



Chelton Beach Nordic Spa

90, 163, 171 & 185 McCardle Road,
Chelton, PEI, C0B 1A0

Appraisal Report

Community Appraisals Ltd



2191 Yonge St, Toronto, ON M4S 3H8
(705) 717-2623
info@community-appraisals.com

Appraisal of Chelton Beach Nordic Spa

Subject:

90, 163, 171 & 185 McCardle Road
Chelton, PEI, C0B 1A0

Community Appraisals File:

No. 2504105

Prepared For:

Ken Dunn, CEO/Founder

Date of report:

February 4, 2026

Prepared by:

Howard Sebastian Christie
AACI, P.App. 702977
Community Appraisals Ltd



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(705) 717-2623
info@community-appraisals.com

February 4, 2026

CDV Investments 2021 Inc.
701 Rossland Rd E, Suite 201
Whitby, ON L1N 8Y9

Attn: Ken Dunn, CEO/Founder

Dear Mr. Dunn:

At your request and authorization, Community Appraisals Ltd has completed the research and analysis of the above-mentioned property and is pleased to submit this concise appraisal report.

The purpose of this assignment is to estimate the Current Market Value for the subject property in As Is and As Viewed Condition.

Also, this appraisal report is prepared for the purpose of providing an estimate of the prospective “as if 100% complete” market value of the 100% fee simple interest of Chelton Beach based on an effective date of February 4, 2026, and the prospective “as stabilized” value based on an effective date of October 10, 2026.

The Authorized Use is for Conventional Primary Mortgage Financing not to exceed 80% loan-to-value only. All other uses not Authorized and denied.

This report has been requested by the Authorized User for CDV Investments 2021 Inc. only. All other users are denied and not Authorized to Rely or use this report. The estimate of value is as of the effective date and is subject to the authorized use, assumptions and limiting conditions and scope included in the report and to which the reader’s attention is specifically directed.

No person or party other than the authorized user specifically identified herein can rely on this report without first obtaining written authorization from the author(s) of this report. Such authorization is at the discretion of the author(s) and may only be issued with permission from the authorized client of this report.

The value estimate referenced herein is Subject to the Extraordinary Assumptions, Limiting Conditions and Hypothetical Conditions as Stated Herein. After careful consideration of all factors that affect value, the current market value was estimated to be described as above.

The above-mentioned estimate is subject to the limiting conditions attached to this appraisal and to which the reader’s attention is specifically directed.

By accepting this report, the client or the intended user/authorized user accepts that:

1. the hypothetical condition “as if 100% complete” and assumptions identified in this report have not been independently verified or are items that are assumed to be true as part of this assignment, and
2. this report may not be reasonably relied on as proof that any of the hypothetical conditions or assumptions are true and accurate or that they will be true and accurate at any point in the future, and
3. in the event that any hypothetical condition or assumption in this report is discovered not to be true and accurate, it may impact the estimate of market value provided in this report, and



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4. "As if 100% complete" implies a space has been fully constructed and is in new condition, with all original features and new finishes and fixtures installed.

The analyses, opinions and conclusions utilized in this report were developed based on, and this report has been prepared in conformity with, the guidelines and recommendations set forth in the Canadian Uniform Standards of Professional Appraisal Practice 2024 (CUSPAP 2024).

Based on the analysis contained in this report, **the current "as is" market value of the subject property as of February 4, 2026 is:**

One Million Four Hundred Ninety Thousand Dollars
\$1,490,000.00

Based on the analysis contained in this report, **the current "as complete" market value of the subject property as of February 4, 2026 is:**

Twenty-Nine Million Eighty-Four Thousand Dollars
\$29,865,000 .00

Based on the analysis contained in this report, **the prospective "as-stabilized" market value of the subject property as of October 10, 2026 is:**

Thirty-Nine Million Eight Hundred Forty Thousand Dollars
\$39,190,000.00

Howard Sebastian Christie, AACI, P.App



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Executive Summary

Property Description:	The subject property is comprised of five cottages undergoing renovations. The standard layout of each cottage is: a Mudroom, Kitchen, Living room, two bedrooms, 4pc bathroom, Exterior finish - Vinyl, Walls & ceiling finish – drywall, Wood deck, balcony & porch, Roof covering: Steel, Electrical service: 100-amp breaker panel, Floor finishing: engineer hardwood, Kitchen features: quartz countertops & stainless-steel appliances, Bathroom finishes: quartz countertops & ceramic tiles & backsplash, Pot lights, In-unit AC cooling and Electric radiant heating.
Competitive Market Summary:	While we will continue to see traditional and largely private domestic groups as the dominant buyers, new non-traditional investment vehicles will also stimulate activity as the industry evolves, with more institutional and real estate companies entering the hotel space. Canadian hotels are poised to surpass predictions, primarily due to Canadians opting for domestic travel, which mitigates the decline in U.S. visitor arrivals. Despite robust patriotism, economic fragility may diminish the prospects for Canadian hotels. “Month-over-month and year-to-date data through July shows the pace is stronger than we had anticipated. Predominantly on Average Daily Rate (ADR) growth; less so on occupancy, which has been relatively flat,” says CBRE Hotels Senior Vice President Nicole Nguyen. “Still, the year would have shaped up very differently if Canadians hadn’t shown their national pride with domestic travel the way they have so far.” In numerous areas, supply is adversely affecting performance concurrently with a decline in demand — a dual setback. The Canadian border markets are experiencing the effects of trade tensions and company investment choices. The forecast for the upcoming years indicates moderate yet favourable growth. This will emphasize maintaining spending under budget and executing judicious capital investments. Land-based cross-border traffic from Canada to the US has reached levels not observed since the epidemic. Domestic travel in Canada has increased nationwide, effectively compensating for any decline in demand from the United States or international markets.
Salient Details:	National RevPAR is projected to exceed forecasts in 2025 and maintain a positive trajectory in 2026. GDP projections have been revised downward due to the effects of trade tensions, increasing unemployment, and inflation on the economy.

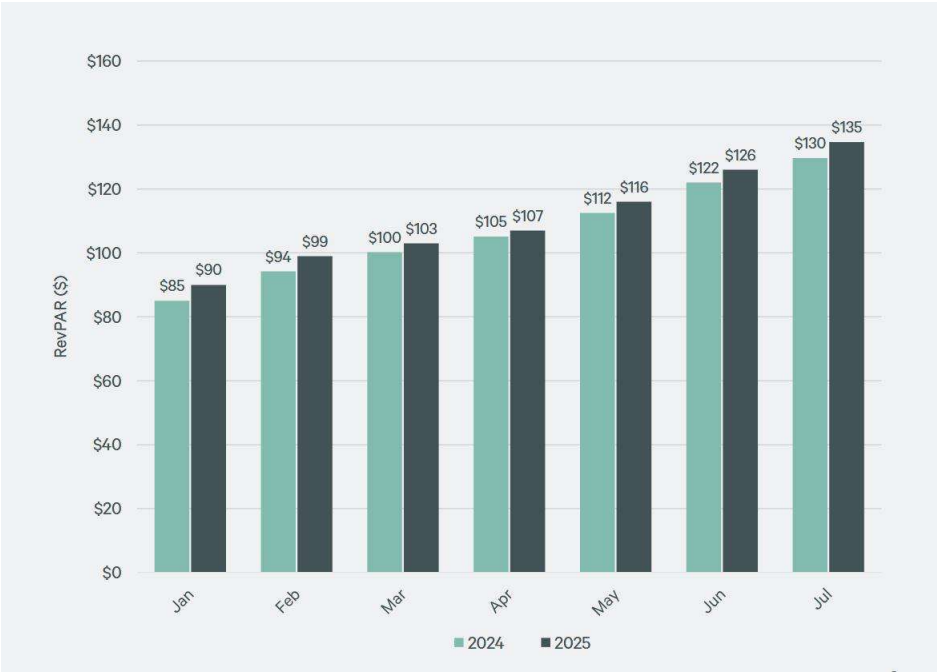


	Air travel numbers are projected to increase overall in 2024. The FIFA World Cup scheduled for June and July 2026 in North America is anticipated to stimulate travel and tourism throughout the continent. Canadian hotel supply growth has been running below the long run average since 2019, with new supply increasing the available room nights increasing at less than 1.0% per year between 2020 and 2024. But supply is forecast to grow by 1.5% in 2026 and by 2.1% in 2027, according to CBRE's forecast.
Subject Market Positioning:	Across Canada, YTD September 2025 results indicate continued strength in the national accommodation market. Supply growth remains limited, increasing by 0.5%, while demand has outpaced supply, which grew by 1.3%. Strong ADR growth has led to an increase in RevPAR of 4.7% over the first three quarters of the year. In the third quarter of 2025, overall demand grew by 2.5%. ADR increased by 5%, resulting in overall RevPAR growth of 7% compared to the same quarter last year. This performance reflects strong occupancy and rate growth across most major markets during the peak summer months between July and September. Destination Canada said that the tourist sector produced a record \$59 billion in revenue from May to August 2025, with a 6% growth compared to the same period the previous year. The expansion was mostly propelled by Canadians visiting beyond their home regions, while international tourists increased expenditure by 10%. Domestic visitors constituted 75% of the overall revenue of the Canadian tourism sector, while overseas travelers contributed the remaining 25%.
Provincial Performance:	In the first nine months of 2025, all provinces recorded positive RevPAR performance. Although three of the 10 provinces showed RevPAR declines during the first half of the year, these provinces rebounded strongly over the summer tourism season. With the exception of Newfoundland and Labrador and Quebec, which reported negative occupancy, all provinces showed YTD growth in both occupancy and ADR. The highest RevPAR growth in the first nine months of 2025 was observed in Saskatchewan (12.5%), Prince Edward Island (12.5%), and Nova Scotia (9.6%). This was followed by Newfoundland and Labrador (9%), Alberta (8.8%), Manitoba (7.9%), New Brunswick (7.6%), British Columbia (6.2%), Ontario (2%), and Quebec (0.3%). In the third quarter of 2025, performance in major markets was predominantly favourable, with nine of the top ten markets exhibiting substantial growth in occupancy and even more pronounced growth in ADR. Montreal was the sole exception, attributable to the influx of new supply and the termination of government contracts in the airport sector, as previously mentioned. In Q3 2025, the most significant RevPAR gain was recorded in Winnipeg (+24.7%), Halifax (+16.2%), and Victoria (+13%). Winnipeg experienced a rise in demand due to the temporary accommodation of thousands of wildfire evacuees in Manitoba and throughout Western Canada. Simultaneously, Halifax had a rise in tourism attributed to evolving travel trends



among Canadians, characterized by a decline in reservations to U.S. locations due to alterations in U.S. regulations and traveller attitudes, and enhanced air connectivity with additional direct flights from other prominent Canadian cities. In 2025, Victoria maintained robust performance, achieving one of the most exceptional summer seasons for hotels in the region in the last ten years.

2024-2025 YTD RevPAR



Source Canadian Hotel Industry Outlook 2026 CBRE LIMITED National Bottom Lines

Atlantic Major Market Outlook 2026 REGIONAL FORECASTS

		2019	2022	2023	2024	2025F	2026F
Halifax	Occupancy	70%	67%	71%	70%	72%	72%
	ADR	\$155	\$180	\$206	\$205	\$214	\$218
	RevPAR	\$108	\$120	\$147	\$142	\$154	\$158
St. John's	Occupancy	56%	60%	73%	64%	61%	62%
	ADR	\$133	\$143	\$154	\$171	\$182	\$187
	RevPAR	\$74	\$85	\$112	\$109	\$111	\$115
Atlantic	Occupancy	61%	60%	64%	62%	63%	63%
	ADR	\$138	\$158	\$171	\$176	\$183	\$187
	RevPAR	\$85	\$95	\$110	\$109	\$116	\$118

Source Canadian Hotel Industry Outlook 2026 CBRE LIMITED National Bottom Lines



Valuation Summary:		Cost Approach	Income Approach	Direct Comparison Approach
	As Is	\$2,240,000.00	N/A	\$1,490,000.00
	As Is Complete	\$9,000,000.00	\$29,865,000 .00	\$4,000,000.00
	As Stabilized	N/A	\$39,190,000.00	N/A
Property Description “As-If Complete”:	The subject site is proposed to be developed as a Nordic-style spa facility incorporating a range of wellness-oriented improvements. The proposed development includes the renovation of five existing on-site cottages and the construction of eight additional cottages, a central spa building, a restaurant, a meditation space, and five outdoor Nordic-style pools. Site infrastructure upgrades include a new well and a 48-vehicle parking area accessible via McCardle Road. The layout situates the pools and meditation space away from vehicular traffic and adjacent properties to maintain a tranquil environment.			
	The development emphasizes the creation of a quiet and calming atmosphere, which is essential to its operational model. Noise mitigation strategies include strategic building placement and landscaping buffers intended to reduce noise transmission both within the site and from neighboring properties. Similarly, exterior lighting is planned to be minimal and delivered through indirect landscape illumination to preserve the intended ambiance.			
	Water management systems are designed to align with environmental and regulatory standards. Pool filtration systems will incorporate de-chlorination measures and are designed to disperse backwash water slowly across the landscaped areas to prevent drainage system overload. Low-flow plumbing fixtures will be used throughout, complying with National Energy Code for Buildings (NECB) and National Plumbing Code (NPC) standards. Evaporation from the pools is expected to be minimal and will be further mitigated with thermal blankets and automated fill systems to optimize water use efficiency.			
	Energy efficiency measures include the integration of heat pump technology, LED lighting, and variable frequency drive (VFD) pool pumps. The system design will allow for potential future solar heating integration.			



	The site will be serviced by an on-site well system, with water usage designed not to exceed provincial regulatory thresholds for sewage disposal. Chlorinated (non-saline) pool water will be chemically managed through an automated control system to ensure consistent water quality. Transportation impact is expected to be minimal. McCardle Road, while unpaved, has a capacity of 900 passenger cars per hour in each direction. The projected increase of approximately 40 vehicles per hour during peak periods represents less than 5% of this capacity. Based on current provincial data (SADT and WADT for nearby Route 119), no traffic impact study is deemed necessary. The Department of Transportation and Infrastructure has indicated that a stormwater assessment form must be completed by a qualified engineer to ensure the development does not increase peak stormwater runoff to the public right-of-way.
Title	90 McCardle Road - November 6th, 2024 - \$382,241.02 Claim of Lien from Seymour Desroches Construction (2011) LTD - September 26th, 2023 – \$600,000.00 Mortgagee 103010 P.E.E. INC 185 McCardle Road, 171 McCardle Road and 163 McCardle Road - See addendum for registered mortgages; no other instruments registered



Significant Investment Characteristics

Location

The subject property is in PEI in the Community of Chelton also referred to as Albany. PEI is only 65 kms from one shore to the other. And from tip-to-tip, it's just 280 kilometers. Chelton area has no land-use plan and therefore falls under provincial regulations.

