subject to access by the regulatory authorities in, and to the laws of, those firms', subcontractors' or service providers' jurisdictions. For administrative purposes, services provided by subcontractors that we own may be invoiced separately by those subcontractors. However, the provision of the Deliverables remains the responsibility of PwC. Client agrees that no PwC subcontractor (including other PricewaterhouseCoopers Firms), service provider or any partner, principal or personnel of PwC or a PwC subcontractor (collectively, the "PwC Related Parties"), who performs work in connection with the Deliverables or this Agreement. Therefore, Client agrees not to bring or enforce a claim of any nature relating to this Agreement or any of the Deliverables against any of the PwC Related Parties. Any Personnel of another PricewaterhouseCoopers Firm who deals with you in connection with the Services does so on behalf of PricewaterhouseCoopers LLP alone.

10.7 The provisions of the immediately preceding paragraph have been stipulated by PricewaterhouseCoopers LLP expressly for the benefit of other PricewaterhouseCoopers Firms and their respective Personnel (together the "Beneficiaries"). Client agrees that each of the Beneficiaries shall have the right to rely on this clause as if they were parties to this Agreement. Each PricewaterhouseCoopers Firm which agrees to assist in the provision of Services or Deliverables under this Agreement does so in reliance on the protections afforded to it by provisions of the immediately preceding paragraph, the benefit of which we formally accept on its behalf.

11. Indemnity against Third Party Liability

11.1 You agree to indemnify and hold harmless PwC, other PricewaterhouseCoopers Firms and our respective Personnel from any and all third party claims, liabilities, losses, damages, costs and expenses relating to the Services or Deliverables, except to the extent finally determined to have resulted from our willful misconduct, gross negligence or fraudulent behavior.

12. Termination

12.1 Right to terminate Agreement – Either party may terminate this Agreement by giving written notice which will have immediate effect. Client will be responsible for reasonable fees and expenses incurred to the effective date of termination, taking into account the circumstances of termination, and including the fees and expenses of any agent or subcontractor hired by us. Where Client terminates the contract for convenience, Client will pay PwC for all reasonable costs necessarily incurred as a result of early termination of the Services or provision of Services. PwC may also resign from performing all or any portion of the Services or providing all or any portion of the Deliverables and terminate this Agreement immediately upon written notice in the event that circumstances arise that would make continuation of all or any portion of the Services or Deliverables by PwC in conflict with any independence or other professional regulations, standards or guidelines to which PwC conforms.

12.2 Success fees – if this Contract is terminated by either party and the Letter of Engagement provides for the payment to us of a success fee, contingency fee, or similar performance based fee upon successful completion of the Services or Deliverables, the full amount of such success or contingency fee shall be paid to us if a transaction contemplated by the Services or Deliverables is completed with a third party within two years of the termination of the Contract and: (i) we introduced the third party to you; or (ii) the third party was the subject of any advice or assistance provided by us to you; or (iii) the third party

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was engaged in any discussion with you during the term of the Engagement.

12.3 Continuation of terms – This Agreement will continue until the Services and Deliverables have been provided unless it is terminated earlier in accordance with the terms set out elsewhere herein. The following sections of this Agreement will survive completion of the Services and Deliverables or its earlier termination: Confidentiality, Personal Information Protection, Limited Warranties, Liability Limitation and Indemnity against Third Party Liability, and such other provisions of this Agreement which by their nature are intended to survive.

13. Electronic Mail (“e-mail”) Communications

13.1 During the engagement, we may from time to time communicate electronically with each other. However, as you are aware, the electronic transmission of information cannot be guaranteed to be secure or error free and such information could be intercepted, corrupted, lost, destroyed, arrive late or incomplete or otherwise be adversely affected or unsafe to use. The parties shall not have any liability to each other arising from or in connection with the electronic communication of information to or from the Client during or as a result of its electronic transmission outside of our electronic environments. If the communication relates to a matter of significance and there are concerns about possible effects of electronic transmission, you agree to request such information in hard copy transmission only.

13.2 Client approves that PricewaterhouseCoopers’ staff may connect their PwC notebooks to Client’s network to access the Internet and use PricewaterhouseCoopers’ secure VPN utility to communicate directly with the PwC network.

14. Working for Other Clients

14.1 Clients engage PricewaterhouseCoopers Firms every day and an individual PricewaterhouseCoopers Firm may be asked to provide services to other clients that may be in competition with you or whose interests may conflict with your own. We and the other PricewaterhouseCoopers Firms will not be prevented or restricted by virtue of our relationship with you under this Agreement from providing services to other clients. Except as required by law or professional regulations, we will maintain the information obtained during the course of this engagement confidentially and will not communicate such information to any other PricewaterhouseCoopers personnel who are providing services to such other clients.

15. Legal Proceedings

15.1 In the event we are requested or authorized by you or required by government regulation, regulatory agency, subpoena or other legal process to produce our Deliverables, working papers or our Personnel as witnesses with respect to our engagement with you, you will, so long as we are not a party to the proceeding in which the information is sought, reimburse us for our reasonably expended professional time and expenses, as well as the reasonable fees and expenses of our counsel, incurred in responding to such a request.

16. Non Solicitation of PwC Personnel

16.1 For the duration of this Agreement, and for 12 months after its termination or completion, Client will not employ or procure a third party to employ any PwC employee who has taken part in the performance of the Services without PwC’s prior written consent.

17. Severability

17.1 If any of the provisions of this Agreement are determined to be invalid or unenforceable, the remaining provisions shall remain in effect and be binding on the parties to the fullest extent permitted by law.

18. Force Majeure

18.1 Neither party shall be liable to the other (except payment obligations) for any delay or failure to perform any of the Services or obligations set forth in this Agreement due to causes beyond its reasonable control.

19. Governing Law

19.1 This Contract shall be governed by and interpreted in accordance with the laws of the Province set out in the Engagement letter and federal laws of Canada applicable therein. Except as otherwise provided herein the courts of that province shall have exclusive jurisdiction in relation to any claim, dispute or difference concerning this Contract and any matter arising from it. The parties irrevocably waive any right they may have to object to any action being brought in those courts, to claim that the action has been brought to an inconvenient forum, or to claim that those courts do not have jurisdiction.

20. Assignment of Claim

20.1 Client agrees that it will not, directly, or indirectly, agree to assign or transfer any claim against PwC arising out of this Agreement to anyone.

21. Other Matters

21.1 Where Client is a U.S. entity, this Section 21 applies. PricewaterhouseCoopers LLP is owned by professionals who hold Certified Public Accountant (CPA) licenses as well as by professionals who are not licensed CPAs. Depending on the nature of the services we provide, non-CPA owners may be involved in providing services to you now or in the future.

22. Important Information About Procedures for Opening a New Account

22.1 To help the United States government fight the funding of terrorism and money laundering activities, Federal law requires PwC to obtain, verify, and record information that identifies each person with whom it conducts a securities business. PwC will use this information to verify your identity.

This is Exhibit " 3 " referred to in the
Affidavit of JONATHAN DOERKSEN
SWORN before me this 5TH day
of SEPTEMBER A.D. 20 17



A Notary Public
in and for the Province of Manitoba

SALE PROCESS
for the Sale of the Assets of 5274398 Manitoba Ltd. (the "Company") used in connection with its business operations at 1 Solvay Dr., Blenheim ON

Introduction

On August 11, 2017, 5274398 Manitoba Ltd., d/b/a Cross Country Manufacturing (the "Company"), filed a Notice of Intention to Make a Proposal pursuant to the provisions of Section 50.4(1) of the Bankruptcy and Insolvency Act ("BIA"). Lazer Grant Inc. has consented to act as trustee under the proposal (the "Proposal Trustee").

PricewaterhouseCoopers LLP ("PwC") has been engaged by the Company as a **Financial Advisor** to advise on, coordinate and conduct a formal sale process (the "Sale Process") of its assets used in relation to its business operations at Blenheim, ON, including generally the real property, equipment, inventory, work-in-process, product-ready drawings, undertaking and goodwill (collectively, the "**Blenheim Property**"), on a going concern basis, in accordance with the Sale Process, as described herein.

The Financial Advisor intends to complete this Sale Process in the course of the NOI Proceedings, subject to approval of this Sale Process by the Court of Queen's Bench (Manitoba) (the "**Court**") in due course in the NOI Proceedings, including authority for the Financial Advisor to exercise the duties, powers and authorities described in this Sale Process, to continue, conduct and complete the Sale Process in the NOI Proceedings.

The sale of the Blenheim Property will be on an "as is, where is" basis and without substantive representations or warranties of any kind, nature or description by the Financial Advisor, the Proposal Trustee, the Company, its shareholders or any of their respective agents or estates. The right, title and interest in and to the Blenheim Property will be sold free and clear of all pledges, liens, security interests, encumbrances, claims, charges, options, and interests therein, pursuant to the Sale Approval Order and such other Court orders as may be desirable.

Objectives

- To responsibly canvass the market for parties ("**Prospective Buyers**") who may be interested in purchasing the Blenheim Property;
- To offer to Prospective Buyers a reasonable opportunity for due diligence, in recognition of the Company's need to complete a transaction within a limited period of time;
- To obtain offers and effect a sale of the Blenheim Property;
- To ensure that the process is fair and effective for all parties, and is undertaken in a cost-effective and time-effective manner recognizing the financial situation of the Company and the limited financial resources available;
- To preserve the continuity of the Company's operations, including its operations at Blenheim, ON, during the Sale Process; and
- To maximize value of the Blenheim Property for the stakeholders of the Company.

Role of the Financial Advisor

1. The Financial Advisor will be responsible for working with the Company to manage and coordinate all remaining aspects of the Sale Process in order to maximize value. Key responsibilities include:
 - a. in consultation with the Company, preparing a list of Prospective Buyers;
 - b. drafting of an initial acquisition opportunity summary ("**Teaser Letter**");
 - c. preparation of a confidentiality agreement ("**CA**");
 - d. preparing a confidential information memorandum ("**CIM**") and populating and managing an electronic data room ("**Data Room**");
 - e. managing all communications with prospective buyers and facilitating the negotiation of all deal documentation;
 - f. consulting with creditors of the Company, and, in particular, its senior secured creditors (the "**Secured Lenders**"), as may be appropriate; and
 - g. assisting the Company with selecting a successful bid to be recommended to the Court for approval.
2. The Financial Advisor will have responsibility for managing all communication with Prospective Buyers prior to and after receipt of binding offers ("**Offers**"). This shall include facilitating the delivery of all communications, contacting Prospective Buyers and providing them with the Teaser Letter, CIM and access to the Data Room, coordinating the execution of CAs, managing the process of answering all inquiries from Prospective Buyers, coordinating any presentations that may be requested by Prospective Buyers, soliciting and tracking all Offers and reviewing and facilitating the negotiation of deal documentation. No communication is to be had with the customers of the Company, dealers, suppliers, or any Company management or staff, without the prior written consent of the Financial Advisor or the involvement of the Financial Advisor.

