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April 16, 2018

**PRIVATE & CONFIDENTIAL**

By E-mail

REALnorth Opportunities Fund  
910 – 925 West Georgia Street  
Vancouver, BC V6C 3L2

**Attention: Steve Evans, Trustee**

Dear Steve:

**SUBJECT: ESTIMATED FAIR MARKET VALUE ON A PER-UNIT BASIS OF REALNORTH OPPORTUNITIES FUND**

We have been engaged by REALnorth Opportunities Fund (“REALnorth”) to prepare an Estimate Valuation Report (the “Report”) regarding the fair market value (on a per-unit basis) of a small minority interest in the units of REALnorth (the “Units”), on a per unit basis, **as at December 31, 2017 (the “Valuation Date”)**.

In addition, we were requested to provide you with a letter outlining certain information with respect to our determination of the Units’ estimated fair market values on a per Unit basis.

The items we were specifically requested to provide for each Unit are as follows:

- a) the total number of units outstanding;
- b) the per unit value;
- c) the date the valuation was completed; and
- d) a brief description of the method used to arrive at the valuation.

We also understand that you require us to acknowledge that our valuation was prepared in the full knowledge that it would be relied on for the purpose of determining the fair market value of units held in registered plans for the 2018 Taxation year. While we acknowledge the foregoing, it should be noted that the valuation of the Units are subject to change over time. Accordingly, there can be no certainty that the estimated fair market value herein will remain unchanged after the Valuation Date of December 31, 2017.

## **TYPE OF ASSIGNMENT**

We have prepared an Estimate Valuation Report for REALnorth, in accordance with the Practice Standards of the Canadian Institute of Chartered Business Valuators (“CICBV”), of which the writer is a member in good standing.

The CICBV defines an Estimate Valuation Report as a report that “contains a conclusion as to the value of shares, assets or an interest in a business that is based on limited review and analysis and corroboration of relevant information, and generally set out in a less detailed Valuation Report.” We have not prepared a Comprehensive Valuation Report<sup>1</sup>. The scope of review is inherently limited by the nature of the valuation report being provided, and the conclusion expressed may have been different had a Comprehensive Valuation Report been provided.

## **RESTRICTIONS**

We understand that our conclusion on the fair market value of the Units will be strictly used by certain Unitholders in conjunction with tax reporting related to their registered retirement savings plans (“RRSPs”), tax free savings accounts (“TFSA”), or registered education savings plans (“RESPs”) for the 2018 taxation year and the related compliance with CRA requirements.

This letter is not intended for general circulation or publication, nor is it to be reproduced or used for any other purpose other than that stated without our prior written permission in each specific instance. We will not assume any responsibility or liability for losses occasioned to you, REALnorth, the shareholders, officers, directors or management of REALnorth or any entity related to REALnorth, or to other third parties, as a result of the circulation, publication, reproduction or use of this letter contrary to the provisions of this paragraph.

You should also be aware that this letter does not constitute an Estimate Valuation Report prepared in accordance with the Practice Standards of the CICBV. Rather it is a summary of certain items or elements from our report. As our valuation analysis must be considered as a whole, selecting portions of our analysis and the factors considered by us, without considering all the factors and analysis together, could create a misleading view of the process underlying our report. The preparation of any such Estimate Valuation Report is a complex process and it is not necessarily susceptible to partial analysis or summary description. Any attempt to do so could lead to undue emphasis on any particular factor.

This letter should not be construed as investment advice to existing shareholders of the Units and is not intended to be a recommendation that they transfer their Units into, or out of, their RRSPs, TFSAs, or RESPs.

## **DEFINITION OF FAIR MARKET VALUE**

For the purpose of our Services, we have relied on the definition of fair market value which is generally taken to mean “the highest price, expressed in terms of cash equivalents, at which

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<sup>1</sup>A Comprehensive Valuation Report is defined as a report that “contains a conclusion as to the value of shares, assets or an interest in a business that is based on a comprehensive review and analysis of the business, its industry and all other relevant factors, adequately corroborated and generally set out in a detailed Valuation Report.”

property would change hands between a hypothetical willing and able buyer and a hypothetical willing and able seller, acting at arm's length in an open and unrestricted market when neither is under compulsion to buy or sell and when both have reasonable knowledge of the relevant facts".

As defined, fair market value may not be the price that would actually be realized on the open market sale of the company. Various factors such as relative bargaining abilities of the vendor and the purchaser, and their perception of the future progress of the business will serve to influence the proceeds realized on an actual sale.

#### **THE TOTAL NUMBER OF UNITS OUTSTANDING**

The total number of REALnorth Units issued and outstanding as at the Valuation Date were 12,690.

#### **THE PER SHARE VALUE**

The estimated fair market value of each Unit as at the Valuation Date was \$864 in Canadian Dollars.

#### **THE DATE THE VALUATION WAS COMPLETED**

The date that our Estimate Valuation Report was completed was April 16, 2018. The Valuation Date at which the fair market value of the Units was determined was as at December 31, 2017.

#### **A BRIEF DESCRIPTION OF THE METHOD USED TO ARRIVE AT THE VALUATION**

The method used to arrive at the valuation of the per-unit fair market value of the Units was a going concern, asset-based approach. This approach is one of estimating the fair market value by restating the reported net book values of its assets and liabilities to their fair market values.

If you have any questions regarding this letter, please do not hesitate to contact us.

Yours very truly,

*BDO Canada LLP*

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