Chelton is noted for several distinct features, such as the Albany Y, which is the overpass located on the Trans-Canada Highway. However, the 56-year-old structure will be replaced due to reaching the end of its service life. Construction will start on May 5 and is expected to be completed in December 2025. All traffic will be redirected to a temporary roundabout.

Like most of the island and parts of Nova Scotia and Prince Edward Island it falls under the 902-area code. The postal codes starting with C0B address most if not all of Chelton.

Chelton features a number of farmers and small businesses, such as a local community center with a small bar. The local club formerly the Albany Lions Club is run by a group of volunteers and opens weekly on Friday nights only. The club is also rented out regularly for private events. There is also a postal office.

The subject is within close proximity of Chelton Beach Provincial Park (799 Chelton Road, Chelton). This is a strong area of influence on the value of the development of the subject property. Chelton Beach Provincial Park is a provincial park in Prince Edward Island, Canada. Prince Edward Island's only dune beach. Chelton Beach Provincial Park is located on Route 119 along the Red Sands Shore touring region.

Located on the once farm of Louis Pearson, the afore-mentioned province, Chelton Beach is the chief tourism center of the community of Chelton. The surrounding area is heavily populated with cottages of which most, if not all, are for seasonal use only. It is located approximately 15 minutes by car from the Confederation Bridge though quite far from any other metropolitan center.

Despite this, the beach is relatively well used, filling up beyond its official boundaries on most warm days. As is usual in the region of the Seven Mile Bay, the region to which Chelton belongs, at low tide the beach's surface area increases notably due to the great amount of sand bars. The park itself is composed of two buildings, a shower/restroom facility and a canteen where fast foods can be purchased.

Weaknesses

The site is located away from any major transit highways and would not benefit from drive-by demand. The property is not located within walking distance of any support amenities; however, as a full-service leisure spa property it should be able to fully support the requirements of guests staying at the spa, which will include a full-service restaurant, and general store.



Operational Attributes and Income

Strengths

- While the property will be an independent property and not affiliated with any internationally recognized hotel chain and therefore not benefit from a large-scale distribution, it will have more flexibility in the operation of the property and will not be encumbered by any franchise agreement and any associated fees.
- The proposed spa is expected to perform at above market levels in terms of RevPAR over the projection period relative to the competitive market due to the specialized business that they expect to capture in the off-season.
- The property is projected to generate reasonable profit levels over the projection period.

Weaknesses

- Although the property will have a relatively small unit count given the facilities, amenities and services the operating model is more in keeping with a larger property.
- High initial costs, ongoing maintenance expenses, and substantial energy consumption are key concerns. Furthermore, spas can be vulnerable to security issues and require significant effort to stay ahead of competitors in a crowded market. Poorly maintained spas can also pose health and safety risks
- Spas require regular maintenance, including water testing, chemical balancing, and filter replacement, which adds to operating costs.
- Spas, especially those with heating and filtration systems, are energy-intensive and can significantly impact utility bills.
- Improperly maintained spas can harbor bacteria and pose health risks to users.
- Spa income is heavily dependent on occupancy rates, which can fluctuate due to seasonality, economic downturns, and global events. This can lead to unpredictable returns.
- The hospitality industry is susceptible to market fluctuations, including economic cycles, changes in travel trends, and unforeseen events. These fluctuations can impact occupancy rates and investment returns.
- Poor management can lead to operational inefficiencies, negative guest experiences, and ultimately lower returns. Investors may need to rely on third-party management, which can involve fees and limited control.
- Selling a spa property can be challenging, as the market for these properties is often limited to specific investors.
- The hospitality industry is subject to a wide range of regulations, including health and safety standards, employment laws, and environmental policies. Non-compliance can lead to fines, lawsuits, and even business closures.



Investment Market — Canada

GDP growth forecasts for 2025 have been reduced to 1%, while the unemployment rate is expected to surpass 7%. The Bank of Canada is expected to cut rates by 25 to 50 basis points this year to stimulate the economy amid slower growth. Inflation is expected to rise as a result of U.S. imposed tariffs. Capital projects are being paused and industries directly impacted by tariffs are experiencing significant impacts. On the consumer side, lower confidence and spending are expected to keep inflation from running away.

The consensus hotel outlook for 2025 is flat performance based on expectations for strong leisure demand in the summer months, followed by reduced corporate and group demand in the latter part of the year. Impacts on hotel markets will be felt to varying degrees, depending on market connectivity to the U.S. economy, industry-specific tariffs, and sources of demand generators.

Ample equity seeking hotel acquisition opportunities despite the downgrades in the outlook for the economy. A limited number of hotels for sale in major central Canada markets has resulted in buyer demand spreading across provinces.

Strengths

- Financing availability for hotels has increased and lenders have a higher comfort level in the asset class, particularly in the post COVID era. This is due in part to lenders having increased focus on the sector and higher sophistication on hotel loan underwriting.
- Lengthy pre-development timelines, high construction costs, and tariff risks will limit new hotel completions in the near term.
- Lenders underscored the importance of strong sponsorship and demonstrated borrower ability to execute, particularly for new developments and redevelopment/repositioning projects.



Weaknesses

- Canadian households are burdened with a significant amount of debt, which can make them vulnerable to economic downturns.
- Canada's productivity has been lagging behind other developed nations, particularly the US, which impacts long-term economic growth. This decline is attributed to factors like underinvestment, lack of innovation, and small manufacturing firms struggling to achieve global economies of scale. (Declining Productivity)
- Canada's economy is highly intertwined with the US, making it susceptible to economic shocks and fluctuations in the US market. Additionally, the reliance on energy exports, particularly oil, makes it vulnerable to price volatility. (Dependence on the US Economy and Energy Prices)
- Canada's low investment in research and development (R&D) hinders innovation and technological advancement, impacting its competitiveness in the global market. (Low R&D Expenditure)
- The housing market in Canada has become increasingly unaffordable, putting a strain on household budgets and potentially dampening economic growth. (Deteriorating Housing Affordability)
- Despite high levels of education, Canada struggles with low levels of entrepreneurship and innovation, which are crucial for driving economic growth and creating new jobs. (Low Entrepreneurship and Innovation)
- Canada's vast geography can create internal trade barriers and make it difficult for firms to achieve economies of scale, hindering overall efficiency. (Geographic Challenges)
- Some sectors, like the oil industry, face uncertainty around regulations, which can discourage investment and innovation. (Uncertainty Around Regulations)
- A weak Canadian dollar can negatively impact various sectors, including manufacturing and tourism. (Depreciating Currency)



Limiting Conditions

The Limiting Conditions for this report have been included in Addendum "A".

Extraordinary Limiting Conditions

As per Section 3.29 of CUSPAP 2024, an Extraordinary Limiting Condition is a modification or exception of a Standard Rule which may diminish the reliability of the report. This report is subject to the following Extraordinary Limiting Conditions:

- I have not physically attended the Land Titles Office Title was searched by way of my on-line service which may take up to 14 days for any new registration or change in registration to appear

Extraordinary Assumptions

As per Section 3.28 of CUSPAP 2024, an Extraordinary Assumption is an assumption, directly related to a specific assignment, which, if found to be false, could materially alter the opinions or conclusions. Extraordinary Assumptions presume as facts, otherwise uncertain information about or anticipated changes in the physical, legal or economic characteristics of the subject property, or about conditions external to the subject property such as market conditions or trends, or the integrity of the data used in an analysis. This report is subject to the following Extraordinary Assumptions:

- The proposed hotel is under construction, but not yet completed. Therefore, we have estimated the Prospective Value, at completion of construction.
- That the spa will be operating, under competent and efficient management.
- That any and all necessary permits and approvals from municipal authorities have been, or will be, obtained for the proposed improvements.
- That the values reported herein are based on data collected and reviewed as of the date of this report. The projected market and operating performance presume no significant change in the competitive position of the accommodation industry in the immediate area except as set forth in this report. Local economic conditions, such as job growth or tourism patterns, which could affect the hotel's demand. If these conditions change, it could impact the property's value.
- The as is complete and as if stabilized valuations are estimated assuming a high level of market demand and full year-round level of occupancy for the spa, despite potential variations in tourism trends. An appraiser assumes a certain level of occupancy for the spa based on market trends and forecasts. If these occupancy rates are not met, it could impact the property's income-generating potential and thus its value.

Hypothetical Conditions

As per Section 3.36 of CUSPAP 2024, Hypothetical Conditions are a specific type of Extraordinary Assumption that presumes, as fact, simulated but untrue information about the physical, legal or economic characteristics of the subject property or external conditions, and are imposed for purposes of reasonable analysis. This report is subject to the following Hypothetical Conditions:

- The proposed spa is under construction, but not yet completed. Therefore, we have estimated the Prospective Value, at completion of construction.
- The as is complete and as if stabilized valuations are estimated assuming that the project will be completed within a certain timeframe where construction will start in the summer of 2025 and the business will be operational in the Summer of 2026, without considering potential delays. Assuming



that the required materials, equipment, and personnel will be available when needed. Assuming that the project budget will not exceed the allocated amount, even with potential cost increases. Assuming that labor and material costs will remain stable throughout the project.

- The as is complete and as if stabilized valuations are estimated on complete regulatory compliance: Assuming that all necessary permits and approvals will be obtained without significant delays or obstacles. The project will pass public engagement. There will be a recommendation and implementation from Land Use and Planning Act Specialist. The project will go through the Senior Development Office to render a decision with appropriate conditions. The property owners will be satisfying all conditions with technical document acquisition and expert review/approval. All conditions of the original decision will be met and there will be an approved Development Permit issued for each proposed structure.
- The as if stabilized valuation is estimated assuming that the spa will be able to operate sustainably, meeting environmental regulations and reducing its carbon footprint. Assuming that new technologies will be available and affordable for use in the spa. Assuming that competitors will not significantly impact the spa's market share. Assuming that the spa will attract a specific type of guest, such as families or couples. The management of the operation will be anticipating potential problems, project teams can develop strategies to mitigate them.
- The as is complete and as if stabilized valuations are estimated an appraiser might assume the construction materials and workmanship will be of the standard of the 2020 National Building Code of Canada, even if the building is not yet fully inspected. If this assumption is later found to be inaccurate (e.g., substandard materials are used), it could impact the appraised value. The appraiser assumes that a planned pool, restaurant, or other amenities will be built and functional as described in the plans. The development will be built exclusively with luxurious decor, high-quality furnishing, pristine cleanliness, courteous staff, and exceptional personalised services. The accommodations required to maintain air-conditioned, mechanically ventilated bedrooms that are spacious enough to allow convenient movement. The AA also specifies the size of beds that should be provided for single as well as double occupancy. Along with that other furniture like chairs and a writing table must be placed in every room.
- The bed linen, furnishing, towels, and toiletries provided are expected to meet a certain quality standard. The rooms should be tastefully decorated and impeccably clean. Every room should be equipped with certain amenities like a TV, several power outlets, in-room dining, and relaxation space. All bedrooms must have private bathrooms fitted with modern WC and thermostatically controlled showers. Each room should have ample storage space with a fully fitted, illuminated wardrobe that allows a generous amount of storage for clothes with hanger options. The restaurants should have exceptional levels of comfort with tasteful interior design, comfortable furniture, clean and high-quality crockery, cutlery, and service. The restaurants and bars are expected to have a detailed, immaculately presented menu with an extensive choice of dishes and drinks for all meals. If these plans are not followed or the amenities are not delivered as expected, it could affect the value.
- Chelton area has no land-use plan and therefore falls under provincial regulations. There is no zoning map and no specific zoning per PID 471961. The appraiser might assume the spa will comply with all zoning laws and building codes. If non-compliance issues arise, it could impact on the property's value and potential for development. And the development will be absence of environmental hazards or contamination. If these are later discovered, it could impact the property's value and potential development.



Property Overview

Tenure

The interest is defined as 100% fee simple interest in the spa.

Location Description

The subject property is going to be the assemblage of four parcels with their own address with the main construction and operational site being located on property identification description 471961.

Municipal Address

The site is located at:

- (PID 471961) 90 McCardle Road Chelton, PEI, C0B 1A0
- (PID 1157007) 163 McCardle Road Chelton, PEI, C0B 1A0
- (PID 1156991) 171 McCardle Road Chelton, PEI, C0B 1A0
- (PID 1156983) 185 McCardle Road Chelton, PEI, C0B 1A0

Sales History:

The site 471961 was acquired by 103010 PEI INC in September 2023 for \$1,100,000 who intends to develop and operate the proposed spa. To our knowledge the property is not subject to an outstanding Agreement of Purchase and Sale (see addendum).

The site 1157007 was acquired by 2771029 ONTARIO INC on May 30, 2024 for \$870,000 who intends to develop and operate the proposed land as an extension of the spa. To our knowledge the property is not subject to an outstanding Agreement of Purchase and Sale (see addendum).

The site 1156991 was acquired by 2771029 ONTARIO INC on May 30, 2024 for \$870,000 who intends to develop and operate the proposed land as an extension of the spa. To our knowledge the property is not subject to an outstanding Agreement of Purchase and Sale (see addendum).

The site 1156983 was acquired by 2771029 ONTARIO INC on May 30, 2024 for \$870,000 who intends to develop and operate the proposed land as an extension of the spa. To our knowledge the property is not subject to an outstanding Agreement of Purchase and Sale (see addendum).

Access/Egress:

All five cottages are accessed via a common driveway branching off a main roadway.

Visibility:

The additional properties are typical size for a rural site in the market. It is a level lot that is located along a quiet, dead end dirt road that is maintained by the municipality. The site is landscaped with an established lawn.



Location:

The subject is located in Chelton, rural residential area in central PEI with a mix of all common styles of Single-Family Dwellings. Chelton is located 15kms south of the City of Summerside. Summerside is the 2nd largest commercial center in PEI and offers a hospital, groceries, gas, banking, shopping, sports facilities, library, schools, dining, etc. Charlottetown, the capital of PEI is located 52kms east of the subject. Charlottetown offers a larger selection of amenities and necessities than Summerside. There are no adverse conditions that affect value.