Identification of Prospective Buyers

3. The Financial Advisor, with input from the Company, will develop a list of Prospective Buyers, who will be credible strategic and financial parties who may be interested in acquiring the Blenheim Property.

Sale Process

1. The Financial Advisor will begin to contact the Prospective Buyers to determine if they are interested in acquiring the Blenheim Property. The Financial Advisor will distribute the Teaser Letter to all Prospective Buyers and any other party who requests same.
2. The Financial Advisor, exercising its reasonable judgment, will make an assessment of any party interested in acquiring the Property to determine if they are a credible and qualified offeror that has the financial capability to complete the acquisition of the Blenheim Property (each a "**Qualified Offeror**") and the Financial Advisor may require the interested party to provide any information that the Financial Advisor considers

reasonable or appropriate in making such assessments. Only Qualified Offerors will be permitted to commence due diligence.

3. Qualified Offerors who wish to commence due diligence will be required to sign a CA, in a form acceptable to the Financial Advisor and the Company.
4. Upon execution of a CA, the Financial Advisor will provide each Qualified Offeror with:
 - a. a copy of this Sale Process document; and
 - b. a copy of the CIM and access to the Data Room, where preliminary data will be available.
5. The Financial Advisor may request from each Qualified Offeror a form of Expression of Interest letter setting out key information related to the proposed transaction to be used by the Financial Advisor to consider the merit of a Qualified Offeror continuing in the process and being provided with access to more detailed information;
6. The Financial Advisor will provide each Qualified Offeror with a form of agreement (the "**Form of Purchase Agreement**") at least one week prior to the Offer Deadline defined below.
7. All requests for additional information will be made through the Financial Advisor, who will coordinate responses to such requests.
8. Each Qualified Offeror will be required to submit to the Financial Advisor an Offer on the Form of Purchase Agreement on or before 5:00 pm CDT on September 18, 2017 (the "**Offer Deadline**").
9. If no Offer is received prior to the Offer Deadline or no Offer is acceptable to the Company (in consultation with the Proposal Trustee and the Secured Lenders), then the Company shall have the option to terminate the Sale Process and the Court will be advised accordingly.
10. To be considered for acceptance, an Offer must come from a Qualified Offeror and comply with all of the following, in which case it is a "**Qualified Offer**":
 - a. it includes a letter summarizing (a) the principal terms of the proposed transaction, including, the purchase price (including liabilities to be assumed), (b) any of the Blenheim Property expected to be excluded (c) the structure and financing of the transaction (including, but not limited to, the sources of financing for the purchase price, evidence of the availability of such financing and the steps necessary and associated timing to obtain the financing and consummate the proposed transaction and any related contingencies, as applicable), (d) any anticipated corporate, shareholder, internal or regulatory approvals required to close the transaction and the anticipated time frame and any anticipated impediments for obtaining such approvals and (e) stating that the Offer is irrevocable until 11:59 p.m. CST on November 6, 2017.
 - b. it includes a duly authorized and executed purchase and sale agreement (the "**Proposed Purchase Agreement**") substantially in the form of the Form of Purchase Agreement, including the purchase price (the "**Purchase Price**"),

expressed in Canadian dollars together with all exhibits and schedules thereto, and such ancillary agreements as may be required by the Qualified Offeror with all exhibits and schedules thereto as well as copies of such materials marked to show those amendments and modifications to the Form of Purchase Agreement (the "**Marked Agreement**");

- c. to the extent the Qualified Offeror is relying on third party financing, it includes written evidence of a firm, irrevocable commitment for all required funding and/or financing to consummate the proposed transaction;
- d. it is not conditioned on (i) the outcome of unperformed due diligence by the bidder and/or (ii) obtaining any financing or capital;
- e. it fully discloses the identity of each entity or person that will be sponsoring or participating in the Offer and the transaction contemplated therein, and the complete terms of any such participation;
- f. it includes an acknowledgement and representation that the Offeror will assume the obligations of the Company under the executory contracts and unexpired leases proposed to be assigned (or identifies with particularity which of such contracts and leases the bidder wishes not to assume, or alternatively which additional executory contracts or unexpired leases the Qualified Offeror wishes to assume); and it identifies with particularity any executory contract or unexpired leases the assumption and assignment of which is a condition to closing;
- g. it includes an acknowledgement and representation that the Qualified Offeror: (i) has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the assets to be acquired and liabilities to be assumed in making its bid; (ii) did not rely upon any written or oral statements, representations, promises, warranties or guaranties whatsoever, whether express or implied (by operation of law or otherwise), regarding the assets to be acquired or liabilities to be assumed or the completeness of any information provided in connection therewith, except as expressly stated in the Proposed Purchase Agreement; (iii) is a sophisticated party capable of making its own assessments in respect of making its Offer and (iv) it agrees to be bound by the terms of this Sale Process;
- h. it includes evidence, in form and substance reasonably satisfactory to the Company and the Financial Advisor, of authorization and approval from the Qualified Offeror's board of directors (or comparable governing body) with respect to the submission, execution, delivery and closing of the transaction contemplated by the Offer;
- i. it is accompanied by a deposit (the "**Deposit**") in the form of a wire transfer (to a bank account specified by the Financial Advisor in consultation with the Proposal Trustee), or in such other form acceptable to the Financial Advisor (in consultation with the Proposal Trustee), payable to the order of the Proposal Trustee, in trust, in an amount equal to 10% of the Purchase Price to be held and dealt with in accordance with these Sale Process procedures and the Final Purchase Agreement (as hereinafter defined);
- j. it contains other information reasonably requested by the Financial Advisor;

- k. it is received by the Offer Deadline.
11. The Financial Advisor, in consultation with the Company, the Proposal Trustee and the Secured Lenders, may waive compliance with any one or more of the requirements specified herein and deem any or all non-compliant Offers to be a Qualified Offers.
 12. All Qualified Offers must be capable of acceptance and must be irrevocable until 11:59 pm CDT on November 6, 2017, such date being 49 days following the Offer Deadline.

Offer Acceptance and Negotiation Process

13. Subject to its discretion, the Financial Advisor may seek clarifications with respect to any and all Qualified Offers and negotiate the terms of Qualified Offers prior to the selection of a Recommended Offer, to result in a final purchase agreement (a “**Final Purchase Agreement**”).
14. On or before September 22, 2017, the Financial Advisor will (in consultation with the Proposal Trustee, the Company and the Secured Lenders) recommend a Qualified Offer (the Recommended Offer”) to consummate a transaction (a “**Sale Transaction**”) for the purchase and sale of the Blenheim Property in accordance with the Final Purchase Agreement, and, upon acceptance of such recommendation by the Company, shall promptly notify the Recommended Offeror.
15. The Financial Advisor, the Proposal Trustee and the Company shall take such steps as may be necessary to facilitate closing of the Sale Transaction on a day (the “**Recommended Offer Closing Date**”) on or before October 13, 2017, such date being 25 days following the Offer Deadline.
16. The Company shall not be required to accept the highest, best or any Qualified Offer.
17. In the event that the Recommended Offer is not closed by the Recommended Offeror on the Recommended Offer Closing Date, the Company (on the recommendation of the Financial Advisor) shall be at liberty, but not required, to accept an alternate Qualified Offer and negotiate the terms of a Final Purchase Agreement in respect thereof. Subject to obtaining Court approval of such alternate Final Purchase Agreement, the Sale Transaction contemplated by any such alternate Final Purchase Agreement shall be closed on a date which is on or before by October 31, 2107 such date being 43 days following the Offer Deadline.

Court Approval and Closing

18. The Recommended Offer (or any alternate Qualified Offer accepted as aforesaid) shall be subject only to the conditions contained in the Final Purchase Agreement in respect thereof, and other conditions, if any, as may be acceptable to the Financial Advisor and the Company.
19. Any Recommended Offer (and any alternate accepted Qualified Offer), the terms and conditions of any Final Purchase Agreement and the closing of any Sale Transaction, shall be subject to Court approval and the vesting of title to the Blenheim Property in a purchaser thereof, and the absence of any legal prohibition from or restriction on completing such a Sale Transaction.

20. For clarity, closing of a Sale Transaction under this Sale Process shall be completed as soon as possible after Court approval is received, but in any event on or before (i) October 13, 2017 (being 25 days following the Offer Deadline) unless otherwise agreed by the Proposal Trustee and the Company, in relation to a Recommended Offer, and (ii) October 31, 2017 in relation to an accepted alternate Qualified Offer.

Other

21. The Financial Advisor (in consultation with the Company, the Proposal Trustee and the Secured Lenders) may amend this Sale Process including as it relates to any time limits as it may reasonably consider necessary to achieve the objectives described above, or this Sale Process may be amended by order of the Court.
22. The Financial Advisor, with the consent of the Company, the Proposal Trustee and the Secured Lenders, may terminate this Sale Process at any time it considers appropriate.
23. None of the Company, the Financial Advisor or the Proposal Trustee shall be liable for any claim for a brokerage commission, finder's fee or like payment in respect of the consummation of any of the transactions consummated under this Sale Process. Any such claim shall be the sole liability and responsibility of the relevant Offeror.