Conclusion:

Overall, the general locational attributes of the proposed subject site are positive given that it will be a Nordic Spa.

Site Description

Site Area	The subject is 4.23 acres with no waterfront comprised of four property lots
Configuration	Irregular
Services	Private Well and Septic. Utilities are centrally distributed – a common water and sewage main runs along the site with individual meters for each cottage. Power is provided via above-ground lines with clearly marked connection points. Gravel Road.
Topography	Level
Parking	Shared paved driveway leads to a central parking bay accommodating about 10 vehicles.

Limitations

Easements

- Community Appraisals Ltd. is not aware of any easements or restrictions which would adversely affect the subject property.

Soil Conditions

- Community Appraisals Ltd. has not undertaken a detailed soil analysis, and as we are not qualified to comment on soil conditions, we have assumed that there are no contaminants affecting the site. However, a full environmental audit may be required for certainty. The sub-soil is assumed to be similar to other lands in the area and suitable for drainage qualities and load-bearing capabilities to support the improvements. Further, we assume the hotel is located outside of any designated floodplain areas.



Conclusion

The site area is large enough and appears to support the existing use and future development use.

Zoning & Taxation

Zoning

The zoning or land use bylaw provides for the day-to-day management of the plan's policies. The bylaw is the tool that controls and regulates the use of land.

Where municipalities do not have official land-use plans, a set of general subdivision and development regulations and other provincial legislation governs the remaining 90 per cent of PEI's land mass. This falls under the responsibility of the provincial government.

Limitations

For greater certainty we recommend that written confirmation of the permitted uses and zoning classifications be obtained from the municipality.

The Land Identification Program (LIP) prevents the development of land that is identified for non-development use. The general intent of the (LIP) is to protect and to preserve resource land from being subdivided or developed for commercial or industrial use, and to protect it against land speculation. To the best of Community Appraisal Ltd the lands are approved for commercial.

The information contained in this databank is based on data filed as part of applications made under the **Lands Protection Act**. The information is not warranted by the Commission to be accurate. Certain information may change after processing the applications including, in some cases, the assignment of new parcel numbers. The new parcel numbers are not necessarily contained in the database.

Application Number:	N6513	Application Number:	C9161
Application Date:	Wednesday, June 07, 2023	Application Date:	Wednesday, June 07, 2023
Applicant/Purchaser:	Kenneth Dunn	Applicant/Purchaser:	103010 P.E.I. Inc.
Present/Former Owner:	Chelton Beach Cottages Limited	Present/Former Owner:	Chelton Beach Cottages Limited
Parcel Number:	471961	Parcel Number:	471961
Location:	Chelton	Location:	Chelton
Lot:	26	Lot:	26
Number of Acres:	3	Number of Acres:	3
Water Course:		Water Course:	
Shore Frontage:	0	Shore Frontage:	0
Road:	McCardle Road	Road:	McCardle Road
Road Frontage:	400	Road Frontage:	400
Intended Use:	Commercial	Intended Use:	Commercial
Recommendation Forwarded to Minister:	Monday, June 19, 2023	Recommendation Forwarded to Minister:	Monday, June 19, 2023
Executive Council Decision:	Approval	Executive Council Decision:	Approval
EC Decision Date:	Wednesday, June 28, 2023	EC Decision Date:	Wednesday, June 28, 2023
Condition Expiry Date:		Condition Expiry Date:	
EC Order Number:	EC2023-514	EC Order Number:	EC2023-524

See addendum for Executive Council Decision for 163, 171 and 185 McCardle Road Chelton

See Highest and Best Use Legal Permissibility below for greater details.



Assessment and Property Tax Information

Property taxes in Prince Edward Island (PEI) are determined by both provincial and municipal rates. The provincial real property tax rate for commercial and non-commercial property is set at \$1.50 for each \$100 taxable value assessment.

For non-commercial properties, residents may be eligible for a provincial tax credit of \$0.50 per \$100 of taxable value assessment.

In 2024, the provincial government provided a tax credit to reduce the increase in property taxes for owner-occupied properties, which had been subsidized in 2022 and 2023 to offset inflationary increases.

Property tax notices for 2025 were mailed out in May, and property owners are encouraged to set up automatic payments to avoid interest charges.

Property tax bills include charges for municipal taxes, fire dues, and Island Waste Management Corporation (IWMC) fees. The province collects more than \$281 million through property taxes, with over \$86 million in municipal taxes, \$4 million in fire dues, and \$17 million in IWMC fees.

Based on our review, property taxes for the subject property as if complete and as if stabilized is estimated at \$17,585 based on the current tax amount for Mysa Nordic Spa & Spa at 1668 Greenwich Rd, Saint Peters Bay, PE C0A 2A0, Canada. In addition to \$12,149.43 for the three parcels of land. This gives a grand total of \$29,734.43

However, they are currently \$4049.81 amongst the three offsite parcels PID 1156983, PID 1157007, PID 1156991 totaling \$12,149.43. And \$3,792.00 for the main parcel PID 471961. This gives a grand total of \$15,941.43.

Physical Description

The subject property is comprised of five cottages undergoing renovations. The standard layout of each cottage is: a Mudroom, Kitchen, Living room, two bedrooms, 4pc bathroom, Exterior finish - Vinyl, Walls & ceiling finish – drywall, Wood deck, balcony & porch, Roof covering: Steel, Electrical service: 100-amp breaker panel, Floor finishing: engineer hardwood, Kitchen features: quartz countertops & stainless-steel appliances, Bathroom finishes: quartz countertops & ceramic tiles & backsplash, Pot lights, In-unit AC cooling and Electric radiant heating.

Date of Inspection

The subject was inspected on November 28, 2025.

Description of Improvements as Is

Detailed plans for the proposed property were provided. The following description is based on discussions with the proponent and features found within the plans provided. Final design and features could differ.

The estimated prospective value is based on the Extraordinary Assumption (Hypothetical Condition) that the property will be developed as described below.



Site Improvements

- Small shed (negligible)
- Workshop/Barn/Single Detached Garage
 - Vinyl siding & windows
 - Steel roof
 - Wood superstructure
 - Concrete slab floor
 - Contains two water tanks, a furnace and 100-amp electrical panel
 - Car size door

Cottage Common Features

- Layout
 - Mud room
 - Kitchen
 - Living room
 - 2 bedrooms
 - 4pc bathroom
- Exterior finish - Vinyl
- Walls & ceiling finish – drywall
- Site improvements – Wood deck, balcony & porch
- Roof covering: Steel
- Electrical service: 100-amp breaker panel
- Floor finishing: engineer hardwood
- Kitchen features: quartz countertops & stainless-steel appliances
- Bathroom finishes: quartz countertops & ceramic tiles & backsplash
- Pot lights
- In-unit AC cooling
- Electric radiant heating

Cottage 1

Level of Completion

Percentage Complete Estimate: 86%

Work Remaining:

- Steps to main entrance porch
- Deck covering
- Balcony railings
- 2nd coat of paint
- Interior door installation
- Stair finishing
- Bathroom fixtures (except sink)
- Shower stall encasing
- Bedroom light fixtures



Cottage 2

Level of Completion

Percentage Complete Estimate: 86%

Work Remaining:

- Steps to main entrance porch
- Balcony railings
- 2nd coat of paint
- Interior door installation
- Bathroom fixtures (except sink)
- Shower stall encasing
- Bedroom light fixtures

Cottage 3

Level of Completion

Percentage Complete Estimate: 86%

Work Remaining:

- Steps to main entrance porch
- Balcony railings
- 2nd coat of paint
- Interior door installation
- Bathroom fixtures (except sink)
- Shower stall encasing
- Bedroom light fixtures

Cottage 4

Level of Completion

Percentage Complete Estimate: 86%

Work Remaining:

- Steps to main entrance porch
- Balcony railings
- Stair finishing
- 2nd coat of paint
- Interior door installation
- Bathroom fixtures (except sink)
- Shower stall encasing
- Bedroom light fixtures

Cottage 5

Level of Completion

Percentage Complete Estimate: 86%

Work Remaining:



- Steps to main entrance porch
- Deck covering
- Porch covering
- Balcony railings
- 2nd coat of paint
- Interior door installation
- Stair finishing
- Bathroom fixtures (except sink)
- Shower stall encasing
- Bedroom light fixtures

Development Components	Level of Completion (%)
Cottage – 1	86%
Cottage – 2	86%
Cottage – 3	86%
Cottage – 4	86%
Cottage – 5	86%
163 McCardle Cottage	100%
171 McCardle Cottage	100%
185 McCardle Cottage	100%
Restaurant	0%
Cottages 6 -13	0%
Main Spa building	0%
Exterior Pools and Landscaping	0%

163, 175 and 183 McCardle Rd:

Detached bungalow cottages were observed at each location featuring vinyl exterior, vinyl windows and a large wooden deck. These cottages are new, 4 season cottages, built in 2024. They have typical finishes for newer cottages in the market. The cottages have an open concept, kitchen/living/dining room, 3 bedrooms and 1 full bathroom. The cottages are on a post foundation. There are no basements. Post foundations are very typical for cottages in the market.

Description of Improvements AS If Complete and As If Stabilized



New Proposed Site Plan Source Archwork Studios

The subject property at 90 McCardle Road is proposed for redevelopment as a wellness-oriented facility featuring a Nordic spa operation. According to the conceptual site plan, the project includes the renovation of five existing on-site cottages and the addition of eight new cottages. Additional proposed components include a spa building, a restaurant, a meditation space, and associated site infrastructure.

Site improvements will also include the installation of five outdoor Nordic-style pools situated adjacent to the spa building. The pools are to be located on the side of the building opposite the parking lot, which is



2191 Yonge St, Toronto, ON M4S 3H8
(705) 717-2623
info@community-appraisals.com

designed to accommodate 48 vehicles with access directly from McCardle Road. Landscape design and building orientation have been deliberately arranged to buffer noise and maintain a tranquil environment in support of the wellness-based business model.

The development will be served by a new private well water system, with capacity planned to align with PEI Sewage Disposal System Regulations. Water conservation measures, including low-flow fixtures and thermal pool blankets, are planned to manage resource usage. An automated pool water management system will control chemical balance and maintain water levels efficiently. Wastewater from pool backwash operations will be dechlorinated and dispersed into landscaped areas at controlled rates to avoid overloading the drainage capacity.

Energy efficiency measures are integrated into the project design. These include the use of heat pump technologies for water heating, LED lighting with timer controls, and Variable Frequency Drive (VFD) technology on pool pumps. The pool systems are pre-configured to permit future integration with solar heating systems.

Lighting across the site will be minimal and primarily indirect, utilizing landscape fixtures to preserve the low-impact visual environment. Overall, the design and operation of the property are intended to preserve a quiet, low-illumination, and environmentally responsible setting consistent with the intended spa use.

McCardle Road, which provides access to the site, is currently unpaved. Traffic projections indicate a peak load of approximately 40 passenger cars per hour related to the proposed use, which constitutes less than 5% of the road's estimated capacity (900 pc/h). Given this, the Department of Transportation has indicated that a traffic study or road paving is not presently warranted. However, a storm water management assessment will be required by the Department of Transportation and Infrastructure to evaluate impacts on the public right-of-way.





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Conclusion

The subject will be a well-designed, newly built Destination location property. The spa will be built to expected standards in a modern style, using good quality materials and workmanship. The spa is expected to be in excellent condition at the completion of construction and will provide some of the best quality accommodations in the local market.



Market Overview

Provincial Economic Outlook

Prince Edward Island is expected to exhibit one of the highest growth rates among the provinces this year. The construction sector is at the forefront of growth contributions, with substantial year-to-date increases in both residential and non-residential expenditures (Chart 1). The rental construction in PEI remains strong, bolstered by previous population expansion, high rents, and government assistance programs.

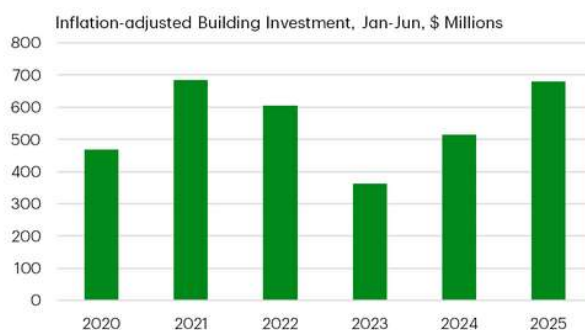
Simultaneously, governmental expenditure on infrastructure is enhancing non-residential investment. In other regions, robust housing market activity combined with vigorous employment suggests a substantial increase in output within the banking, insurance, and real estate sectors. The public sector is significantly contributing to the robust performance anticipated in 2025, in alignment with the provincial program spending objectives detailed in the most recent budget.

The manufacturing industry of PEI is exceptional. Notwithstanding the upheaval of the Canada-U.S. trade conflict, manufacturing sales have increased by 10% year-over-year thus far in 2025. Sluggish U.S. economic growth may dampen the manufacturing sector in the short term; however, sustained expansion is anticipated in 2026, bolstered by enhanced external demand. The provincial government has lowered its interprovincial trade obstacles, perhaps enhancing the industry's prospects.

Prince Edward Island's tourism sector is experiencing a robust year, with overnight accommodations up by 5% year-to-date through June. Significantly, U.S. visitors initially avoided the Island earlier in the year but have since constituted an increasing proportion of the total.

Notwithstanding another year of anticipated robust economic expansion, the Island has recorded mediocre job increases to date. However, this is likely attributable more to supply than to demand. The population growth has significantly decelerated, constraining the labour pool and restricting household expenditure growth to a mediocre rate. Given that population growth is expected to continue subdued until 2026, we anticipate a considerable deceleration in economic growth next year. Reduced government expenditure is anticipated to hinder GDP growth next year, consistent with the provincial budget proposals. Activity in PEI's substantial public sector may diminish further than suggested by the provincial budget, contingent upon the extent of prospective federal operating expenditure constraints.

Chart 1: Construction Sector Boosting PEI's GDP



Source: Statistics Canada, TD Economics.

Chart 2: PEI's Rapidly Cooling Population to Weigh on 2026 GDP Growth



Source: Statistics Canada, TD Economics.



PEI's Budget 2025

The Capital Budget is a forecast of spending for infrastructure and capital projects such as roads and bridges, public buildings, and equipment. The operating budget is delivered each spring.

On November 4, 2025 Premier Rob Lantz and Finance Minister Jill Burridge, presented the Government of Prince Edward Island's 2026-27 capital budget to the Legislative Assembly, outlining a five-year plan totaling \$1.6 billion in infrastructure investments to support the province's needs for today and into the future.

Hospital infrastructure is being modernized to improve patient experiences and streamline services.

Kings County Campus, \$132.2M over 5 years

To create a modern health care campus, including a new hospital and a community health centre, designed to bring services together in one location and strengthen the delivery of care.

Mental Health Campus, \$131M over 5 years

To complete this keystone project to build a more responsive, encompassing and accessible mental health, addiction and substance use service for Islanders.

Investing in Primary Care Access, \$22.9M over 5 years

To continue transforming how we deliver primary care in this province, including developing a new community health centre as part of the Mental Health Campus, expanding a patient medical home in Central Queens County, renovating the Kensington primary care access clinic, and completing the Summerside community health centre.

Modernizing Access to Health Care Information, \$21.7M over 5 years

To provide Islanders with easier, streamlined access to their health information to securely share with their health care team.

CT Scanners, \$11.9M over 5 years

To purchase and install new CT scanners for Kings County Memorial Hospital and Western Hospital.

QEH Refresh and Campus Redevelopment, \$102.3M over 5 years

To invest \$43.2M to upgrade, replace and strengthen critical building operations, and \$59.1M to redevelop the QEH campus, creating additional space for non-acute care services and improving patient flow.

Supporting Senior Care, \$14M over 5 years

To meet growing demands, investments in long-term care and home supports will continue in targeted areas across the province.



Education

New Elementary School, \$65.4M over 5 years

To build new elementary schools in East Royalty, West Royalty and Georgetown, addressing capacity needs and providing modern learning environments.

New Summerside School, \$14.5M over 5 years

To support design work beginning in 2028 for a new school, with construction scheduled for 2030.

New and Expanded Intermediate Schools, \$133M over 5 years

To serve fast-growing populations, including \$109M for a new school in Stratford and \$24M to expand Queen Charlotte with more learning spaces for students.

New and Renovated High Schools, \$44M over 5 years

To ensure ample modern educational spaces for the next generation, including \$25M to complete work and open Stratford High School, and \$19M to complete the first phase of renovations on Westisle.

Securing French Language Education, \$92M over 5 years

To support French language education and opportunities in the province, including \$64M to replace Evangeline School in western PEI and \$28M to expand École François Buote in Charlottetown.

School Revitalization and Capital Repairs, \$36M over 5 years

To ensure that aging schools receive the repairs and upgrades they need, including mobile classrooms to provide safe, supportive spaces as immediate relief to classroom pressures.

Childhood Recreation Fund Increase, \$1.5M over 5 years

To help communities create safe, active spaces at schools where Island children can play, move and belong.

Commitment to infrastructure that moves PEI forward

Roads, Bridges and Highways, \$296M over 5 years

To maintain reliable infrastructure across the province, ensuring Islanders are kept connected and safe, and keeping our economy moving.

Provincial Collections Storage Facility and Confederation Trail, \$4.9M over 5 years

To support the preservation of human and natural heritage on PEI, and to highlight our heritage along the Confederation Trail.

Protecting our Land, \$21.3M over 5 years

To create safer and more resilient coastal highways and public infrastructure, investments are being made in shoreline protection, buffer zones and potato wart land buybacks, and other land protection acquisitions.

Investment in Housing, \$128M over 5 years

To provide \$28M for upgrades and repairs to existing public housing, and \$100M to build over 300 new affordable public units.



Provincial Park, \$9M over 5 years

To improve and maintain high quality facilities, such as campsite expansions, to benefit all visitors.

Subsea Power Cable, \$600K over 2 years

To assist early planning for a new subsea power cable, which requires partnership with the federal government, to ensure our energy systems can support community growth.

Conclusion

Year-to-date traffic to the Island through October has increased across all forms of transportation. Bridge traffic has increased by 4.7 percent, and ferry traffic has risen by 11.6 percent. Air traffic to the Island rose by 3.5 percent, and cruise ship traffic surged by 28 percent. As of September, on a year-to-date basis, overnight Occupancy in fixed roof accommodations decreased by 1.1 percent, while the occupancy rate fell by 2.7 percentage points. Campgrounds experienced an 8.7 percent rise in overnight stays through September, accompanied by a 0.7 percentage point increase in the occupancy rate.

The tourism sector is progressively stabilizing in 2024 following several years affected by visitation limitations. The Port of Charlottetown established a new record in the cruise industry with 94 vessels and over 220,000 visitors arriving on the Island this season.

Previous developments of the Port of Charlottetown facilitate the current and future increases in activity. Capital additions and enhancements to the airport in Charlottetown will persist in bolstering the aviation industry. The interruptions to the ferry service later in the season will impede its capacity to positively influence growth in 2024. The absence of a dependable ferry service to the eastern region of the province will adversely affect the tourism and transportation sectors on the Island, especially in the eastern area.

Though there are challenges, the economic situation on the Island is continuing to normalize as interest rates decline and inflation returns towards the Bank of Canada's two per cent target. The Island economy is on track to make the required investments in its growing population, while making progress on balancing population growth with other priorities.

Regional Market Overview

Prince Edward Island

Prince Edward Island is situated in the Gulf of St. Lawrence, adjacent to the Atlantic Coast of eastern Canada. This crescent-shaped island, one of the four Atlantic Provinces, is delineated from the mainland by the Northumberland Strait and is situated between Nova Scotia, New Brunswick, and Newfoundland.

Historically, Prince Edward Island's main sectors encompassed tourism, fishing, and agriculture; however, over the past few decades, the Island has established a robust reputation as a preferred location for numerous prominent international companies in aerospace and defense, bioscience, information and



communications technology, food development, renewable energy, advanced marine technology, and small business.

On September 24, 2025 Statistics Canada published its preliminary provincial population estimates for July 1, 2025, as well as revisions to the population estimates for 2022 to 2024. As of July 1, 2025, Prince Edward Island's population is estimated to be 182,657. This represents a yearly increase of 2,948 people or a 1.6 percent annual growth rate. This is the second highest annual growth rate among all jurisdictions for 2025.

Alberta had the highest annual growth rate at 2.5 percent. The growth rate for Canada was 0.9 percent in 2025. PEI's five-year growth rate (2020 to 2025) of 14.7 percent is second highest among provinces and territories.

International immigration continues to be a driver of population growth on Prince Edward Island, although has slowed significantly in 2024/25. Immigration totaled 2,843 from July 1, 2024 to June 30, 2025, down 31.4 percent from 2023/24 and the lowest number of new arrivals since the pandemic year of 2020/21. Natural increase (births minus deaths) has been declining steadily since the early 1990's and has been negative for 7 of the last 8 years. There were 1,375 births and 1,620 deaths on Prince Edward Island from July 1, 2024 to June 30, 2025, for natural change of -245.

Inter-provincial migration has also been a source of population growth for PEI in recent years. Over the past 5 years, it is estimated that net inter-provincial migration for PEI was +6,427 people. Prince Edward Island had an estimated net inter-provincial migration of +1,043 people (4,392 in-migrants less 3,349 out-migrants) from July 1, 2024 to June 30, 2025.

Net non-permanent residents (NPRs) was -566 over this period. As of July 1, 2025 there were a total of 11,863 NPRs living on Prince Edward Island.

PEI's July 1, 2022 population estimate has been revised down slightly, from 167,213 to 167,200. The July 1, 2023 population estimate was revised up from 173,713 to 173,734. The July 1, 2024 population estimate was revised up from 178,550 to 179,709..

Prince Edward Island Tourism

Tourism constitutes a vital component of Prince Edward Island's economy, attracting people from adjacent provinces and throughout the globe to experience the Island's distinctive culture, history, and natural beauty. The Island's tourism sector is varied, featuring numerous activities and attractions such as the Charlottetown Festival, the Cavendish Beach Music Festival, and the Prince Edward Island Shellfish Festival, which honors the Island's renowned seafood.

In 2022, visitors to the Island exceeded 1.6 million, significantly surpassing population growth. Tourism PEI indicated that in 2022, the average yearly occupancy rate for bed and breakfasts, cottages, hotels, and inns was 43 percent, with peak occupancy in the third quarter reaching 69 percent. Additionally, overall tourism expenditures in Prince Edward Island in 2019 surpassed 649 million dollars annually.

To get insight into the volume and demographics of visitors to Prince Edward Island, Tourism PEI executed a



survey and developed visitor profiles through an analysis of the findings, which were documented in the 2019 PEI Visitor Exit Survey Report. A summary of essential visiting insights is shown below.

Over Night Stay Tourism

Residents of the adjacent maritime provinces constitute over 87 percent of same-day visits to Prince Edward Island, with 62 percent originating from New Brunswick and 25 percent from Nova Scotia. Total direct expenditures by same-day parties surpassed 4.4 million.

Among the same-day visitors to the Island, 63 percent identified their primary aim as leisure, with the majority visiting during the peak season (July – August), followed by 22 percent in the Fall and 17 percent in the Spring. The bulk (57%) of these visitors consisted solely of adults aged 55 years or older. Male visitors constituted 52 percent of this cohort, while females comprised 48 percent. Repeat visitors to the Island constituted 86 percent of this demographic, with the majority having visited the Island the preceding year.

The predominant overnight visitors are maritime inhabitants from New Brunswick and Nova Scotia, constituting 60%, followed by Ontario at 15% and Quebec at 9%. The United States represented roughly 8 percent of overnight parties and about 2 percent from international markets. Total direct expenditures by overnight visitors surpassed 645 million.

The primary reasons for overnight trips to the region were identified as follows:

- 89.7% Leisure
- 5.2% Business
- 5.1% Other

Overnight visits predominantly involved adults (75%), with 42% of visitors aged 55 or older, 28% aged 35 to 54, and 13% aged 18 to 34. Females constituted 53 percent of overnight visits, while males comprised 47 percent.

Returning visitors in this category constitute 79 percent of overnight guests to the Island. The majority of overnight guests had visited PEI within the preceding three years. On average, returning guests had frequented the Island 6.12 times over the prior five years.

Competitive Market

Small Luxury Inns and Resorts

After years of sluggish development and postponed projects, hotel construction is accelerating once more. The small hotels and resorts sector is experiencing substantial growth in the post-COVID era. Although the luxury section of the hotel market has expanded globally over the past twenty years, the post-COVID era has revealed a need for boutique luxury rooms.

In Canada, the expansion of smaller properties has been observed through the conversion of older assets and new constructions, primarily in smaller markets. Established tourist destinations and regions that provide experiences and attractions near urban areas are optimal locations for the development of leisure-oriented assets.



Prominent attributes of these developments encompass superior guest accommodations, enhanced amenities, improved food and beverage selections, as well as spa and recreational facilities. Establishments in this category typically provide both ordinary rooms and cabin accommodations. The swift growth of the spa industry, particularly thermal bathing facilities, will lead to the integration of these amenities in numerous new resorts.

Although less data exists regarding the overall volume of new supply in this sector, our study has identified approximately 20 projects in development throughout Canada. The average quantity of units ranges from a minimum of 10 to over 50. The majority of residences are finished to a superior quality and design standard, incorporating themes such as wellness, nature, and cuisine.

These establishments generally serve leisure travellers and small groups, including wedding parties and corporate retreats. Inns and resorts next to major urban centres can achieve occupancy rates at or exceeding provincial averages. Resort properties situated in more isolated destinations frequently exhibit lower annual occupancy rates due to seasonal demand fluctuations, generally ranging from 50% to 60%.

This contrasts with properties' capacity to command elevated rates during peak periods. ADRs may surpass \$500 per night and, in certain instances, exceed \$1,000 per night for cabin and suite accommodations. At elevated rates, room operations can remain highly lucrative despite reduced occupancy. The amenities provided can enhance operational profitability, but they vary significantly and are typically contingent upon the scale and capabilities of management, as well as the quality of service rendered.

New Developments

The majority of development has gone toward revitalizing or completely redeveloping existing structures as well as well-known tourist spots. The majority of development in Eastern Canada is located close to important markets like Toronto, Ottawa, and Montreal. Converting a historic structure or property and adding some spa amenities is a common feature of current developments.

Notable instances of more recent developments in hotels and resorts include:

- **Elora Mill Inn & Spa:** This opulent hotel and spa, which opened in 2018, provides top-notch lodging, spa treatments, dining options, and conference space. The spa is frequently named one of the best in North America, and the venue is a well-liked venue for weddings and conventions. The property offers a stunning view of the Grand River and is located inside a renovated 19th-century mill.
- **Wander the Resort:** Situated in Prince Edward County on the beaches of West Lake, this establishment features a beach club, upscale dining options, and cabin accommodations. This year saw the opening of a brand-new Nordic spa that attracts both visitors and residents. In addition to providing a cozy, Nordic atmosphere and guest facilities like fireplaces and a private outdoor area, the resort is finished to a high standard of design.
- **The June Motels:** These luxurious boutique hotels, which include locations in Prince Edward County and Sauble Beach, have completely changed the concept of a motel stay. The properties accommodate small groups and leisure travellers and have a light and airy style. In order to entice visitors to return, the resorts also provide a wealth of programming, including group packages, special events, and festive themes.
- **Somewhere Inns:** These two establishments in Collingwood and Calabogie offer motel and inn-style lodging with a chic, contemporary design. For a more private Nordic experience, both hotels offer wine bars, saunas, cold plunges, and spaces for guests to re-establish a connection with nature. These hotels provide distinctive vacation options near Ottawa and the GTA, and they welcome children and pets.



The demand for outdoor activities, the variety of lodging options, and investments in the infrastructure supporting adventure tourism are all influencing development in Western Canada. In response, investors are developing resorts that provide cabins, comfortable camping, and year-round facilities by fusing the boutique luxury accommodation experience with the genuineness of outdoor camping. This kind of asset highlights how distant resort operators are pushing themselves to compete not only with camping but also with boutique hotels and resorts.