This is Exhibit " 4 " referred to in the
Affidavit of JONATHAN DOERKSEN
SWORN before me this 5TH day
of SEPTEMBER A.D. 20 17

A Notary Public
in and for the Province of Manitoba

CAPITAL LIST: MORDEN

CAPITAL LIST: MORDEN		
Building Improvements & Manufacturing Set Up	Qty.	Total
Electrical Contracting - Setup & Supply for all Production Equipment (Cranes, Paint Booth, Weld Plugs, etc.)	1	
Building Improvements for Trailer Manufacturing	1	
Yard Improvements for Product Flow	1	
Property Fence	1	
Overhead Doors	8	
Offices Addition	1	
Mobile Production Office	3	
Storage Trailer Van	1	
Tables in Lunchroom	13	
Air Supply System: Air Piping, Air Dryer, Air Hose Reels supplied to all Manufacturing Departments	1	
Air Ventilation System for Manufacturing Space in Accordance with Manitoba Regulations	2	
Lockers	5	
		\$ 1,726,426.68
Belly Dump Line	Qty.	Total
Gate Fixtures: All Clam & Cross Gate Model Configurations	3	
Clam Model Fixture: Squaring for Initial Weld Stage	2	
Clam Model Hopper/Sidewall/Gate Fixtures	3	
Cross Clam/Cross Gate/Clam/Texas Clam Fixtures	5	
Belly Dump Air Bag Fixture	1	
Belly Dump Fixture: Hopper	2	
Belly Dump Fixture: Complete Gate Assembly	1	
		\$ 107,055.00
Rails & Chassis Bay	Qty.	Total
Frame Rail Fixture	1	
Hydraulic Flat Bar Bender	2	
Hydraulic Power Pack	2	
Frame Building Jack Fixtures	2	
Chassis Fixture for all Gravel Dump Products	1	
End Dump: Quarter Frame Draft Arm Fixture	1	
End Dump: Quarter Frame Fixture 28'	1	
End Dump: Frameless Dump Fixture	1	
		\$ 101,650.80
Pre-Weld Department/Weld Fixtures	Qty.	Total
Logger Bunk Fixture	1	
Logger Stake Fixture	1	
Logger 4th Axle Fixture	1	
Tailgate Fixtures: Gravel Dump Products	2	
Roller Jig: Scissor Neck Product	2	
Box Sill Jig: End Dump & Side Dump Products	2	
Axle Fixtures	7	
Fifth Wheel Fixtures and Rolling Rack	5	

Frame A-Frame Fixture: Pony Pup Dumps	1	
Live Bottom Sidewall Fixture	1	
Custom Measuring & Tabbing Jigs for Multiple Processes	1	
		\$ 109,035.00
Box Bay: End Dumps & Side Dumps	Qty.	Total
Box Fixture: Side Dumps	2	
Box Fixture: Side Dump Lead	1	
Box Fixture: U-Body End Dumps Canada	1	
Box Fixture: U-Body End Dumps U.S.	1	
Box Floor Fixture: Square Dump Products	1	
Box Fixture: U-Body End Dump Weld Finishing Stage	2	
		\$ 135,815.00
Final Assembly	Qty.	Total
Stackable Steel Bins: Trailer Product Kitting Process	8	
Tire Racks	15	
Air/Electric/Hand Tools - All Plant Departments	1	
Hydraulic Crimper - Parker/Fairview/Greenline Brands	3	
Electrical Trailer Tester: Test Final Trailer Lighting & Electrical	2	
Hydraulic Power Pack: Test Final Trailer Hydraulic Functionality	1	
Cargo Securement Test Machine	1	
		\$ 348,957.89
Parts Bay	Qty.	Total
Messer MG Plasma Table with 10'x24' Downdraft Table	1	
Burny 10 Upgrade for Plasma Table	1	
HD Parts Carts	6	
STD Parts Crates	15	
Steel Bins: Scrap Steel	5	
Racking: HD Steel Parts	11	
Racking: Steel Structural	2	
Racking: Steel Panel & Tubing Materials	8	
Racking: Steel Plates	15	
Racking: Steel Panel Storage	5	
Brake Press - Accupress 717512 (175 Ton)	1	
Brake Press - Tooling for Accupress	6	
Press Brake Die + Ram B Extension + Top Punch	1	
Brake Press - Pacific K150-16	1	
Brake Press - Tooling for Pacific	5	
Shear: Pearson 714908/1 - 1/4" x 10'	1	
Hyd-Mech S20 Bandsaw	2	
Doall Bandsaw + Auto clamping	1	
Bandsaw Fixturing & Rollers	2	
Hand Plasma	5	
Hand Plasma Table	3	
		\$ 606,325.38
Welding Equipment	Qty.	Total

Boom Welder Setups - Elevated, Stationary Weld Machine Mounts with Extendable Swivel Overhead Booms to Reach all Trailer Weld Points	34	
HD Welding Table	10	
Welding Curtains & Stands	16	
Weld Stations: Work Order/Blue Prints	11	
Weld Machines - Esab/Miller	42	
Kent MIG Guns	52	
Miller Extension Cables	34	
Track Weld Gullco Boom Setup: Currently used for Side Dump & End Dump Box Processes	1	
		\$ 599,826.00
Production Flow/Material Handling	Qty.	Total
Axle/Suspension Racks	4	
Sawhorses	80	
Trailer Lifting Device	3	
A Frame Cranes (8) Drive Systems	8	
Jib Cranes	4	
R&D Bay - 3 Ton Crane	1	
Overhead Cranes	7	
Parts Welding U Crane	1	
Crane/Lifting Rigging	1	
Pallet Racking Sections	54	
Shelving (non-steel)	10	
Running Beam Structure	1	
Bridges for Running Beam Structure	2	
Vulcan 2 Ton Overhead Hoist	2	
		\$ 929,481.16
Blast & Paint	Qty.	Total
Paint Booth	1	
Howard Martin - Graco 2KS Pro-Mix Electrostatic Paint System & Graco Primer System	1	
Paint Gear	1	
Paint Booth Man Lift	2	
Painting Step	1	
Small Parts Paint Racks	5	
Paint Waste Containment Box	5	
Blast Booth Build & Setup	1	
Ingersoll Rand 100HP Electric Sandblast Compressor	1	
Sandblast Gear	1	
Sand Reclaim Jigs	2	
Parts Baskets and Carts & Blasting Table	8	
		\$ 329,158.35
Technology	Qty.	Total
Laptop High End	7	
Laptop Standard	10	
Phone System	19	

Computer MS Office Software	10	
Solidworks Basic Licence	1	
QuickBooks	5	
Radios	20	
Surveillance System	1	
		\$ 57,143.09
Vehicles	Qty.	Total
2004 Chevy 2500	1	
2005 GMC Sierra 2500HD Crew Cab - White	1	
2005 GMC Sierra 1500 SL - White	1	
2007 GMC Sierra 2500HD SLT Crew Cab - Black	1	
2007 Infinity G35X	1	
2011 GMC Sierra 1500 SLE Crew Cab - Blue	1	
2011 GMC Sierra SLT Crew Cab - Gray	1	
2016 Yukon Denali	1	
2016 Ford F150 Super Crew	1	
Parts & WIP Transport Wagons	17	
Case Pay Loader 15000lb with Multiple Attachments	1	
Clarke Forklift 5000lb	1	
Clarke Forklift 4000lb	1	
Clarke Forklift 3000lb	1	
Hyster Forklift 7000lb	1	
Hyster Forklift 3000lb		
Toyota Forklift 7000lb	1	
Scissor Lift	1	
		\$ 604,772.00
TOTAL CAPITAL:		\$ 5,655,646.35

CAPITAL LIST: BLENHEIM

CAPITAL LIST: BLENHEIM		
Building Improvements	Qty.	Total
Electrical Contracting - Setup & Supply for all Production Equipment (Cranes, Paint Booth, Weld Plugs, etc)	1	
Engineering Outsourcing - Manufacturing Equipment Stamped & PSR	1	
Environmental - Phase I & II Complete	1	
Environmental - Certificate of Air Ontario Standards	1	
Building Improvements for Trailer Manufacturing	1	
Induction Efficient Lighting - Efficiency Lighting Upgrade; Reduced Electricity Costs	1	
Radiant Heat - Heating Upgrade; Reduced Heating Costs	1	
Outdoor Ramps - Additional for Manufacturing & Production Flow	1	
Overhead Doors - Additional for Manufacturing & Production Flow	1	
Dividing Wall For Leased Space	1	
Backup Generator	1	
Berg Chiller Components	10	
		\$ 2,935,406.50
Pre-Weld Department/Weld Fixtures	Qty.	Total
Axle Fixtures	7	
Tag A Frame Fixture	1	
Tag Ramp Fixture	1	
Tailgate Fixtures	2	
Square Box Fixture	5	
Pony Pup Fixture	1	
		\$ 118,170.00
Rail Bay	Qty.	Total
Hydraulic Compression Frame Rail Fixture: Configured For All Trailer Model Main Rail Cambers & Profiles	1	
Bugo Beam Welder - 2 Torch Track Set Up for Hydraulic Compression Frame Rail Fixture	1	
Lincoln Welders for Bugo Beam Welder	2	
Flatbar Racking	1	
		\$ 219,727.95
Welding Deck Line	Qty.	Total
Deck Trailer Squaring Fixture - Pneumatic Clamping Capability to adjust & set beginning weld stages for all Flat Decks & Step Decks	1	
Pneumatic Clamping Side Rail Fixture for all Camber & Rub Rail Configurations	1	
Sawhorse & Rotator Track - Affixed to Plant Floor in Direction of Production Floor; Faster Trailer Move Times	2	
Rolling Saw Horses - Rolls on Track & Pneumatically Height Adjustable	10	
		\$ 127,500.00
Production Flow/Material Handling	Qty.	Total

Trailer Rotators - Attaches to Trailers in Progress at Front & Rear (Accommodating all Models); Rolls on Track Through Production Line, Height Adjustable With Full 360 deg. Trailer Rotation. 2 Units are Fully Designed, Tested and Production Ready with Remaining Units at Varying Degrees of Completion	10	
Parts & WIP Transport Wagons	6	
Parts Crates	90	
Heavy Crate Carts	10	
Sawhorses	46	
Trailer Moving Axles	4	
Single Axle Converter Dolly	2	
		\$ 392,074.00
Welding Live Bottom Line	Qty.	Total
Live Bottom Frame Squaring Fixture	1	
Live Bottom Box Fixture - Pneumatic Clamping	1	
Live Bottom Chain & Belt Fixture	1	
		\$ 107,940.00
Aluminum Weld	Qty.	Total
Sapa Extrusion Dies - Engineered Aluminum Extrusion Designs to Produce Full Cross Country Line of Combo Decks, Aluminum Dumps and Aluminum Live Bottoms.	1	
Aluminum Extrusion Stands, Rolling Platform & Table	3	
Aluminum Pulse Welders	5	
		\$ 246,535.10
Manufacturing Set Up	Qty.	Total
Welding Bay JIB Cranes	6	
Parts Bay Crane Structure - 300' x 50'	1	
Parts Bay Motorized Bridges for Beam	3	
Welding Bay Crane Structure - 400' x 50'	1	
Welding Bay Motorized Bridges for Beam	3	
Overhead Hoists for Welding and Parts Bay Crane Structure; 5 x 5Ton, 1 x 3Ton	6	
Crane System Automation	1	
30HP Compressor	1	
Compressor Blue	2	
2016 Ingersoll Rand 30HP Compressor & Dryer	1	
HD Welding & Parts Cleaning Table	37	
Pallet Racking	1	
		\$ 627,947.91
Blast & Paint	Qty.	Total
2014 Cross Draft Galvanized Paint Booth - 14' x 16' x 68'	1	
Paint Mix Room	1	
Greyco Triton Paint System w/ Dual HVLP Air Pro Paint Guns	3	
Paint Booth Man Lift	2	
Small Parts Paint Racks	9	
Sand Reclaim Jigs	2	
Sullair Diesel Blasting Compressor 425cfm	1	
Sandblast Gear	1	