In Western Canada, some instances are as follows:

- Since the COVID time, Basecamp Resorts, based in Canmore, Alberta, has swiftly extended their portfolio through a number of purchases, conversions, and new developments. Baker Creek Cabin Resort in Lake Louise and the recently refurbished Everwild Resort and Nordic Spa in Canmore are two examples. Crazy Creek Resort, which is tucked away along the Trans-Canada Highway between Sicamous and Revelstoke, has undergone a significant revitalization with the goal of increasing its appeal and improving visitor comfort. Now available lodging options include comfortable studio and one-bedroom cabins as well as recently constructed two-bedroom apartments with air conditioning, outside firepits, and fully equipped kitchens that combine modern conveniences with rustic charm.
- Located in the hills above Naramata, Chute Lake Lodge is constantly improving its wilderness accommodations.
- Boulder Mountain Resort has evolved into a dynamic, modern mountain destination that embraces the growing appetite for distinctive and immersive lodging experiences. In recent years, the lodge added a collection of seasonal canvas tents, allowing it to expand summer capacity in an economical and environmentally responsible manner. With a variety of chic cabins, canvas tents, geo-domes, and minimalist "Forest Bunkies," the resort now gives visitors a number of options for interacting with the natural environment.

In conclusion

The development of the Canadian hospitality sector includes the rise of small, upscale hotels and resorts. Although the category offers a variety of lodging options and locations, high standards of service, distinctive experiences, enhanced amenities, and high-quality design, materials, and finishes are all present. Like any new business initiative, this one draws people with a clear vision who will try out new products in new places to satisfy the demands of more discriminating consumers who seek out distinctive experiences in distinctive settings. The hotel transaction market continues to demonstrate strength in 2025, with transaction activity in the first nine months of the year reaching over \$1.8 Billion and projected to exceed \$2 Billion by the end of the year. Strong investor interest and record pricing reflect the continued confidence in the sector going forward, supported by improvements in operating results.



Competitive Accommodation Market Analysis

ECONOMY OVERVIEW CHARLOTTETOWN

In Q3 2025, Charlottetown witnessed moderate but solid growth, powered by ongoing strength in construction, housing demand, and a rebound in services and tourism. The PEI provincial budget for 2025 projects real GDP growth of approximately 2.3%, supported by population gains and homebuilding. At the same time, the province faces rising fiscal pressures: net debt is set to climb, with the debt-to-GDP ratio expected to hit roughly 32% in 2025–26. On the labour front, recent data show the province's unemployment rate rising to 8.1% in August 2025, as employment slipped month-over-month.

(Sources: Statistics Canada, RBC, TD Economics)

SUPPLY & DEMAND CHARLOTTETOWN

In the third quarter of 2025, the Charlottetown office market reported an overall vacancy rate of 3.0%, which was 60 basis points (bps) lower than the previous quarter.

The Suburban submarket had a significant drop of 240 basis points from the previous quarter to 3.5%, while the central market vacancy dropped 20 basis points from the previous quarter (QOQ) to 2.9%.

This quarter, Charlottetown had around 37k square feet (sf) of unoccupied space, a 7k-sf reduction over the previous quarter. In the third quarter, there was a about 2,000 square foot drop in unoccupied space in the Central market and a roughly 5,000 square foot drop in the Suburban market. These minor adjustments were impacted by minor tenant migrations in two major submarkets. In desirable areas, particularly in the Suburban submarket, vacancy seems to be declining as rents remain stable.

The Charlottetown industrial market's 3.9% vacancy rate did not change from the previous quarter. The Parkdale submarket had a 5.5% vacancy rate, the West Royalty submarket had a 3.5% vacancy rate, and the BioCommons Research Park had a 0.0% vacancy rate.

Similar to the last two quarters, Charlottetown has 15,000 square feet of unoccupied space, of which 8,000 square feet may be subleased.

PRICING CHARLOTTETOWN

In the third quarter of 2025, the average net rent in the Charlottetown office market stayed steady at \$15.97 per square foot (psf). The total gross rent stayed at \$24.86 per square foot, while the average additional rent was steady at \$8.89 per square foot.

The average net rent in the Charlottetown industrial market was \$10.67 per square foot (psf) in the third quarter of 2025, while the average additional rent was \$5.52 psf overall. As a result, the gross rent per square foot remained at \$16.19.



Q3 2025 SUMMARY OF HALIFAX

According to the REALPAC Canadian Property Index, Halifax was the best-performing city in Canada for returns on commercial real estate in 2023 and 2024. Halifax outperformed other Canadian markets with a total investment return of 10.6% as of June 2025.

Additionally, Halifax was the only city to see positive capital growth in every asset type related to commercial real estate. Halifax's sturdy foundations and broad economy—which include strong demand in the retail and multi-residential sectors, reliable income returns, and minimal exposure to faltering office assets—are responsible for this impressive success.

More commodities are now passing through Canadian seaports like Halifax and Saint John as a result of the Trump administration's tariff policies. Increased investment in port infrastructure, a higher emphasis on marine trade routes, and a diversity of trading partners could result from this change.

The federal government's increasing military investment is another benefit for Halifax. Over the next ten years, this investment is anticipated to significantly boost industrial activity and economic growth.

- Halifax's office vacancy rate, which stands at 9.0% as of Q3 2025, remained comparatively stable. The Downtown and Suburban markets have respective vacancy rates of 12.1% and 8.3%. With the total balance at just over 44,000 square feet, the region's absorption for the year is now positive for both the Downtown and Suburban sectors, making it one of the few markets in Eastern Canada to do so.
- In Q3, industrial asking net rental rates climbed to \$17.31 per square foot after a number of consecutive quarters in which they averaged around \$15 per square foot. This is an 11.0% growth quarter-over-quarter, one of the greatest rates of increase in the country. While the industrial vacancy rate did climb quarter-over-quarter for the first time in 2025, its rate of 11.1% is even year-over-year.
- Industrial construction activity is still centred in Burnside, with over 170,000 square feet across a few different projects. The three most significant locations comprise buildings of 85,000 square feet, 53,000 square feet, and 33,000 square feet, respectively. When these projects are completed over the following quarters it will be interesting to track how this affects the region's vacancy rate, which despite quarter-to-quarter fluctuations has remained relatively consistent year-over-year.

Halifax is gaining traction as a Tech Talent leader. CBRE's most recent *Scoring Tech Talent* report **ranked Halifax #2** among North American emerging tech markets, up from #5 in 2024.

Over the past year Halifax has added over 6,500 new tech jobs, with total tech employment now reaching more than 22,000 employees.

Halifax is seeing growth across the technology sector, from start-ups to established companies — especially in the areas of AI, clean tech, financial services and ocean technology.

Institutions like Dalhousie are leading in AI research, and innovation hubs like Volta, The Pier, and Cove are helping to turn that research into real-world solutions.



Market Demand & ADR Projections

With the completion of multiple high-profile deals, Canadian hotel investment volume reached \$1.88 billion through Q3, up more than 14% year over year. Q3 saw approximately \$800 million of hotels transact across the country, supported by ample financing availability and a backdrop of robust operational fundamentals.

The sale of a number of sizable full-service and luxury hotels contributed to the national average price per key surpassing \$232,000, with price increases observed for all service segments year over year.

In Q3 alone, two significant hotel deals reached \$100 million: the Ritz- Carlton Toronto and the Shangri-La Vancouver. Year-to-date, there have been a total of eight trades over \$50 million including five over \$100 million. • Beyond headline trades, investment activity remains volatile across all market tiers. Transactions up to \$25 million represented nearly 85% of year-to-date deals, highlighting continuing investor demand for hotels in secondary/tertiary markets.

With an active acquisition pipeline, Colliers expects that year-end transactions will easily top \$2 billion, outpacing 2024 levels

Private investors have edged out hotel investment companies as the largest buyers of hotel real estate with buy-side volume of \$735 million through Q3 (40% of total activity). Hotel investment companies (HIC) remain key drivers of market activity, expanding portfolios through larger urban acquisitions. Deals above \$50 million accounted for 60% of total HIC acquisitions, led by notable transactions by Fallsview Group and Sunray Group.

Canada saw robust RevPAR growth of 4.7% through the third quarter, but there are still significant market differences across the nation. Saskatchewan and Prince Edward Island are tied for second and third place with 12.5% RevPAR increase, while Northern Alberta is in the lead with almost 23% growth so far this year. Markets that are subject to substantial US tariffs or that are absorbing a sizable amount of new supply are not doing nearly as well.

September 2025	Occupancy Rate (%)		Average Room Rates (\$CAD)		REVPAR (\$CAD)		Room Supply	Room Demand	Number of Rooms	
	2025	2024	2025	2024	2025	2024	% chg	% chg	Sample	Census
Calgary	75.8%	79.5%	\$182.88	\$181.45	\$138.70	\$144.34	1.2%	-3.5%	15,638	18,549
Halifax	86.5%	86.4%	\$254.06	\$225.56	\$219.66	\$194.88	0.0%	0.1%	4,212	4,886
Montreal	74.5%	79.5%	\$248.44	\$257.59	\$185.11	\$204.70	3.7%	-2.8%	23,050	30,722
Ottawa-Gatineau	76.3%	76.7%	\$219.20	\$213.36	\$167.18	\$163.61	2.6%	2.1%	10,972	13,654
Toronto	81.6%	80.7%	\$310.99	\$292.25	\$253.68	\$235.97	2.3%	3.3%	33,386	36,564
Vancouver	85.6%	85.0%	\$334.76	\$334.14	\$286.67	\$283.99	0.6%	1.4%	22,392	26,780
Canada	74.0%	73.9%	\$237.20	\$227.74	\$175.55	\$168.19	0.9%	1.1%	290,623	463,550



September 2025 Year-To-Date	Occupancy Rate (%)		Average Room Rates (\$CAD)		REVPAR (\$CAD)		Room Supply	Room Demand	Number of Rooms	
	2025	2024	2025	2024	2025	2024	% chg	% chg	Sample	Census
Calgary	69.0%	68.7%	\$194.46	\$179.85	\$134.23	\$123.64	0.7%	1.1%	15,638	18,549
Halifax	73.7%	72.2%	\$217.34	\$201.69	\$160.22	\$145.55	-1.7%	0.4%	4,212	4,886
Montreal	67.0%	71.1%	\$237.61	\$233.00	\$159.09	\$165.56	1.2%	-4.7%	23,050	30,722
Ottawa-Gatineau	70.6%	68.4%	\$203.40	\$197.47	\$143.54	\$135.01	1.5%	4.7%	10,972	13,654
Toronto	76.7%	76.1%	\$258.60	\$252.16	\$198.29	\$191.85	1.7%	2.5%	33,386	36,564
Vancouver	80.2%	79.5%	\$298.30	\$290.96	\$239.24	\$231.23	0.5%	1.4%	22,392	26,780
Canada	67.8%	67.3%	\$219.66	\$211.43	\$148.90	\$142.24	0.5%	1.3%	290,623	463,550

Data for the charts above came from HVS and STR. These charts provide you with the quarterly report of the Canadian Lodging Outlook. Each report includes occupancy (occ), average daily rate (ADR), and revenue per available room (RevPAR) for six major markets

PEI's unemployment rate was 8.2% as of May 2025, which reflects a 0.9% increase from May 2024. In 2023, the market-wide RevPAR surpassed pre-pandemic levels, supported by strong tourism activity. There was a drop in 2024 reflecting normalization, and in 2025, with Canadian "elbows up" domestic travel resilience, the RevPAR is expected to increase significantly, by 11.7%, mainly because of increased ADR. Steady growth is projected for the remainder of the projection period. Between 2025 and 2028, 170 rooms are expected to enter the PEI market.

The per-room value for the Prince Edward Island market is projected to increase over the next few years. From \$162,900 in 2025, the per-room value is projected to rise to \$195,600 by 2028. The index value reflects this upward trend with an increase from 1.65 in 2025 to 1.99 in 2028.

Prince Edward Island is projected to remain in fifteenth position through 2028. The market is growing, but other markets are expanding at a comparable pace, leaving its relative rank unchanged.



TABLE 2 — VALUE PER ROOM RANKINGS (2024P VS. 2027P)							
	2019	Value	2024P	Value	2027P	Value	2024 vs 2027
Vancouver Downtown	1	\$469,300	1	\$672,000	1	\$774,700	=
Toronto Downtown	2	389,000	2	553,500	2	632,100	=
Vancouver Airport	3	269,700	3	313,300	4	369,900	↓
Victoria	5	202,700	4	300,200	3	372,300	↑
Toronto Airport West	6	202,100	5	272,400	6	296,400	↓
Montreal Downtown	4	213,300	6	272,100	5	319,100	↑
Niagara Falls	12	150,400	7	209,000	7	239,800	=
Montreal Airport	8	164,900	8	206,900	9	230,400	↓
Halifax-Dartmouth	10	157,600	9	202,000	8	234,000	↑
Winnipeg	13	141,400	10	196,500	12	212,600	↓
Ottawa-Gatineau	7	169,200	11	191,100	11	218,400	=
Quebec City	9	164,800	12	189,000	10	227,900	↑
Canada	11	151,900	13	185,800	13	203,700	=
Calgary	14	128,800	14	154,500	14	194,800	=
Prince Edward Island	N/A	N/A	15	139,900	15	176,800	=
Saskatoon	15	104,600	16	132,500	16	145,700	=
Newfoundland	18	94,600	17	128,300	17	144,400	=
New Brunswick	16	101,800	18	120,700	18	137,100	=
Edmonton	17	96,400	19	112,300	19	134,100	=
Regina	19	91,900	20	100,700	20	117,700	=

Source: HVS

CBRE Canadian Hotel Industry Outlook 2026

CBRE projects that the primary hotel market indicators—Revenue Per Available Room (RevPAR), Average Daily Rate, and Occupancy—will maintain stability over the next three years. RevPAR is projected to remain positive in the majority of Canadian markets in 2026, with an increase of 2% to 4% compared to 2025, thereby returning to pre-pandemic levels. National occupancy is expected to peak at 66% for the years 2025, 2026, and 2027, whereas the Average Daily Rate (ADR) is anticipated to increase to \$216 in 2026 and \$221 in 2027. Evidence indicates that Canadians are altering their spending and travel behaviours to conserve financial resources. Domestic air passenger data in Canada remains unchanged year over year, whereas travel by car has increased. Nguyen states that this indicates individuals are attempting to reduce travel expenditures. Individuals often choose to drive to destinations four hours away instead of opting for air travel. Individuals may be making decisions with a focus on austerity. A recent survey by the Conference



Board of Canada indicates an increasing proportion of respondents identifying financial constraints as the main factor for not taking or being uncertain about overnight vacation trips. “They express concern regarding their ability to afford travel.” Restricted Novel Supply Since 2019, the growth of hotel supply in Canada has consistently fallen below the long-term average, with new supply contributing to an increase in available room nights of less than 1.0% annually from 2020 to 2024. According to CBRE's forecast, supply is projected to increase by 1.5% in 2026 and by 2.1% in 2027.

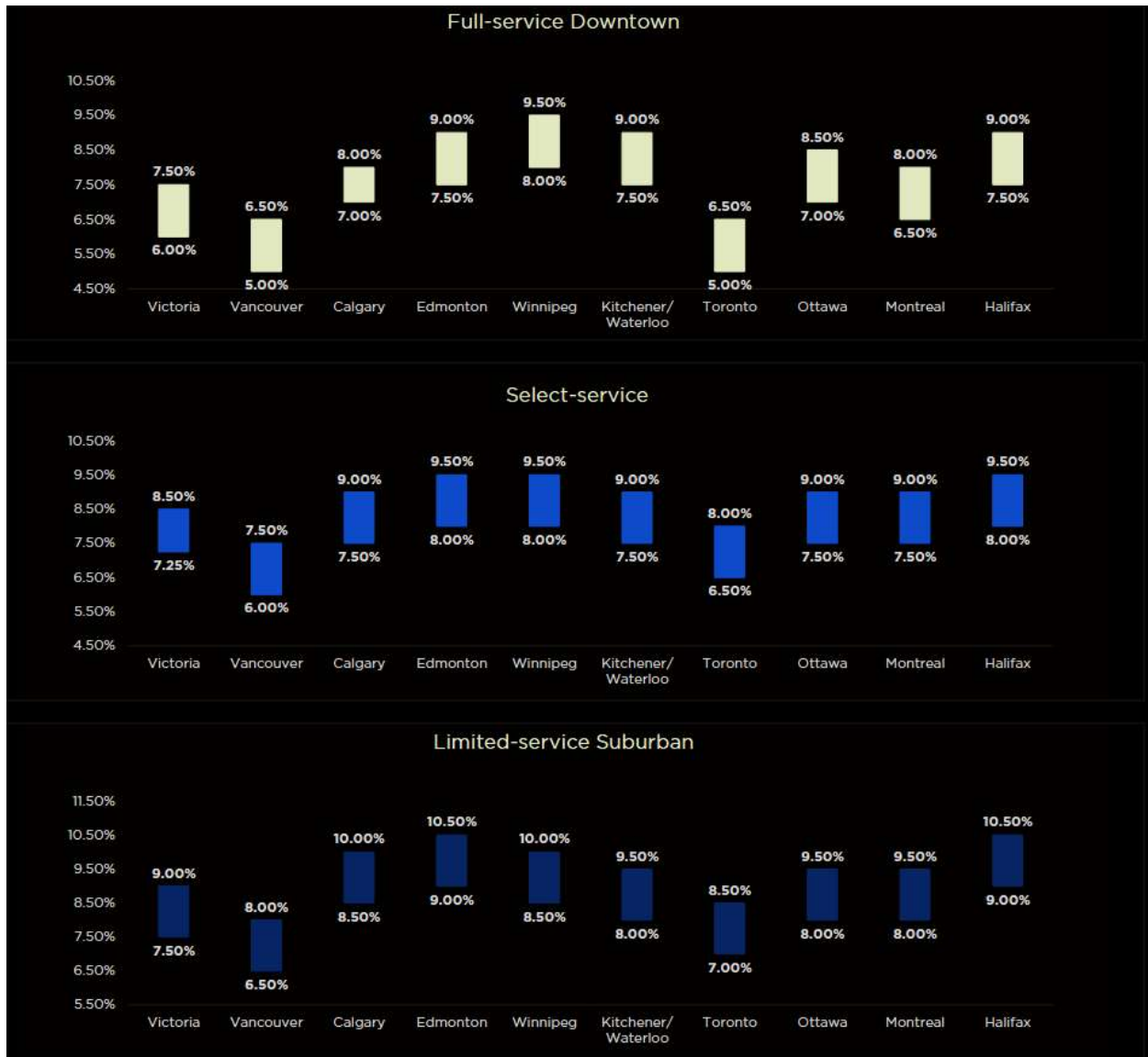
Atlantic Major Market Outlook 2026 REGIONAL FORECASTS

		2019	2022	2023	2024	2025F	2026F
Hallfax	Occupancy	70%	67%	71%	70%	72%	72%
	ADR	\$155	\$180	\$206	\$205	\$214	\$218
	RevPAR	\$108	\$120	\$147	\$142	\$154	\$158
St. John's	Occupancy	56%	60%	73%	64%	61%	62%
	ADR	\$133	\$143	\$154	\$171	\$182	\$187
	RevPAR	\$74	\$85	\$112	\$109	\$111	\$115
Atlantic	Occupancy	61%	60%	64%	62%	63%	63%
	ADR	\$138	\$158	\$171	\$176	\$183	\$187
	RevPAR	\$85	\$95	\$110	\$109	\$116	\$118

Source Canadian Hotel Industry Outlook 2026 CBRE LIMITED National Bottom Lines



Hotel Cap Rates (Q3 2025)





Highest & Best Use

The term "Highest and Best Use" is generally considered to be that use which will result in the greatest net return over a given period of time. It is also known as the optimal use. In valuation practice, the concept of Highest and Best Use represents the premise upon which value is based. Highest and best use, in general, may be defined as follows:

"The reasonably probable and legal use of vacant land of an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and the best use must meet are the legal permissibility, physical possibility, financial feasibility and maximum profitability."

Legal Permissibility

A spa development is defined by the Planning Act Subdivision and Development Regulations as follows:

"Spa development" means

- (i) a comprehensively designed recreational development having a minimum area of 20 acres (8.1 hectares), together with buildings intended for recreational use having a minimum total floor area of 2,500 square feet (232.2 square meters), and
- (ii) a residential subdivision containing a minimum of 20 lots or a residential development containing a minimum of 20 residential units; Based on this definition, the proposal does not satisfy the above requirements of being 20 acres in size or having the residential component of 20 lots / units. Therefore, this concept would not be considered a spa development.

Prior to any work being undertaken on the existing cottages on the subject parcel, the proponent reached out to the Department of Housing, Land & Communities to inquire about possible permits. It was understood that the renovations to these existing structures would not change the exterior dimensions. Based on the information provided, it was concluded that no development permits were required.

Therefore, the prospective market value has been estimated making the Extraordinary Assumption (Hypothetical Condition) that all necessary permits will be provided, rezoning will occur, and that the hotel development will be considered a legal and conforming use at completion of construction. As such, the current use is legally permissible.

Physical Possibility

The site is of sufficient size and suitable topography to accommodate a hotel development upon the parcel. Based on a physical inspection, the site is considered to be functional for its proposed use. Therefore, the proposed use is physically possible.

Financial Feasibility

The economic viability of the subject property is evident by its projected operating performance and by transactions involving similar properties.

However, The Department of Environment, Energy and Climate Action (EECA) has reviewed this proposal in the past, informing the Department of Housing, Lands & Communities (HLC) that an engineer is required to assess and design a sewage disposal system and a central water system and submitted to the Department of Environment, Energy and Climate Action (EECA) for review. A permit for the extraction of water for the Hydrogeologist with EECA and a permit for the construction of the system.



There will not be an Environmental Impact study carried out for this proposal. The purpose of the EIA process is to ensure that specific environmental concerns generally associated with large scale industrial proposals are reviewed and addressed. However, there are circumstances where the potential impacts are not considered severe or widespread enough to warrant a review.

Additionally, the need to trigger the EIA process may be unnecessary because other regulatory requirements are in place and will be sufficient to ensure the environment is protected. Such is the case with this project as the Planning Act, through the referral process between the Department of Housing, Land & Communities (HLC) and the Department of Environment, Energy & Climate Action (EECA), will already bring in environmental experts to comment on two of the main areas – groundwater and sewage disposal. For this project it was determined that triggering the EIA process would only duplicate a review which is more than capable of providing adequate oversight for the majority of environmental concerns.

Maximum Productivity

Before approving the development, a site suitability assessment should be completed to confirm suitable soils for an on-site septic system. A preliminary septic design should also be completed to ensure enough room for the disposal field, including identifying an area for 100% backup. Another item to add is that an acceptable plan should be developed to manage the rejection of water from the pool treatment system.

If a new well or an existing well has 5 or above connections to supply the building/cottages or the daily water usage is above 25 m³/day, a Water Withdrawal Permit will be required to use the well(s) and a Groundwater Exploration Permit will be required to drill a well. There is high nitrate concentration in groundwater in the area, but the hydrogeologist with EECA did not find any other obvious problems to have on-site well(s) to supply the proposed project.

Spa spas typically use large amounts of water for pools, treatments, and landscaping. Implementing water saving technologies, such as low-flow fixtures and greywater recycling systems, is desirable.

Of the numerous uses satisfying the criteria discussed above, the proposed use represents the maximum productivity of the property.

Conclusion

With regard to the principle of Highest and Best Use, it should be noted that it was not within the scope of this assignment to conduct a full Highest and Best Use analysis. Rather the purpose of the assignment was to estimate the prospective market value of the subject property “as completed”.

While it is possible that alternative uses of the subject property may be viable, the site was specifically purchased for development and operation of a Hydrothermal Spa & Cottage Destination, and this is a legally permitted land use. Therefore, it is our opinion that Hydrothermal Spa & Cottage Destination development of the subject property reasonably represents Highest and Best Use.



Valuation Methodology

There are three basic approaches to value:

- The Income Approach
- The Direct Comparison Approach
- The Cost Approach

In practice, an approach to value is included or omitted based on its applicability to the property type being valued and the quality and quantity of information available.

Income Approach

The income approach to value consists of methods, techniques and mathematical procedures that an appraiser uses to analyze a property's capacity to generate benefits (i.e., usually the monetary benefits of income and reversion) and convert these benefits into an indication of present value.

In the Income approach, an appraiser analyzes a property's capacity to generate future benefits and capitalizes the income into an indication of present value. The principle of anticipation is fundamental to the approach. Techniques and procedures from this approach are used to analyze comparable sales data and to measure obsolescence in the cost approach.

The two methods of income capitalization are direct capitalization, in which a single year's income is divided by an income [capitalization] rate or multiplied by an income factor to reach an indication of value, and yield capitalization, in which future benefits are converted into a value indication by discounting them at an appropriate yield rate (discounted cash flow, or DCF analysis) or applying an overall rate that reflects the investment's income pattern, value change, and yield rate.

Direct Comparison Approach

The process of deriving a value indication for the subject property by comparing similar properties that have recently sold with the property being appraised, identifying appropriate units of comparison, and making adjustments to the sale prices (or unit prices as appropriate), of the comparable properties based on relevant, market-derived elements of comparison. The direct comparison approach may be used to value improved properties, vacant land or land being considered as though vacant when an adequate supply of comparable sales is available.

Cost Approach

A set of procedures through which a value indication is derived for the fee simple interest in a property by estimating the current cost to construct a reproduction of (or replacement) for the existing structure, including an entrepreneurial incentive; deducting depreciation from the total cost; and adding the estimated land value. Adjustments may then be made to the indicated fee simple value of the subject property to reflect the value of the property interest being appraised.



Methodology Applicable to the Valuation of the Subject

The Income Approach is applicable to the subject property since it is an income producing property. Market participants typically analyze investment properties such as the subject based on their income generating capability. Therefore, the Income Approach, consisting of Direct Capitalization method, is considered to be reasonable.

In the Direct Comparison Approach, the subject property is compared to similar properties that have sold recently or for which listing prices or offers are known. Market participants will typically analyze purchase prices on an asset such as the subject as they relate to available substitutes in the market. This approach was relied on to support the market value estimate indicated by the Income Approach.

The Cost Approach is not typically used by market participants in underwriting an acquisition of an asset such as the subject.

The Cost approach is also limited in accurately accounting for:

Refuse: to have a refuse container on site for the duration of the project, which includes the cost of trucking and landfill fees. Washroom Rental: to provide rental washroom facilities for the duration of the project.

Administration: (allowance): building permit and all related fees provided by contractor; surveyor's report for elevation and placement of foundation; structural engineering and building drawings provided by others; builder's risk policy to be provided by owner; liability insurance certificate to be provided prior to any construction activity; contractor to ensure PEI Labor compliance of all trades under contract; project to be registered with the Ministry of Labor prior to any construction activity; contractor to provide all municipal locates prior to any construction activity; ensure the site is maintained in a safe and workmanlike condition on a daily basis development charge to be paid by the owner, if applicable.

Also, there are variable costs that are not consensus in the industry, as builders manipulate pricing for profit. Flooring: (allowance), Cabinetry: (allowance), Painting, Fireplace: (allowance), etc.



Valuation

Cost Approach

As previously mentioned, the Cost Approach reflects many limitations. The Cost Approach has been included as requested by the Authorized User. The land value was derived from researching vacant land sales around the immediate subject neighborhood that were similar in land size (or frontage), location, topography and zoning. The reproduction cost per square foot as well as finishes, parking and features (extras) as shown herein was concluded by using research supported data by interviewing contractors, builders and renovators in the local market.

The cost technique is frequently employed for new projects as well. Construction lenders necessitate cost approach appraisals, as market value or income value relies on project specifications and completion status. Projects undergo re-evaluation at different phases of construction to facilitate the disbursement of funding for the subsequent stage of completion.

The cost approach is considered less reliable than other real estate valuation methods but can be useful in certain cases such as when evaluating new construction or a unique home with few comparable.

There are two main types of cost approach appraisals:

Reproduction method: This version considers what a replica of the property would cost to be built and gives attention to the use of original materials.

Replacement method. In this case, it is assumed that the new structure has the same function but with newer materials, utilizing current construction methods and updated design.

The cost approach will only be applicable for the as is value and the hypothetical as if complete value.

The cost approach for the hypothetical "As If Complete" value below will be the land valuation + the reproduction method of land scaping and site improvements + the reproduction method for the new hypothetical 8 cottages + the replacement method for the current 5 cottages on the 90 McCardle site and 3 cottages each on 163, 175 and 183 McCardle Rd + Reproduction method for the new main building.