		\$ 368,971.39
Final Assembly	Qty.	Total
Parker Hydraulic Hose Crimper & Dies	2	
Decking Station Catwalks	1	
Saw Table, Pre-Assembly Fitting Table & Router Tables for Trailer Decking	4	
Air/Electric/Hand Tools - For All Departments (Parts, Weld, Assy)	1	
Ladders + Mobile Stairs	12	
		\$ 416,294.45
Parts Bay	Qty.	Total
2014 Messer Titan III CNC Plasma with 60' x 12' Downdraft Table	1	
Messer Plasma Height Controller Upgrade	1	
Torrit Exhaust System for Plasma Table	1	
New Chain & Rigging - Clamps (Steel Material Handling for Loading Plasma Table)	8	
Spreader Bar (Longer Length Steel Material Handling)	4	
Drill Press	5	
Vertical Machine Center	1	
Accushear Model 850012 - 1/2" x 12'	1	
Wysong Brake Press Model #RT4-175X168 & Upgrades	1	
Brake Press Tooling 5" & 2" Die	1	
Brake Press Tooling 6" Punch	1	
Brake Press Fixture - Bending Large Steel Parts	2	
Doall Horizontal Band Saw	1	
Horizontal Band Saw - Hyd-Mech S20 - 21GV4D	1	
Saw Rollers - Saw Material Throughput	8	
Voest Lathe - Model DATR1.5	1	
Esab Hand Plasma	2	
Racking - Steel Structurals	4	
Racking - Vertical Sheet Steel	4	
Racking - Horizontal Sheet Steel	6	
		\$ 987,844.61
Welding Equipment	Qty.	Total
Weld Machines - Esab/Miller	41	
Tregaskis Weld Guns	41	
Miller Extension Cable	41	
Welder - power source only	8	
Gullco Miggy Track	2	
Stud Welding Machine	1	
Boom Welder Setups - Elevated, Stationary Weld Machine Mounts with Extendable Swivel Overhead Booms to Reach all Weld Points on Trailers (Relieving Excess Cables and Adding Usable Production Space)	30	
		\$ 589,763.00
Technology	Qty.	Total
Laptop High End Drafting	3	
Laptop High End	10	
Laptop Standard	14	

Desktop Computers	6	
Conference Room LCD TV Toshiba + Sharp	1	
Office Furniture	1	
Monitors	28	
Server & External Storage & Install	1	
Phone System	30	
Radios	18	
Rear Impact Guard Program	1	
Computer MS Office Software	26	
Fishbowl Inventory Program & Support	1	
Fishbowl Implementation	1	
Fishbowl Production Barcoding	1	
SigmaTEK Nesting Software	1	
Solidworks Premium Licence	1	
Solidworks Basic Licence	1	
Solidworks Professional License	2	
Surveillance System	1	
Time Clock System	1	
QuickBooks Accounting Software	10	
		\$ 886,397.62
Vehicles	Qty.	Total
2015 GMC Sierra 2500HD Crew Cab - Black	1	
2004 Ford Ranger - Gold	1	
2011 GMC Sierra SLT Crew Cab - White	1	
2011 Chevy Silverado WT Regular Cab - Red	1	
36' PJ Gooseneck Trailer	1	
CASE Tractor - Includes Hydraulic Jigging to Move Trailers	1	
Hyster Forklift 10,000lb w/ Cab	1	
Toyota Forklift 10,000lb	1	
CAT Forklift 7,500lb	1	
Fork Lift Upgrades	1	
JLG Boom Lift	1	
Scissor Lift JLG	1	
Yard Grader & Snow Plow	1	
		\$ 376,279.57
TOTAL CAPITAL:		\$ 8,400,852.10

This is Exhibit " 5 " referred to in the
Affidavit of JONATHAN DOERKSEN
SWORN before me this 5TH day
of SEPTEMBER, A.D. 20 17

A Notary Public
in and for the Province of Manitoba



McMullan Associates
CONSULTING

APPRAISAL REPORT AS OF JUNE 12, 2017

ON

**418 South Railway Street,
Morden, Manitoba**



PREPARED FOR:

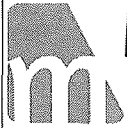
5274398 MANITOBA LTD.

APPRAISED BY:

**Paul J. McMullan MBA LLB
Candidate Member**

and

Bernie F. McMullan, AACI (Fellow), P. App



McMullan Associates CONSULTING

27 Prairie View Road, Winnipeg, Manitoba, R3J 1H1
Tel: 204.949.0926 Web: McMullanAssociates.ca

July 5, 2017

5274398 Manitoba Ltd.
418 South Railway Street
Morden, Manitoba,
R6M 2G2

Attention: Tara Penner

Dear Ms. Penner

Re: 418 South Railway Street, Morden, Manitoba

In response to your request and authorization, we have appraised the referenced properties with the objective of estimating the present market value of the subject property with an inspection date of June 12, 2017.

Based on the facts herein, together with other data discussed throughout this report, it is our opinion that the Market Value of Subject Properties, located at **418 South Railway Street, Morden, Manitoba**, as at **June 12, 2017** are:


\$2,100,000
(TWO MILLION ONE HUNDRED THOUSAND DOLLARS)

Supporting data upon which this estimate is based is contained in the report, subject to the **Assumptions and Limiting Conditions** contained within the body of the report and in the Addenda.

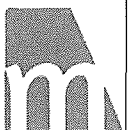
This appraisal report has been prepared exclusively for 5274398 Manitoba Ltd. (operating as Cross Country Manufacturing), for purposes relating to financing. Use of this appraisal report for any other purpose is only possible with written approval from the appraiser. We are not aware of any third parties that are likely to see or rely on the report: liability in this respect or for any other use is expressly denied.

We certify that, to the best of our knowledge and belief, the statements and opinions contained in this appraisal report are correct, subject to the limiting conditions set forth herein. The following report sets out the methods and procedures used in arriving at the estimate of value. Should any questions arise by reason of this report please contact the undersigned at your convenience.

Respectfully submitted,
McMullan Associates

Per: 
Paul J. McMullan, MBA LLB
Candidate Member


Bernie F. McMullan, AACI (Fellow), P. App.



PART I - PREFACE

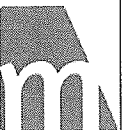
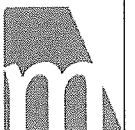


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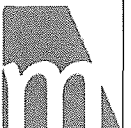


SUMMARY OF SALIENT FACTS AND CONCLUSIONS

Effective Date of Appraisal:	June 12, 2017
Types of Property:	Industrial Building with 2 outbuildings and polydome/fabric covered quonset
Location of Property:	418 South Railway Street, Morden, Manitoba
Title Numbers:	2842777/4 MLTO
Roll Number:	208780
Legal Description:	See Property Details
Purpose:	Estimate Present Fair Market Value
Function:	Assist client in matters relating to financing.
Zoning:	“MB” Industrial Business Zone
Lot Size:	8.73 Acres (380,205 Square Feet)
Building Areas:	36,618 square feet (Main Bldg.) 7,341 square feet (Parts Shop) 1,600 square feet (Tire Shop) <u>3,200 square feet (Fabric quonset)</u> 48,759 Square Feet combined
Construction Dates:	1952/2008 (Main Bldg.) 1952 (Tire Shop) 1971 (Parts Shop)
Current Assessment: (2017)	\$927,900
Highest and Best Use:	Current Industrial Use
Cost Approach	Not Applicable
Income Approach	\$2,035,000
Direct Comparison Approach	\$2,110,000

Final Market Value

\$2,100,000
(TWO MILLION ONE HUNDRED THOUSAND DOLLARS)



ASSUMPTIONS AND LIMITING CONDITIONS

The certification of the Appraiser appearing in the appraisal report is subject to the following conditions and to such other specific and limiting conditions as are set forth by the appraiser in the report.

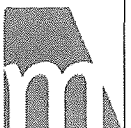
1. This report is prepared at the request of Tara Penner on behalf of 5274398 Manitoba Ltd., for an appraisal of market value. It is not reasonable for any other person to rely upon this appraisal without first obtaining written authorization from the appraisers. There may be qualifications, assumptions or limiting conditions in addition to those set out below relevant to that person's identity or his/her intended use. The report is prepared on the assumption that no other person will rely on it for any other purpose and that all liability to all such persons is denied.

2. While expert in appraisal matters, the author is not qualified and does not purport to give legal advice. It is assumed that:
 - (1) the legal description as furnished by the Winnipeg Land Titles Office is correct;
 - (2) title to the property is good and marketable;
 - (3) there are no encroachments, encumbrances, restrictions, leases or covenants that would in any way affect the valuation, except as expressly noted herein;
 - (4) the existing use is a legally conforming use which may be continued by any purchaser from the existing owner;
 - (5) rights of way, easements or encroachments over other real property and leases or other covenants noted herein are legally enforceable.

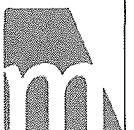
Because these assumptions have been made, no investigation, legal or otherwise, has been undertaken, which would verify these assumptions except as expressly noted herein.

3. The author is not a qualified surveyor and no legal survey concerning the subject property has been provided. Sketches, drawings, diagrams, photographs, etc., are presented in this report for the limited purpose of illustration and are not to be relied upon in themselves.

4. No investigation has been undertaken with the local zoning office, the fire department, the buildings 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 government regulations and, if it does not comply, its non-compliance may affect market value. To be certain of compliance, further investigations may be necessary.



5. Unless otherwise stated in this report, the existence of hazardous substances, including without limitation asbestos, polychlorinated biphenyls, petroleum leakage, or agricultural chemicals, which may not be present on the property, or other environmental conditions, were not called to the attention of nor did the appraiser become aware of such during the appraiser's inspection. The appraiser has no knowledge of the existence of such materials on or in the property unless otherwise stated. The appraiser, however, is not qualified to test such substances or conditions. If the presence of such substances, such as asbestos, urea formaldehyde foam insulation, or other hazardous substances or environmental conditions, may affect the value of the property, the value estimated is predicated on the assumption that there is no such condition on or in the property or in such proximity thereto that it would cause a loss in value. No responsibility is assumed for any such conditions, nor for any expertise or engineering knowledge required to discover them.
6. Neither possession of this report nor a copy of it carries with it right of publication. All copyright is reserved to the author and is considered confidential by the author and his client. It shall not be disclosed, quoted from or referred to, in whole or in part, or published in any manner, without the express written consent of the appraiser. This is subject only to confidential review by the Appraisal Institute of Canada as provided in the Code of Ethics and the Uniform Standards of Professional Appraisal Practice of the Institute.
7. Market data has been obtained, in part, from documents at the land registry office, or as reported by the real estate board. As well as using such documented and generally reliable evidence of market transactions, it was also necessary to rely on hearsay evidence. Except as noted herein, a reasonable attempt has been made to verify all such information.
8. Because market conditions, including economic, social and political factors, change rapidly and, on occasion, without warning, the market value expressed as of the date of this appraisal cannot be relied upon to estimate the market value as of any other date except with further advice of the appraiser.
9. None of these limiting conditions is an attempt to limit the use that might be made of this report should it properly become evidence in a judicial proceeding. In such a case, it is acknowledged that it is the judicial body which will decide the use of the report which best serves the administration of justice.
10. This appraisal is valid only if it bears the original signature of the appraiser.