The cost approach for the "As Is" value below will be the land valuation + the replacement method for the current 5 cottages on the 90 McCardle site and 3 cottages each on 163, 175 and 183 McCardle.



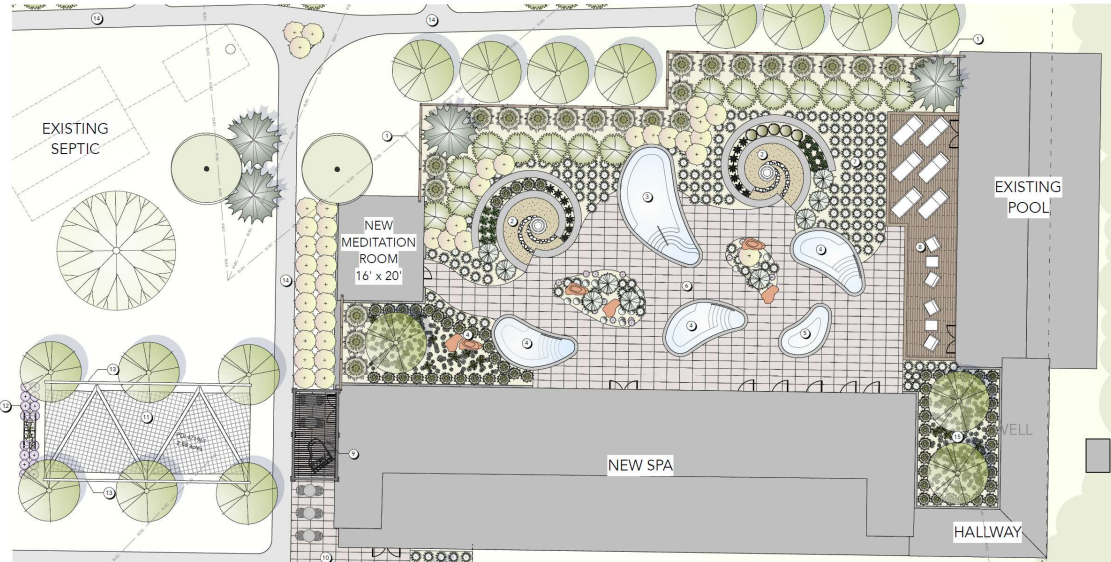
Land Value

The land value will be considered for the as is and the hypothetical as if complete values for the cost approach. The subject is 3.20 acres on the main parcel assembled with three lots of land measured at 0.34, 0.34, 0.35 acres totaling 4.23 acres with no waterfront access. Yielding an estimated land value of \$75,535.71 at \$17,857.14 Per Acres based on the sales below:

PID	Price	MLS #	Acres	Sales Date	Water Source
1020262	\$70,000	202412911	3.13	January 31, 2025	None
280438	\$170,000	202517842	5.50	August 15, 2025	None
789750	\$60,000	202518339	6.56	October 29, 2025	None
1137082	\$70,000	202424885	4.14	January 31, 2025	None
626911	\$90,000	202500365	7.0	September 16, 2025	None
1073253	\$92,500	202410748	4.61	June 10, 2024	None
				Average Price Per Acre	\$17,857.14 Per Acres

Landscaping Improvements

The landscaping improvements and the swimming pool developments are only considered in the hypothetical as if complete value. Below are layouts and a description of the land improvements as per the Authorized user's description.



DESIGN REFERENCE NOTES

- ① 8' high privacy fence.
- ② Fire pit rest area with integrated seat wall
- ③ Large concrete hot tub. ~240 sq. ft. with capacity for approximately 6-8 people comfortably.
- ④ Medium hot tub. ~ 109 sq. ft. with capacity for approximately 4-5 people comfortably.
- ⑤ Cold plunge. ~62 sq. ft. with capacity for approximately 1-3 people comfortably.
- ⑥ Heated concrete patio slabs.
- ⑦ Mass planting of ornamental grasses
- ⑧ New pool deck with lounge seating.
- ⑨ Metal pergola with louvered top to provide rain protection and mechanical screen sides to enclose dining terrace when necessary.
- ⑩ Entrance landing and outdoor dining terrace.
- ⑪ Large gathering space with temporary sail shade structures. 20' x 50' with seating capacity of approximately 100.
- ⑫ Circular garden trellis to serve as focal point for gathering space
- ⑬ Timber frame to define gathering space and support festoon lighting and temporary sail shade structures.
- ⑭ Heated poured concrete walkway to cabins and cottages.
- ⑮ Planted courtyard with year-round interest.





The source of the pools was provided by internal company data and additionally Pentarm (Charlottetown), R&R Pools (Nova Scotia) and Island Hot tubs and Pools Leisure Scapes.

Today, that cost is moving towards the range of \$35,000 – \$45,000 with a “no frills” install (pool install, “standard” equipment and concrete pour around the pool.) Most fiberglass pools today are more likely in the \$55,000 – \$60,000 range.

Fiberglass vs Concrete/Granite Inground Pools: Most concrete/granite builders are booked a year or more in advance. Plus, the important thing with granite pools is that you truly rely on the talent to pour your pool correctly. There are many variations between the builders, and you will pay greatly for this talent. It is not uncommon to reach prices of \$100,000+ for concrete/granite pools with a long wait time.

The estimated cost of construction for the inground pools assumed it is constructed with *Waterline Tiled Mosaic Fiberglass Pools with Premium Porcelain Tile Options* \$487,600 + HST totaling \$550,988

The landscaping data was verified by SGI Somerset Gardens Inc. Totaling \$562,882.61 plus \$84,432.39 in taxes. Totaling \$647,315.00.



2191 Yonge St, Toronto, ON M4S 3H8
 (705) 717-2623
 info@community-appraisals.com

Entrance Walkway in Unit Pavers and Concrete Strips

\$24,147.89

HARDSCAPE SMALL CREW	1 CREW FOREMAN, 1 LABORER
1 TONNE DUMP TRUCK	
Trailer	Mobilization
SKID STEER	
MINI EXCAVATOR (4 Ton)	
LASER LEVEL	
Compaction Equipment	
Concrete Saw	
Gravel - Granular A - 3/4" crusher run	
Screenings - Limestone	
Techo Bloc - Antika Pavers	
Sand - Polymeric	Specify color
Rebar Mesh - 3.5'x7'	
CONCRETE - sidewalk strength (4200psi)	
Disposal (Yard Waste)	

Poured Concrete Walkways (not Including Heating Source)

\$87,945.72

Firepit Rest Areas with Integrated Seat Walls (not Including Gas Line hookup/Installation)

\$41,910.30

HARDSCAPE MEDIUM CREW	
1 TONNE DUMP TRUCK	
SKID STEER	
MINI EXCAVATOR (4 Ton)	
LASER LEVEL	
Compaction Equipment	
Concrete Saw	
Gravel - Granular A - 3/4" crusher run	
Seat Wall (double sided)	
Masonry Glue	
Landscape Fabric	6' Wide by 36' Long
Gravel - Pea	
Fire Bowl	

Patio Slabs at Pool and Outdoor Dining/Entrance area (not including Heating Source)

\$106,620.80



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Metal Pergola with Louvered top and Mechanical Screen Sides	\$22,300.26
--	--------------------

HARDSCAPE SMALL CREW	1 CREW FOREMAN, 1 LABORER
1 TONNE DUMP TRUCK	
Hand Tools	
10'x20' Aluminum Pergola	

Installation of Privacy Fence Around Spa (8' Tall Hoft Fencing System)	\$28,997.06
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HARDSCAPE MEDIUM CREW	
1 TONNE DUMP TRUCK	
Trailer	Mobilization
SKID STEER	
POST HOLE DIGGER ATTACHMENT	
LASER LEVEL	
16" Sonotube - 4'	
CONCRETE - sidewalk strength (4200psi)	
Hoft Privacy Fence	
Carpentry Tools	
Disposal Construction Waste	

Installation of Privacy Fence at front of Property (6' Tall Hoft Fencing System)	\$45,786.16
---	--------------------



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Supply, Prep and Plant as per Design (Common Area)		\$56,472.40
SOFTSCAPE CREW	3 Labourers	
1 TONNE DUMP TRUCK		
SKID STEER		
MINI EXCAVATOR (4 Ton)		
ROTO TILLER ATTACHMENT		
Post Hole Auger		
Amended Soil	Topsoil/Compost Mix	
Circular Garden Trellis @ Gathering Space		
T Bar Stakes - 6'		
Mulch - Cedar - Natural		
Disposal (Yard Waste)		
Supply, Prep and Plant as per Design (Existing Cottages)		\$17,570.30
SOFTSCAPE CREW	3 Labourers	
1 TONNE DUMP TRUCK		
SKID STEER		
MINI EXCAVATOR (4 Ton)		
ROTO TILLER ATTACHMENT		
Post Hole Auger		
Amended Soil	Topsoil/Compost Mix	
T Bar Stakes - 6'		
Mulch - Cedar - Natural		
Disposal (Yard Waste)		
Supply, Prep and Plant as per Design (B160 Cottages)		\$19,536.26



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Supply, Prep and Plant as per Design (Spa Area)		\$44,665.64
SOFTSCAPE CREW	3 Labourers	
1 TONNE DUMP TRUCK		
SKID STEER		
MINI EXCAVATOR (4 Ton)		
ROTO TILLER ATTACHMENT		
Post Hole Auger		
Amended Soil	Topsoil/Compost Mix	
T Bar Stakes - 6'		
Mulch - Cedar - Natural		
Disposal (Yard Waste)		
Privacy Hedge along west side Boundary		\$24,330.14
SOFTSCAPE CREW	3 Labourers	
1 TONNE DUMP TRUCK		
SKID STEER		
POST HOLE DIGGER ATTACHMENT		
Amended Soil	Topsoil/Compost Mix	
Mulch - Cedar - Natural		
Disposal (Yard Waste)		
Supply and Install Landscape Lighting at Pathways, Planting Sites and seat walls.		\$42,599.61



Cottages

The cottages cost will be considered for the as is and the hypothetical as if complete values for the cost approach. The cost for pre-built cottages in PEI can vary widely depending on factors like size, materials, customization, and whether you are buying a kit or a fully assembled cottage. Generally, prefab cabins can range from \$20,000 to \$150,000, while prefab homes can range from \$100,000 to \$500,000 or more. Smaller, simpler cottages might be closer to the lower end of these ranges, while larger, more customized homes will likely be on the higher end.

To centralize the cost of construction we have compiled a cost sheet for a new pre-built two-bedroom cottage by various regional manufacturers:

Name	Price	Name	Price	Name	Price	Name	Price	Name	Price
Sheldon Gallant Carpentry	\$295,000	Supreme Homes	\$300,000	Water's Edge (my Cottage.ca)	\$299,500	1518 Mini Home (Maple Leaf)	\$267,000	Summer Wood Products Nomad	\$297,821
The Hewing HausGranville 6	\$289,000	The Orchard (my Cottage.ca)	\$269,500	The Haven (my Cottage.ca)	\$339,500	67' x 16' Maple Leaf Mini Home	\$266,000	Brela Homes	\$222,900
Prestige Homes	\$299,900	Sunnyside (my Cottage.ca)	\$335,500	Tranquility (Maple Leaf)	\$295,000	69' x 16' Maple Leaf Mini Home	\$260,000	Median / Mean	\$295,472/ \$296,411

Chelton Beach Nordic Spa will have sixteen cottages on its site. We reviewed a comprehensive review of open-market sales for prefabricated cottages.

The range of pricing is from \$222,900 to \$339,500. We reviewed multiple suppliers and companies within the Atlantic Region of Canada. We sourced fourteen and calculated a mean of \$295,472 and a median of \$296,411. Based on market data, a rounded estimated cost value of \$296,000 per cottage was selected and deemed reasonable.

This analysis yielded a total cost of \$4,736,000.00 for the subject's hypothetical as if complete value. Following the same approach, the subject's as is value has been estimated at \$2,160,800.00 (with 5 cottages on the main parcel being offset by its 86% construction level).

So far, in this cost approach for the Chelton Beach Nordic Spa, we concluded a land value of \$75,535.71 We concluded \$647,315.00 for the landscaping improvements. We estimated \$550,988 for the pools and hot tubs and \$4,736,000.00, for the "As If Complete" value of the cottages. Bringing our total to \$6,011,523. Finally, we will determine the cost of construction for the main building.



Main Building

The client provided the following details for the main building and we used RS Means Data from Guardian then crossed references our calculation with Altus group 2025 Canadian Cost Guide private sector cost per square foot under Halifax subcategory Full Service 4-Star Hotel \$370.00 + premium for luxury \$140.00 totaling \$510.00 sq.ft.