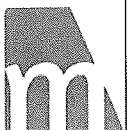
11. The Appraisal Institute of Canada has a Continuing Professional Development Program for designated members and as date of this report the signer has fulfilled the requirements of this program. Aside from the standard assumptions and limiting conditions that are a fundamental component of an appraisal report as prescribed by the Canadian Uniform Standards of Professional Appraisal Practice (CUSPAP), sometimes it is necessary to identify hypothetical conditions or extraordinary assumptions that been adopted in the analysis carried out. For purposes of reasonable analysis, and to comply with the requested valuation parameters as provided by the client, it has been necessary to appraise the subject property under hypothetical conditions as outlined below.

12. The extraordinary assumptions that are outlined refer to the hypotheses, which if not true or achieved, could alter the fair value conclusions reached.

13. The following are **Extraordinary Limiting Conditions** of this report:
 - exclusion of a relevant valuation approach;
 - Cost Approach to Value

Extraordinary Limiting Conditions include the exclusion of a Standard Rule. The Cost Approach to Value, due to the inherent difficulties in estimating accrued depreciation from all sources, will not be employed. The Income and Direct Comparison Approaches to Value will be investigated to estimate market value. The data reported under these approaches to value will be reconciled to a final estimate of value.

These hypotheses and extraordinary assumptions take precedence over the Assumptions and Limiting Conditions in another portion of this report.



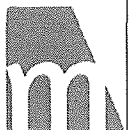
Methodology/Scope of the Appraisal

The following is an outline of the major steps taken in researching the subject properties and gathering data to arrive at a supported estimate of market value of the subject properties.

1. Paul J. McMullan, MBA LLB conducted an interior and exterior inspection of the subject property on June 12, 2017.

Our identification of the property also involved a review of mapping prepared by the local municipality. Photographs of the subject property and the neighbourhood were taken on the same date. Verbal permission for interior photos of the subject property was granted by the current owners.

2. This Current Appraisal complies with the Canadian Uniform Standards of Professional Appraisal Practice ("The Standards") as developed by the Standards Board of the Appraisal Institute of Canada. The appraiser is competent in this type of appraisal analysis and has appraised this type of property previously.
3. The appraiser received instructions from Tara Penner to proceed with this report. Tara Penner provided information on the property.
4. Introductory and descriptive information contained within this report is based upon a personal inspection of the subject property. Publications produced by the City of Morden provided information on applicable land use controls. Sources of market evidence included, as appropriate, the Province of Manitoba Sales Data Program, the local real estate board, Land Title Office transactions - including those reported by local assessors, real estate agents, vendors and purchasers active in the market. Additional data was obtained from The Johnson Report, December 2016 Market Report, Commercial Real Estate by Wayne K. Johnson, C.A. State of Title to the property was obtained through the Winnipeg Land Titles Office.
5. We did not complete technical investigations such as (where applicable): detailed inspections or engineering review of the structure, roof or mechanical systems; an environmental review of the property; a site or building survey; investigations into the bearing qualities of the soils; or audits of financial and legal arrangements.

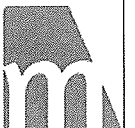


6. The analysis set out in this report relied on written and verbal information obtained from a variety of sources we considered reliable. Unless otherwise stated herein, we did not verify client-supplied information, which we believe to be correct.

A review of the comparable sales has been carried out. However, neither of the vendors and purchasers in the event of comparable vacant land sales, nor landlords and tenants in the case of leases, has been contacted for particulars of the individual transactions unless otherwise stated.

The mandate for the appraisal did not require a report prepared to the standard appropriate for court purposes or for arbitration, so we did not fully document or confirm by reference to primary sources all information herein.

7. In estimating the highest and best use for the properties, an analysis was made of data compiled in the steps noted above.
8. After assembling and analyzing the data defined in the scope of the appraisal, a final estimate of value was made.



DEFINITIONS

Exposure Time

May be defined as the estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at fair market value on the effective date of the appraisal a retrospective estimate based upon an analysis of past events assuming a competitive and open market. Reasonable exposure time is one of a series of conditions in most market value definitions. The estimate of fair market value is linked to a reasonable exposure time.

It is expected that the subject property should sell within one year after active and continuous exposure to the market.

Fee Simple Interest

A fee simple interest is defined as the greatest interest an individual can own in land and comes closest to the idea of complete ownership in law. The holder of the fee simple holds this interest for all times present and future, subject only to certain government restrictions. He may grant the whole of it away or he may grant away a lesser interest, keeping the rest for himself.

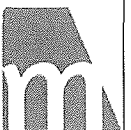
Highest and Best Use

Highest and Best Use may be defined as the most profitable likely use to which a property can be legally put. It is that use of land that at the time of appraisal is most likely to produce the greatest net return to the land over a given period of time. It is the legal use that will yield to the land the highest present value. (This concept will be discussed in greater detail later in the report).

Market Value

Market value is commonly defined as the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeably, and assuming the price is not affected by undue stimulus. ¹ (This concept will be discussed in greater detail later in the report).

¹ The current definition of Market Value as found in the "Canadian Uniform Standards of Professional Appraisal Practice", 2016. It is also the definition found in the textbook, Basic Principles of Real Estate Appraising, Second Edition, published by the Appraisal Institute of Canada.

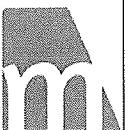


Value in Use

Value in Use may be defined as the value of a property for a specific use or to a specific user, reflecting the extent to which the property contributes to the utility or profitability of the enterprise of which it is a part.

Value-in-Use computation is generally appropriate when:

1. The property is fulfilling an economic demand for the service it provides or which it houses.
2. The property improvements have a significant remaining economic life expectancy.
3. There is responsible ownership and competent management.
4. Diversion of the property to an alternate use would not be economically feasible.



PART II - FACTUAL DATA



OVERVIEW

THE PROPERTY

The subject property consists of a one-storey industrial warehouse style building with finished office space with two outbuildings, namely a wood quonset and a steel warehouse plus. Additionally, the subject features a fabric covered quonset.

The main improvement was constructed in 1952 and upgraded in 2008 and has a plan area of 36,618 square feet. The wood quonset was constructed in 1971 and has a plan area of 7,341 square feet. The steel warehouse was constructed in 1952 and has a plan area of 1,600 square feet. The polydome/fabric covered quonset has a plan area of 3,200 square feet and was constructed in 2009. Combined, the improvements had an area of 48,759 Square Feet. All the improvements are situated on a lot with an assessed area of 8.73 Acres (380,205 Square Feet).

This last building, the fabric covered quonset, will not be assigned a value in this report, per se, but will be used to support a higher value for the main improvements.

Photographs of the subject property and area are included in the addendum of this report.

PURPOSE OF APPRAISAL

The purpose of this report, as instructed, is to estimate the market value of the leased fee ownership of the subject property. This appraisal is a Current Market Value as June 12, 2017.

PROPERTY RIGHTS

The property rights are those of **Fee Simple Estate** and are defined as: an 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.

FUNCTION OF REPORT

The function of an appraisal is the reason for which the appraisal is written or intended to be utilized by the client. The appraisal report is a tool for providing its recipients with a sound basis for establishing a policy or taking an action. The function of this report is to assist in determining the fair market value of the subject property.

EFFECTIVE DATE OF APPRAISAL

The effective date of this appraisal report is June 12, 2017.

DATE OF REPORT

This report was completed July 5, 2017.



INTENDED USE OF REPORT

This appraisal report has been prepared exclusively for 5274398 Manitoba Ltd. (operating as Cross Country Manufacturing), for purposes relating to financing.

Use of this appraisal report for any other purpose is only possible with written approval from the appraiser. We are not aware of any third parties that are likely to see or rely on the report: liability in this respect or for any other use is expressly denied.

EXPOSURE TIME

Reasonable exposure time is one of a series of conditions in most market value definitions. It may be defined as follows: "The estimated length of time the property interest being appraised would have been offered in the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based upon an analysis of past events assuming a competitive and open market".

Exposure time can vary for various types of real estate under different market conditions. The fact that exposure time is always presumed to occur prior to the effective date of the appraisal is substantiated by related facts in the appraisal e.g. the use of current cost information, the analysis of historical sales information (i.e. sold after exposure and after completion of negotiations between the seller and the buyer), and the analysis of future income expectancy estimated from the effective date of the appraisal.

The estimate of the time period for reasonable exposure is not intended to be a prediction of a date of sale, but instead an integral part of the analysis conducted during the appraisal assignment. The estimate may be expressed as a range and can be based on statistical information, specific sales analysis or interviews with market participants. Related information gathered through this process can include the identification of typical buyers and sellers for the type of real estate involved, typical equity investment levels, and financial term.

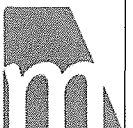
Our estimate of the probable exposure time for the property is six to twelve months.

MARKETING TIME

Marketing time, on the other hand, may be defined as a reasonable estimate of the amount of time it might take to sell a property interest in real estate at the estimated market level during the period immediately after the effective date of the appraisal²

A reasonable marketing time for the subject property is estimated to be six to twelve months.

²"Canadian Uniform Standards of Professional Appraisal Practice", 2016



PROPERTY DETAILS

OWNERSHIP AND TITLE

Title No: 2329556/4 MLTO
 Owner: 5274398 MANITOBA LTD.
 Legal Description: LOT 1 BLOCK 4 PLAN 1924 MLTO IN W ½ 5-3-5 WPM

Encumbrances:

Instrument #	Type	From/By:	To:	Registered
1088419/4	Caveat	ROGERS WIRELESS INC	WINSTON E. GASKIN, AS AGENT	2005-06-22
1129348/4	Mortgage	5274398 MANITOBA LTD.	BUSINESS DEVELOPMENT BANK OF CANADA	2008-10-10
1129349/4	Personal Property Security Notice	BUSINESS DEVELOPMENT BANK OF CANADA	MARIA C. REIMER, AS AGENT	2008-10-10
1136548/4	Amending Agreement	BUSINESS DEVELOPMENT BANK OF CANADA	5274398 MANITOBA LTD.	2009-05-21
1178300/4	Amending Agreement	BUSINESS DEVELOPMENT BANK OF CANADA	5274398 MANITOBA LTD.	2013-01-21
1225001/4	Certificate Of Judgment	THE WORKERS COMPENSATION BOARD	5274398 MANITOBA LTD.	2017-06-08

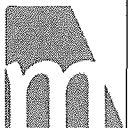
ASSESSMENT and TAXES

Current Assessment: (2017) \$927,900

The assessment and taxation of real property in Morden is the responsibility of the Province of Manitoba. Property assessments are set using a market value based system. Reassessments are on a two-year cycle with provincial legislation requiring a full reassessment of all properties in their jurisdiction every two years. Assessments for the year 2017 are based on an April 1, 2015 market value.

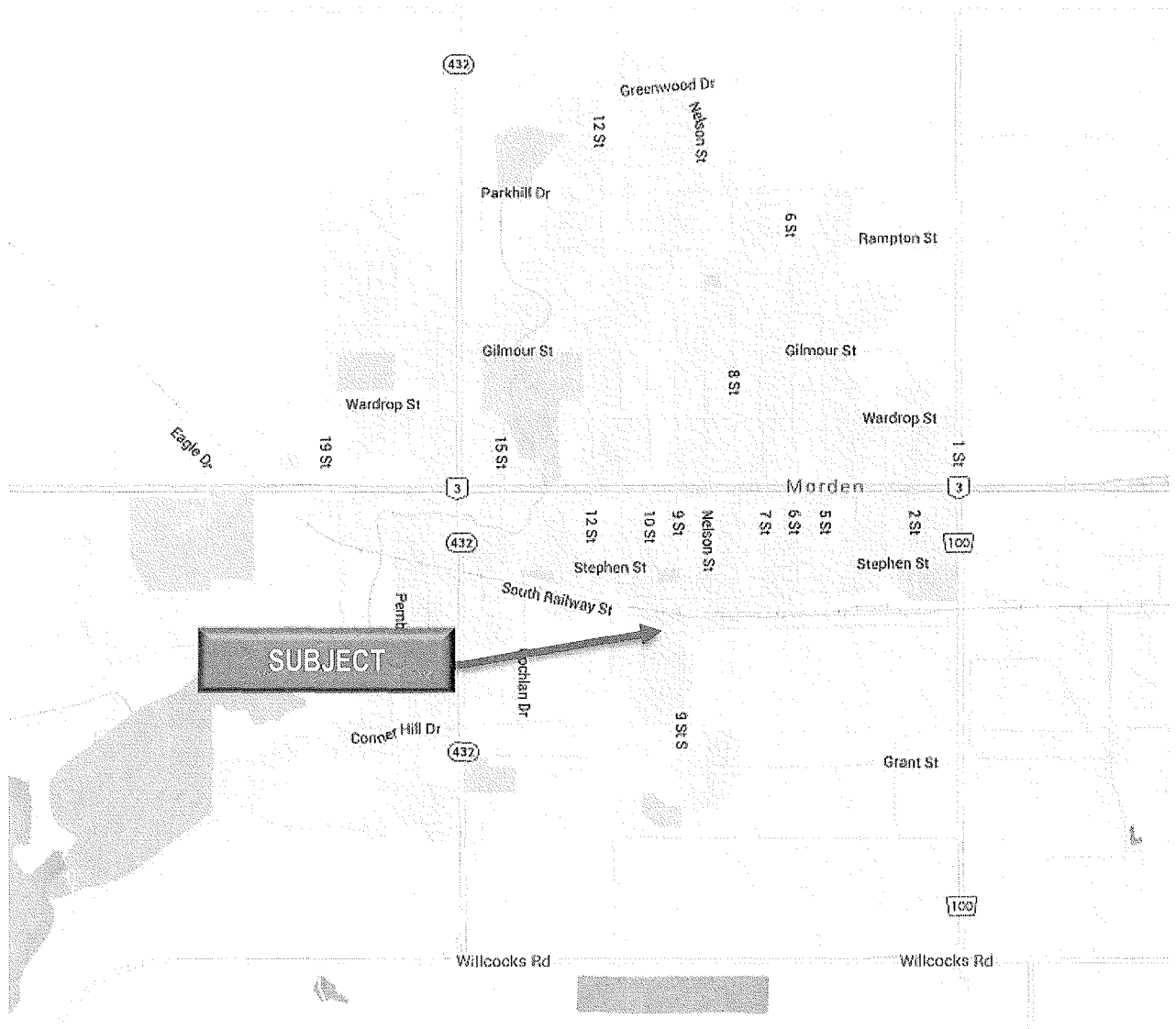
HISTORICAL

The subject was acquired by the current owners on Oct 10, 2008 for consideration of \$450,000. The subject has not otherwise been sold within the past three years. The writers are advised that the subject property was not under current agreement/option to purchase at the date of inspection or offered for sale on the open market at the effective date.



LOCATION DESCRIPTION AND ANALYSIS

Regional Profile ³

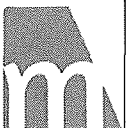


Note: Highlighted location is approximate

The subject property is located in the City of Morden. Morden is located in the Pembina Valley region of southern Manitoba at the intersection of Provincial Road #432 and PTH #3. Morden is located 120 km from Winnipeg and only 19 km from the U.S. border. Nearby (approximately 11 kilometres east) is the neighbouring City of Winkler. Morden is surrounded by the Rural Municipality of Stanley.

Morden had a population of 7,812 people in 2011. The city occupies roughly 12.5 square kilometres and was incorporated into a city in 2012.

³ From Manitoba Community Profiles



Neighbourhood



Note: Highlighted location is approximate

Specifically, within Morden, the subject is located within the Morden Industrial Park on the south side of South Railway Street just west of its intersection with 9th Street South. South Railway Street commences a few blocks west of Mountain Street South, and extends across the city until its intersection with Route 100/1st Street.

The Morden Industrial Park occupies the southeast corner of the city, situated between South Railway and Willcocks on the north and south boundaries with Route 100 and Mountain Street South serving as the east and west boundaries. The industrial park also includes some land designated for community reserve, as well as a small pocket of residential development around 9th Street and Grant Street.

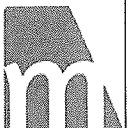
The park is owned by the City of Morden and contains approximately 200 acres and includes some large users such as: Bühler Manufacturing, Décor Cabinets, and 3M Canada, but also contains smaller local

tenants. Zoning within the park varies from “MG” – Industrial General Zone to “MB” – Industrial Business Zone. The selling price per acre is negotiable with the city.

As the subject is at the northern limit of the park, the subject’s immediate area is mixed use and includes a self-storage facility and the CPR rail line to the north, a Hydro sub-station to the east, residential properties to the west and a personal care home to the southeast.

Recent developments in the subject’s immediate area are limited, but new industrial buildings have been constructed south of the subject on Jefferson Street and Grant Street. The new industrial improvements tend to be under 5,000 square feet in size. Two new industrial condominiums were constructed in 2010-2012. The former Manitoba Hydro District Office to the east of the subject was sold in 2016 and has since been demolished in preparation for redevelopment.

Overall, the subject property is considered to be well-located.



SUBJECT PROPERTY DESCRIPTION

Building Description

The subject property consists of a one-storey industrial warehouse style building with finished office space with two outbuildings, namely a wood quonset and a steel warehouse plus. Additionally, the subject features a fabric covered quonset.

The main improvement was constructed in 1952 and upgraded in 2008 and has a plan area of 36,618 square feet. The wood quonset was constructed in 1971 and has a plan area of 7,341 square feet. The steel warehouse was constructed in 1952 and has a plan area of 1,600 square feet. The polydome/fabric covered quonset has a plan area of 3,200 square feet. Its construction date is unknown. Combined, the improvements had an area of 48,759 Square Feet. All the improvements are situated on a lot with an assessed area of 8.73 Acres (380,205 Square Feet).

This last building, the fabric covered quonset, will not be assigned a value in this report, per se, but will be used to support a higher value for the main improvements.

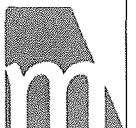
Main Building

The building is of wood frame construction and rests on top of a concrete foundation. The exterior of the building is clad with pre-finished metal panels on both the walls and roof. Main access to the building is by the office area on the western elevation.

The office area was developed in 2008 immediately after acquisition by the current owner. The office area was converted from a former industrial bay and has an approximate area of 2,880 square feet or 7.9% of the total building. As part of the conversion, a new concrete pad was poured under the office area. The office area includes a reception desk, private offices, and general office space with workstations, a lunch room and men's and ladies' washrooms. The finish in the office area includes a combination of concrete and carpeted flooring, gyproc walls and ceilings with a paint finish, fluorescent lighting.

Beyond the office is open manufacturing space, with three bays in the north end of the building and a fourth bay on the west side of the building. All the bays are accessible via 16 foot overhead doors. Each bay contains an overhead crane, with a total of two - one ton cranes, three - two ton cranes, and two - three ton cranes. Ceiling height in the manufacturing space is approximately 20 feet. Finishes in the manufacturing space include concrete flooring, insulated walls, exposed insulated ceiling and wood decking, and new metal halide and new fluorescent lighting. The manufacturing area also includes new space heaters and ventilation equipment. In 2016 upgrades were made to the electrical system, Wi-Fi and dropdowns were added to increase opportunity to pneumatic tools.

Located directly behind the manufacturing space is a welding area which contains a lower ceiling height due to a storage mezzanine overtop (the mezzanine area was not included in the above building area).



The south end of the building is known as the 'assembly' area; a "U" shaped space which includes a paint booth/mixing room and a separate assembly area located in the centre of the "U". Like the manufacturing space, the assembly area also contains several cranes (seven – two ton) and includes six overhead doors on the south elevation (two – 13 foot & four – 14 foot). Additional doors are located on the east and west elevation as well. The ceiling height in the assembly area is approximately 16 feet near the centre of the building, decreasing to 14 feet at the eaves. Finishes in the assembly area are similar to the manufacturing space, although the condition of the assembly space is superior the manufacturing space based on its cleaner use.

Overall, the manufacturing building is considered to be in average to good condition for its chronological age its age. The building has been extensively renovated from 2008 to 2016 with new light fixtures, heating units, numerous crane ways/cranes, upgraded electrical service to 600 amps, and new overhead doors.

Parts Shop

This building is a wood frame construction quonset atop a concrete slab at grade. The exterior is clad with wood siding. The roof is curved and covered with asphalt shingles. The roof appeared to be in generally good condition and there was no obvious sign of water infiltration into the interior of the envelope. However, portions of the shingles on the southern elevation of the structure are showing signs of wear and will need to be replaced

The parts shop has a small office area located in the southwest corner of the building which includes a reception desk, a general office area with workstations, a bathroom and a lunchroom. The finishes in the office area include carpeted flooring, painted drywall walls and ceiling, and fluorescent lighting.

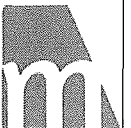
The remainder of the parts shop is open industrial space and is accessible from either end by a 10-foot (west elevation) or 14-foot (east elevation) overhead door. The shop includes some machinery on the north wall, with raw material and racking on the south wall. Due to the curved interior walls, the ceiling height varies but is estimated to be approximately 20 feet at the peak. Finishes in the shop area include concrete flooring, plywood walls/ceiling, and a combination of metal halide and fluorescent lighting. Heating needs are provided by space heaters.

Overall, the parts shop appears to be in average condition.

Tire Shop

The tire shop measures 1,600 square feet and was constructed in 1952. The building is of steel frame construction and rests on top of a concrete foundation. The exterior of the building is covered in metal cladding (walls & roof).

The building is an open industrial shop which does not include any office space. The shop includes racking for storage and has a workstation, as well as a two-ton crane. Access to the shop is provided from a 10-foot overhead door and the ceiling height is approximately 22 feet at the eaves. The shop area is finished with



concrete flooring, unpainted drywall walls and ceiling, and metal halide lighting. Heating needs are supplied by a space heater.

Overall, the tire shop appears to be in average condition.

Polydome/Fabric Covered quonset

The subject features a 3,200 square foot polydome (fabric covered quonset) which was constructed in 2009. The structure has a metal panel floor and is serviced by electricity although not heated or insulated. The structure is used for sandblasting/polishing. For the purposes of this report, no value will be directly assigned to this structure. However, its presence would support a higher value for the three main buildings.

Estimate of Depreciation

Actual Age, which is sometimes called historical or chronological age, is the number of years that have elapsed since construction was completed. This age classification is given the least recognition in the appraisal process.

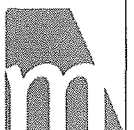
Economic Life is the period during which improvements to real estate contribute to property value. Economic life and physical life can differ widely; typically, physical life is expected to be longer than economic life. For example, buildings with varying degrees of physical integrity are ordinarily replaced with new structures; however, when some older properties are renovated or remodeled, their economic life can exceed their normal physical life. Rehabilitation can extend a building's physical life and can have an effect on its remaining economic life.

Effective Age is the age based on the condition and use of a structure. A building's effective age might be less than its actual age if it has had above average maintenance, if it is of superior quality or design, or if there is a scarcity of such buildings in the market.

Remaining Economic Life (REL) is the estimated period during which improvements continue to contribute to overall property value. An appraiser estimates remaining economic life in part by interpreting the attitudes and reactions of typical buyers of competitive properties. Emphasis must be placed on location, building quality, leases and economic changes in the neighbourhood.

Estimated Effective Age of the Improvements

Chronological Age	65 years Main Bldg. 65 years Tire Shop 46 years Parts Shop
Effective Age	25 years Main Bldg. 25 years Tire Shop 30 years Parts Shop



Economic Life

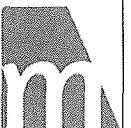
60 years

Remaining Economic Life

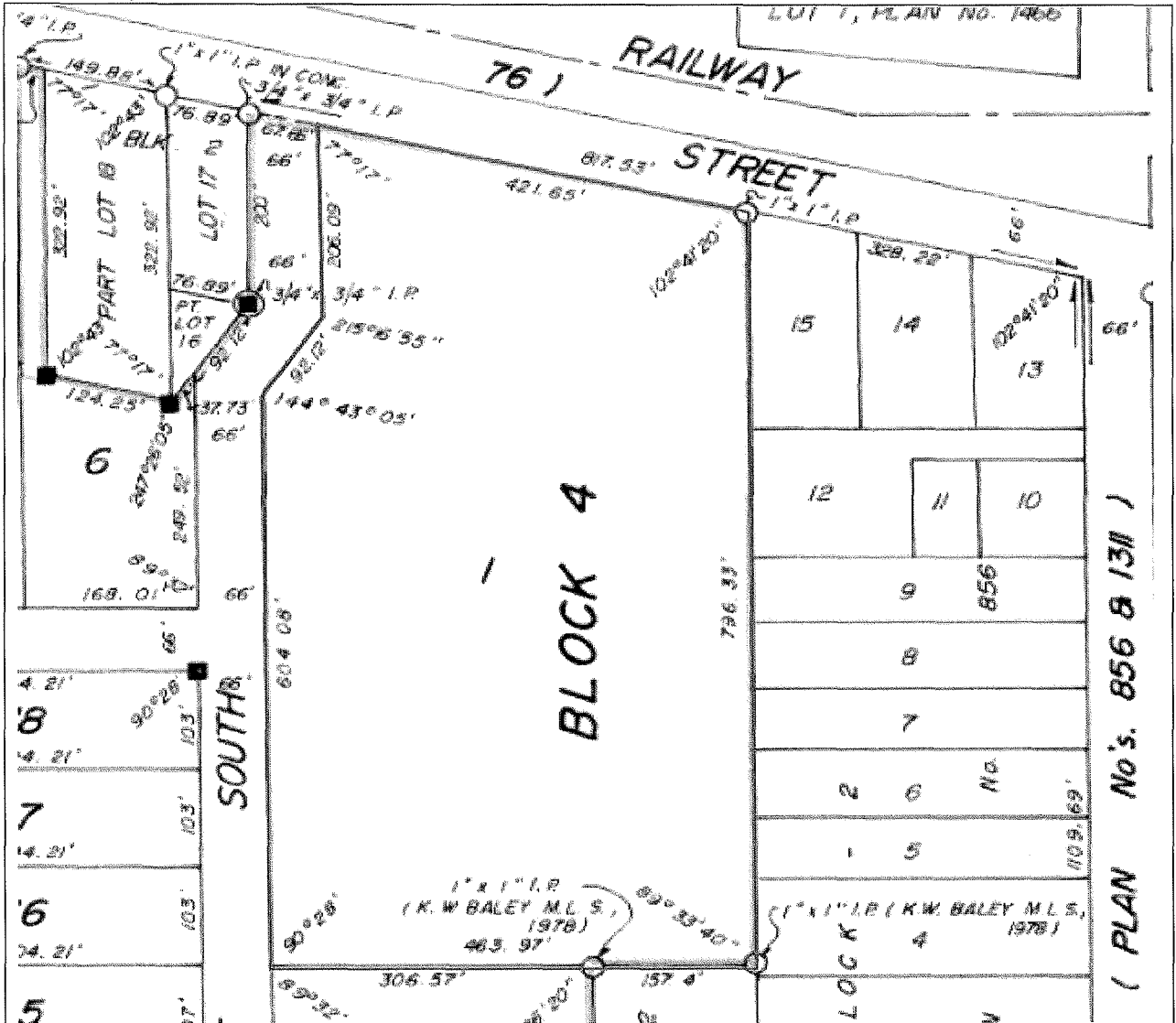
35 years Main Bldg.

35 years Tire Shop

30 years Parts Shop

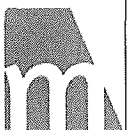


Site Description



The subject site is irregular in shape, with frontage of 421.65 feet along South Railway Street (north limit) and width of 463.97 feet at its south limit. The western limit is 902.29 feet and incorporates a jog while its eastern limit (minimum depth) is 796.33 feet. According to the Province of Manitoba, the site is assessed as having a total area of 8.73 Acres (380,205 Square Feet). With the combined area of the improvements (including fabric quonset) having an area of 48,759 square feet, coverage is approximately 12.8% with the remainder used as parking and as a loading area. A segment of the yard is also leased to Rogers Communications for placement of a cellular tower.

Portions of the site not covered by improvements include paved loading areas, gravel topped parking and staging areas and natural grasses. The north loading area contains a 125' x 150' foot concrete pad which has two concrete loading ramps. A concrete pad has been added to connect the manufacturing building and the parts shop. The perimeter of the site is ringed with a metal panel fence.



The subject site appears to be predominantly level and adequately graded to provide good drainage of surface water. Access to the site is available from a curb cut off South Railway Street.

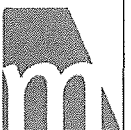
The subject is serviced by electricity, natural gas, water/sewer and telephone. Local improvements include a paved roadway and ornamental street lighting.

Environmental Concerns

The subject is a manufactory and, as such, various chemicals and/or contaminants may be present. However, during the inspection there was nothing drawn to the appraisers' attention that would suggest any specific contamination within the main improvements.

Other than what is mentioned, the appraiser has no knowledge of the existence of contaminants on or in the property unless otherwise stated. We are not, however, qualified to test such substances or conditions. The presence of such substances, such as asbestos, urea formaldehyde foam insulation, other similar hazardous substances, or environmental conditions, may affect the value of the property. The value estimate therefore is predicated on the assumption that there is no such condition on or in the property or in such proximity that would cause a loss in value. No responsibility is assumed for any conditions, or any expertise or engineering knowledge required to discover them.

Because this appraisal is not intended to determine the presence or absence of environmental risk, should more particulars or detail be required, a qualified environmental professional should be consulted.



ZONING



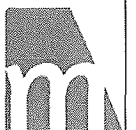
According to the City of Morden Zoning By-Law 22-08, effective June 29, 2009, the subject is zoned "MB" - Industrial Business Zone. The Industrial Business Zone (MB) district is intended to accommodate light industrial and related businesses which carry out their operations primarily within an enclosed building and with limited outdoor storage or operational characteristics.

Bulk regulations are as follows:

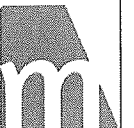
INDUSTRIAL SITE REQUIREMENTS

Zones	Ref. Section	Permitted or Conditional Uses	Minimum Requirements						Maximum	
			Site		Yard				Floor Area Ratio	Building Height
			Area	Width	Front	Side		Rear		
					Interior	Corner				
MB		Public Utility & Temporary Uses	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	Sec. 25.0	Accessory Buildings & Uses	n/a	n/a	20 ft.	10 ft.	15 ft.	10 ft.	10%	30 ft.
	Sec. 62.0	Other MB Uses	15,000sq.ft.	75 ft.	20 ft.	10 ft.	15 ft.	10 ft.	80%	45 ft.
MG		Public Utility & Temporary Uses	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	Sec. 25.0	Accessory Buildings & Uses	n/a	n/a	25 ft.	10 ft.	15 ft.	10 ft.	10%	30 ft.
	Sec. 63.0	Other MG Uses	20,000sq.ft.	100 ft.	25 ft.	10 ft.	15 ft.	10 ft.	80%	45 ft.

The subject's use is not permitted in the "MB" zone, but its use predates the current zoning by-law and is considered to be a legal non-conforming use. The reader is directed to City of Morden Zoning By-law, which includes a comprehensive list of permitted and conditional uses for this zoning designation. Only a cursory review of zoning requirements has been performed as part of our analysis and questions regarding bulk zoning requirements should be directed to the City.



PART III - ANALYSIS



DEFINITION OF MARKET VALUE:

The following is the current definition of Market Value as found in the "Canadian Uniform Standards of Professional Appraisal Practice", 2016. It is also the definition found in the textbook, Basic Principles of Real Estate Appraising, Second Edition, published by the Appraisal Institute of Canada.

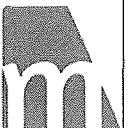
Market value is commonly defined as the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeably, and assuming the price is not affected by undue stimulus.

Implicit in this definition is the consummation of a sale as at a specified date and passing of title from seller to buyer under conditions whereby:

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

The following conditions are always assumed:

- 1) No undue pressure on either party;
- 2) An informed buyer and seller. This includes an awareness of the alternatives that are available to each;
- 3) A reasonable turnover period. A quick or forced sale is not assumed.



HIGHEST AND BEST USE:

Highest and Best Use and "Canadian Uniform Standards"; states:

The appraiser must-

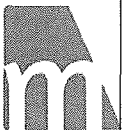
1. Consider the effect on use and value of the following factors: existing land use regulations, reasonable probable modifications of such land use regulations, economic demand, the physical adaptability of the real estate, neighborhood trends, and the highest and best use of the real estate;
2. Recognize that land is appraised as though vacant and available for development to its highest and best use and that the appraisal of improvements is based on their actual contribution to the site.

The theory of Highest and Best or most profitable use is fundamental to the concept of value. Highest and Best Use may be defined as the most profitable likely use to which a property can be legally put. It is that use of land that at the time of appraisal is most likely to produce the greatest net return to the land over a given period of time. It is the legal use that will yield to the land the highest present value.

Highest and Best Use has been defined as a reasonable and probable use that will support the highest present value as at the effective date of the appraisal. Alternatively, that use, from among reasonable and alternative uses, found to be physically possible, appropriately supported, financially feasible, and which results in the highest land value.

Criteria for determining the highest and best use include:

1. The use must be legal and in compliance with zoning and building regulations.
2. The use must be within the realm of probability and not speculative or conjectural.
3. Demand for such use must exist.
4. The use must be profitable.
5. The use must provide the highest net return to the land.
6. The use must provide the maximum return for the longest period of time.



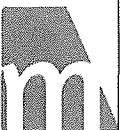
The single most important factor which influences any consideration of the most profitable likely use to which a property can be put is the zoning as it exists, or in some instances the feasibility or possibility of re-zoning to another or higher use.

The subject site is situated in a light industrial use area and zoned for industrial use. The MB zoning allows for several commercial and light industrial uses including its current use. The site is large and could accommodate any of the permitted uses under the MB zoning. The highest and best use for the subject site, if vacant would be for a commercial/warehousing or light industrial use in keeping with the emerging pattern of the neighbourhood.

The property is currently improved with three light industrial buildings. The buildings are in average to good condition and, with regular maintenance, the current improvements will have an economic life in excess of 25 years.

Once a site is improved with a building, the building and land become wedded and act as one unit. For the site to be put to some alternative use, the building must be razed or retire from natural causes. The cost to raze the current buildings would likely outweigh any additional benefit to the land that could possibly be realized.

Therefore, in view of the present site use, the land size, and its location within an area established with compatible uses, it appears that the highest and best use of the land is its present use.



APPROACHES TO VALUE:

Normally, three approaches to value are used to arrive at an estimate of value, with the appraiser discussing the merits of each approach in the Reconciliation, resulting in a final estimate of value. Briefly, the three approaches are:

1. Cost Approach

The theory of the cost approach is that it tends to set the upper limit of value, as no one will knowingly pay more for a property than it would cost to build an identical structure, providing there was no costly delay in making the substitution.

The Cost Approach entails:

- valuing land as if vacant;
- establishing reproduction cost new of the building;
- deducting from this the amount of accrued depreciation;
- adding land value to the depreciated cost of the improvements.

2. Income Approach

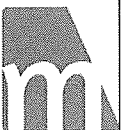
The income approach to valuation is the approach whereby the estimated rental value of a property is capitalized at an appropriate rate in order to arrive at a capital value. The capital value is the price which it is expected a property would realize if offered for sale on the open market and under normal conditions:

The Income Approach entails:

- ascertaining the gross income of the property;
- deducting from this an allowance for vacancy and all expenses as might be incurred by the owner;
- resulting in a net annual income which is capitalized at a rate that investors demand. This rate is secured from the market.

3. Direct Comparison Approach

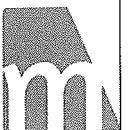
This approach entails, in one form or another, the adjustment of sales data of usually similar and, therefore, comparable properties, towards a reasonable degree of identity with the subject property, which have recently sold or are listed for sale, and is an application of the Principal of Substitution. This principle affirms that when property is replaceable, no prudent buyer would pay more for the subject property than the cost of acquiring an equally desirable substitute property, provided that there is no undue delay in making the substitution.



FINAL ESTIMATE OF VALUE:

The previously outlined Approaches to Value result in three, most likely different, Estimates of Value.

These Estimates of Value are rendered into one Final Estimate of Value through Reconciliation. In this process, each estimate of value is considered in light of the accuracy, importance, and relevancy of the data on which it is based. The resulting valuation is the Final Estimate of Value.



VALUE ESTIMATE: THE COST APPROACH TO VALUE

As indicated earlier herein, this method consists of estimating the value of the land as vacant, to which is added the depreciated value of the buildings and all improvements. Depreciation is defined as a loss in value from all causes. These causes are in the form of:

a) Physical Deterioration

This has reference to deterioration resulting from age life and/or deferred maintenance.

b) Functional Obsolescence

This has reference to over-improvements, under-improvements, outmoded and inefficient layout or design, or other physical design factors that affect the usefulness of or demand for a property.

c) Economic or Locational Obsolescence

This has reference to factors outside the building that affect value and include regional actors, negative influences in the neighbourhood, traffic patterns, social and political factors and economic factors which include lease agreements and circumstances.

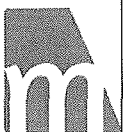
DEFINITION OF DEPRECIATION FACTORS

Actual Age, which is sometimes called historical or chronological age, is the number of years that have elapsed since construction was completed. This age classification is given the least recognition in the Appraisal Process

Economic Life is the period during which improvements to real estate contribute to property value. Economic life and physical life can differ widely; typically, physical life is expected to be longer than economic life. For example, buildings with varying degrees of physical integrity are ordinarily replaced with new structures. However, when some older properties are renovated or remodelled their economic life can exceed their physical life. Rehabilitation can extend a building's physical life and can have an effect on its remaining economic life.

Effective Age is the age based on the condition and use of a structure. A building's effective age might be less than its actual age if it has had above-average maintenance, if it is of superior quality or design, or if there is a scarcity of such buildings in the market.

Remaining Economic Life (REL) is the estimated period during which improvements continue to contribute to overall property value. An appraiser estimates remaining economic life in part by interpreting the attitudes and reactions of typical buyers of competitive properties. Emphasis must be placed on location, building quality, leases and economic changes in the neighbourhood.



ACCRUED DEPRECIATION

Physical Deterioration

Physical Deterioration results from everyday wear and tear, decay and general wearing out of the structures. This is determined as a percentage of the building's estimated effective age over the estimated total economic life of the building.

Functional Obsolescence

Functional Obsolescence Incurable is a loss in value brought about by a property's inability to perform the function for which it was intended due to over-construction methods and cost as compared with modern construction technique.

Economic or Locational Obsolescence

This is a loss in value brought about by influences external to the property.

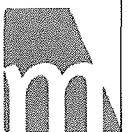
CALCULATION OF DEPRECIATION - PHYSICAL DETERIORATION

The accrued depreciation is based upon our own personal inspection and observations of the various improvements along with references to average depreciation tables from the Provincial Rate Manual. These guidelines follow:

The physical condition of building and equipment should be compared to similar new buildings and equipment in near perfect condition, based on detailed inspection of all components. Consideration should be given to care and maintenance, conditions under which they have been used and remaining expectancy of serviceable life. The physical condition rating and corresponding depreciation percentage, shown below for buildings and equipment, represent normal physical deterioration only. Functional and economic obsolescence must be observed and accounted for to determine depreciation from all causes.

GOOD CONDITION	10% - basically a newer building that is structurally sound, well maintained and has good utilization.
NORMAL CONDITION	30% - a building that is in the 10 to 20 years age range which is structurally sound but in need of minor repairs, normal to good utility.
FAIR CONDITION	50% - a building that is 15 to 30 years of age, some minor structural deterioration with signs of wears and effects of decay and erosion apparent. Utility at this stage is questionable.
POOR CONDITION	80% - a building that has extensive structural deterioration, requires major repair and replacement, probably obsolete with little or no utility.
SCRAP VALUE	100% - a building that is structurally unsound, totally dilapidated with absolutely no usage.

As noted earlier, the Cost Approach to Value will not be used in this report.



VALUE ESTIMATE: THE INCOME APPROACH TO VALUE

The process of estimating the current market rent of the leased space within the property which is the object of an appraisal, usually includes a survey of competing buildings.

The purpose of rental surveys is to determine the most probable rate that rent is presently being (or which can be) achieved at the time of appraisal. The quoted, listed, posted or asking rents in competing properties only represent the level of rental rates offered by the landlord or broker, thus establishing the upper limits of rental rates in the market.

The operative word is "achievable". Consequently, market surveys should be sufficiently comprehensive to determine the difference between asking rents and achievable rents, the latter representing the true expression of market rents.

In conjunction with the performance of a rental survey, it is equally as important to determine the prevailing level of competing tenant inducements (TI's) and other space marketing costs. In an active rental market, market rental rates are ordinarily expressed in terms of "face rates", meaning the quantity of rent appearing on the face of a lease or other form of occupancy agreement. If face rates, in contrast to net effective rates (face rates reduced by the annualised amount of tenant inducements) are the operative amounts used in the determination of total potential rental income, tenant inducements and other space marketing costs (such as leasing commissions) must to be accounted for at some point in the valuation process.

In an active rental market, market rental rates tend to be expressed in terms of net effective rents (NER's) or, when NER's approach (or fall below) zero, in terms of gross effective rents (GER's). Processing such expressions of rent in an appraisal, especially market rents, avoids the need to account for tenant inducements and other related space marketing costs. The actual rents charged for space is determined by several factors including: size of space, type of use, finish, length and signing date of lease, term of the lease, responsibility for expenses, location, percent and quality of finish, etc. Economies of scale will influence the selection of a suitable lease rate. Typically, a smaller building will lease at a higher rate per square foot and, conversely, a larger building will lease at a lower rate per square foot.