Proposed Nordic Spa Program

Nordic Spa Site	21,780	FT2
Buildings & Amenities	5,812	FT2
Ratio	4:1	

	Area (FT2)	Maximum Capacity	Optimal Capacity
Main Building			
Reception & Retail	500		
Change Room - Female	450	38	24
Change Room - Male	300	25	16
Treatment Rooms (6)	640		
Guest Waiting Area	75		
Dispensary	50		
Linen Room	50		
Lounge Area -Indoor Fireplace	200	10	7
TOTAL	2,265	-	-

Hydrotherapy Experience			
Warm Pool - Covered	2,000	40	25
Steam with Plunge Pools	425	8	5
Sauna with Plunge Pools	425	8	5
Unique Experience - Salt Scrub	425	8	5
Lounge Area - Outdoor Fireside	250	10	9
Cold Bucket Showers	22	2	2
TOTAL	3,547	76	52

Source: MacInnis Spa Consulting

*all areas and capacities are approximates



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Main Building

Area	5812	Overall Depreciation %
Stories in Section	1	Physical Depreciation %
Stories in Building		Functional Depreciation %
Shape	very irregular	External Depreciation %
Perimeter	(auto-calc)	
Effective Age		

Occupancy Details

Occupancy	%	Class	Height	Quality
552 Recreational Enclosure	61	C	18	4.0
594 Hotel, Full Service	39	A	18	4.0
Occupancy Total Percentage	100			

RSMeans data
from GORDIAN

Square Foot Cost Estimate Report

Date: 5/19/2025

Estimate

Name: Chelton Beach Spa + Nordic Spa

Building Type:

Motel, 1 Story (Green) with Face Brick
& Concrete Block / Wood Truss

Location: SUMMERSIDE, PE
 Story Count: 1
 Story Height (L.F.): 13.50
 Floor Area (S.F.): 5812
 Labor Type: STD
 Basement Included: No
 Data Release: Year 2025 Quarter 2
 Cost Per Square Foot: \$514.36
 Building Cost: \$2,989,483.21



		Quan tity	% of Total	Cost Per S.F.	Cost
A	Substructure		10.05 %	\$44.77	\$260,214.43
A1010	Standard Foundations			\$24.87	\$144,540.48
A10102107100	● Spread footings, 3000 PSI concrete, load 25K, soil bearing capacity 3 KSF, 3' - 0" square x 12" deep	657.6		\$24.87	\$144,540.48
A1030	Slab on Grade			\$6.77	\$39,368.51



A10301209000	Slab on grade, 4" thick, non-industrial, reinforced, recycled plastic vapor barrier	5812	\$6.77	\$39,368.51
A2010	Basement Excavation		\$0.25	\$1,437.02
A20101104560	Excavate and fill, 10,000 SF, 4' deep, sand, gravel, or common earth, on site storage	5812	\$0.25	\$1,437.02
A2020	Basement Walls		\$12.88	\$74,868.42
A20201111560	Foundation wall, CIP, 4' wall height, direct chute, .148 CY/LF, 7.2 PLF, 12" thick, 3" XPS R15	657.6	\$12.88	\$74,868.42
B	Shell		30.91 %	\$137.67
B1020	Roof Construction		\$10.15	\$58,981.98
B10201027100	Wood roof, truss, 4/12 slope, 24" O.C., 30' to 43' span	5812	\$10.15	\$58,981.98
B2010	Exterior Walls		\$55.09	\$320,205.31
B20101321201	Brick wall, composite double wythe, standard face/CMU back-up, 8" thick, perlite core fill, 3" XPS	5376	\$55.09	\$320,205.31
B2020	Exterior Windows		\$40.57	\$235,776.96
B20201045000	Windows, steel, double hung, 1/4" tempered, 2'-8" x 4'-6"	96	\$40.57	\$235,776.96
B2030	Exterior Doors		\$18.70	\$108,671.45
B20302109000	Door, birch, solid core, single door, hinged, 3'-0" x 7'-0" opening, low VOC paint	15.98	\$18.70	\$108,671.45
B3010	Roof Coverings		\$13.16	\$76,504.16
B30101409000	Asphalt roofing, strip shingles, inorganic, Class A, 4" slope, 210-235 lbs./SQ, recycled content weather barrier	6102.6	\$2.34	\$13,605.75
B30103200650	Insulation, rigid, roof deck, fiberglass, 3'x4' or 4'x8' sheets, 2-7/16" thick, R10	11624	\$9.75	\$56,648.40
B30106100050	Gutters, box, aluminum, .027" thick, 5", enameled finish	480	\$0.69	\$3,984.44
B30106200100	Downspout, aluminum, rectangular, 2" x 3", embossed mill finish, .020" thick	480	\$0.39	\$2,265.57
C	Interiors		6.25 %	\$27.84
C1010	Partitions		\$11.01	\$63,997.03
C10101241425	Wood partition, 5/8" fire rated gypsum board face, 1/4" sound deadening gypsum board, 2x4 @ 16" OC framing,	5166.22	\$7.06	\$41,037.37



	same opposite face, sound attenuation insul				
C10107109000	1/2" fire rated gypsum board, taped & finished, painted on metal furring, low VOC paint	4704	\$3.95	\$22,959.66	
C1020	Interior Doors		\$2.64	\$15,327.64	
C10201029110	Door, single leaf, wood frame, 3'-0" x 7'- 0" x 1-3/8", birch, hollow core, low VOC paint	19.37	\$2.64	\$15,327.64	
C3010	Wall Finishes		\$3.18	\$18,493.13	
C30102301940	Ceramic tile, thin set, 4-1/4" x 4-1/4"	1033. 24	\$1.44	\$8,374.67	
C30102309000	Painting, interior on plaster and drywall, walls & ceilings, roller work, primer & 2 coats, low VOC	9299. 2	\$1.74	\$10,118.46	
C3020	Floor Finishes		\$7.08	\$41,149.85	
C30204100680	Concrete topping, granolithic concrete, hvy dty 3/4" thick, maximum	4940. 2	\$6.02	\$34,976.62	
C30204101720	Tile, ceramic natural clay	871.8	\$1.06	\$6,173.23	
C3030	Ceiling Finishes		\$3.93	\$22,840.29	
C30301104850	Gypsum board ceilings, 1/2" fire rated gypsum board, painted and textured finish, 1" x 3" wood, 16" OC furring, wood support, low VOC	5812	\$3.93	\$22,840.29	
D	Services		15.65 %	\$69.72	\$405,196.12
D2010	Plumbing Fixtures		\$27.87	\$161,975.01	
D20101109300	Water closet, vitreous China, tank type, 2-piece, floor mounted, dual flush	22.78	\$5.69	\$33,053.00	
D20103109200	Lavatory w/trim, vanity top, cultured marble, 19" x 17", faucet w/ hydroelectric powered motion sensor	22.78	\$8.91	\$51,759.66	
D20104102120	Kitchen sink w/trim, countertop, steel, enameled, 24" x 21" single bowl	1.21	\$0.33	\$1,939.90	
D20105102080	Bathtub, recessed, PE on CI, mat bottom, 5' long	21.58	\$12.94	\$75,222.45	
D2020	Domestic Water Distribution		\$0.55	\$3,170.37	
D20202512260	Gas fired tankless water heater, 3.2 GPM	1.16	\$0.55	\$3,170.37	
D2040	Rain Water Drainage		\$2.03	\$11,777.45	
D20402104200	Roof drain, CI, soil, single hub, 4" diam, 10' high	3.6	\$1.44	\$8,348.97	



D20402104240	Roof drain, CI, soil, single hub, 4" diam, for each additional foot add	52.31	\$0.59	\$3,428.48
D3050	Terminal & Package Units		\$12.69	\$73,745.27
D30502700220	3/4-ton, thru wall, heating. & cooling units	13.8	\$12.69	\$73,745.27
D4010	Sprinklers		\$5.02	\$29,164.67
D40104100600	Wet pipe sprinkler systems, steel, light hazard, 1 floor, 5000 SF	5812	\$5.02	\$29,164.67
D4020	Standpipes		\$1.67	\$9,710.38
D40203101540	Wet standpipe risers, class III, steel, black, sch 40, 4" diam pipe, 1 floor	0.73	\$1.67	\$9,710.38
D5010	Electrical Service/Distribution		\$2.66	\$15,484.38
D50101200240	Overhead service installation, includes breakers, metering, 20' conduit & wire, 3 phase, 4 wire, 120/208 V, 100 A	1	\$0.37	\$2,153.25
D50102300240	Feeder installation 600 V, including RGS conduit and XHHW wire, 100 A	100	\$0.60	\$3,507.88
D50102400200	Switchgear installation, incl switchboard, panels & circuit breaker, 120/208 V, 3 phase, 400 A	0.5	\$1.69	\$9,823.25
D5020	Lighting and Branch Wiring		\$10.79	\$62,684.60
D50201100520	Receptacles incl plate, box, conduit, wire, 10 per 1000 SF, 1.2 watts per SF	5812	\$2.78	\$16,158.81
D50201300360	Wall switches, 5.0 per 1000 SF	5812	\$1.15	\$6,670.43
D50201350200	Miscellaneous power, too .5 watts	5812	\$0.15	\$879.36
D50202601240	LED fixtures, type C, 5 fixtures per 1000 SF	5812	\$3.49	\$20,303.06
D50203001000	Daylight dimming control system, 10 fixtures per 1000 SF	2906	\$1.70	\$9,856.14
D50203051000	Lighting on/off control system, 10 fixtures per 1000 SF	5812	\$1.52	\$8,816.80
D5030	Communications and Security		\$2.83	\$16,451.81
D50309100452	Communication and alarm systems, fire detection, addressable, 25 detectors, includes outlets, boxes, conduit and wire	0.55	\$2.27	\$13,212.71
D50309100460	Fire alarm command center, addressable without voice, excl. wire & conduit	0.73	\$0.56	\$3,239.10
D5090	Other Electrical Systems		\$3.62	\$21,032.18
D50902100200	Generator sets, w/battery, charger, muffler and transfer switch, gas/gasoline operated, 3 phase, 4 wire, 277/480 V, 7.5 kW	0.73	\$0.23	\$1,353.34



D50904801200		Energy monitoring systems, electrical, three phase, 1 meter	1	\$1.30	\$7,569.08
D50904802130		Energy monitoring systems, mechanical, BTU, 1 meter w/1 duct & 5 space sensors	1	\$1.66	\$9,628.63
D50904809000		Energy monitoring systems, Front end display	1	\$0.14	\$817.75
D50904809100		Energy monitoring systems, Computer workstation	1	\$0.29	\$1,663.38
E		Equipment & Furnishings		37.13 %	\$165.34
E1010		Commercial Equipment		\$0.50	\$2,888.93
E1090B301012 53300	⊕	5812.00-Green roof with treated wood enclosure, 10-inch depth & sedum mats up to 5 stories	5812	\$30.35	\$176,394.20
E1090D202026 52760	⊕	5.00-Solar, closed loop, external exchanger, 3/4" tubing, 2 each 3' x 7' black chrome collectors	5	\$10.33	\$60,049.50
E1090D202027 02760	⊕	5.00-Solar, drainback, immersed exchanger, 3/4" tubing, 3 each 3' x 7' black chrome collectors, 120 gal	5	\$12.84	\$74,610.40
E1090D202027 52760	⊕	5.00-Solar, draindown, 3/4" tubing, 3 each 3' x 7' black chrome collectors, 120-gal tank	5	\$13.17	\$76,529.25
E1090D509043 01100	⊕	1.00-Photovoltaic power system, grid connected, 20 kW, Roof mounted, non-penetrating ballast	1	\$16.29	\$94,705.20
E10901324165 01200	⊕	3.00-Saunas, prefabricated, cedar on cedar, 8' x 8' x 7' h, incl. heater & controls	3	\$6.18	\$35,910.00
E10900111318 00200	⊕	1.00-Green Building Certification, USGBC Fees for commercial, schools, core & shell construction, proj registration fees	1	\$0.21	\$1,246.80
E10902823131 02000	⊕	1.00-Closed circuit television system (CCTV), surveillance, one station (camera & monitor)	1	\$0.21	\$1,197.00
E10902823131 02200	⊕	3.00-Closed circuit television system (CCTV), surveillance, for additional camera stations, add	3	\$0.23	\$1,316.70
E10901121733 31000	⊕	7.00-Laundry equipment, dryers, gas-fired commercial, coin-operated, single, 30 lb. capacity	7	\$2.71	\$15,760.50



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E10901324165 00800	⊕ 3.00-Saunas, prefabricated, cedar on cedar, 6' x 9' x 7' h, incl. heater & controls	3	\$6.77	\$39,330.00
E10901311135 01250	⊕ 2000.00-Swimming pool, municipal, gunite with plaster finish, incl. high-capacity filtration & chlorination	2000	\$62.77	\$364,800.00
E10902741331 00600	⊕ 35.00-TV systems, VHF reception & distribution, 100 outlets	35	\$2.14	\$12,442.50
E10106100110	Architectural equipment, laundry equipment dryers, gas fired, com, 30 lb. capacity, single	0.73	\$0.28	\$1,611.65
E10106100170	Architectural equipment, laundry equipment, washers, commercial, coin operated, deluxe	0.73	\$0.22	\$1,277.28
E1090	Other Equipment		\$164.84	\$958,049.87
E10902100170	Waste handling, recycling, tilt truck, plastic, with wheels, 0.5 C.Y., 850 lb. capacity	0.73	\$0.65	\$3,757.82
F	Special Construction		0.00 %	\$0.00
G	Building Sitework		0.00 %	\$0.00
Subtotal		100%	\$445.34	\$2,588,297.15
Contractor Fees (General Conditions, Overhead, Profit)		10.0 %	\$44.53	\$258,829.72
Architectural Fees		5.0%	\$24.49	\$142,356.34
User Fees		0.0%	\$0.00	\$0.00
Total Building Cost			\$514.36	\$2,989,483.21



Occupancy Details

The calculations above were set on two parameters under code 552 and 594. These are occupancy details in the software model. It is important for the authorized user to understand the details of the parameters the model made for the construction replication of the main building. Its features and finishes are explained below.

Part of the main building was set at 61% of the surface area being (552 Recreational Enclosure) based on the floor plan breakdown provided by the authorized user reference above on page 50.

These structures are designed to specifically shelter swimming facilities from the elements. The lowest pre-engineered structures are light-residential patio-style enclosures only, while the better qualities are typical of hotel/motel-type facilities with ancillary restrooms, exercise, or lounge finishes commensurate with the quality level.

Quality Selection Guide:

Face brick or block, good fenestration or good skylights, operable windows	Good flooring, lounge area, add for pool and spa	Good lighting, large tiled restrooms, some extras, sauna
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Part of the main building was set at 39% of the surface area being (594 Hotel, Full Service) based on the floor plan breakdown provided by the authorized user reference above on page 50.

These structures are three or more stories high, having multiple sleeping units without individual kitchen facilities. The quality of the hotel is determined primarily from the interior refinements. The best quality hotels have a large amount of high-cost wall cover and floor finish in the open and public areas. Sleeping rooms also contain high-cost wall cover as part of the interior finish. The size of the support facilities, e.g., restaurants, bars, meeting space, etc., is largely dependent on the size and capacity of the facility rather than the quality of the improvements. Lobby, lounges, restaurants, ballrooms, meeting rooms, kitchens, laundry, storage facilities and office areas are commensurate with the building class and quality chosen.

Best metal or stone, heat-absorbent or double glazing	Fine detail and carpet, good plaster and wall coverings	Best lighting, radio and TV circuits, top quality plumbing
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Both our comprehensive breakdown from RS Means Data from Guardian crossed references us with Altus group 2025 Canadian Cost Guide, produced similar results in valuation however, we will select our RS Means Data from Guardian. \$2,989,483.00.



Conclusion

The Cost Approach is not typically used by market participants in underwriting an acquisition of an asset such as the subject. The cost approach in real estate valuation has several limitations. One major limitation is that it does not reflect the forces of supply and demand, which can significantly impact a property's market value. Additionally, the cost approach assumes that there is enough land available for the buyer to build a similar property, which may not always be the case due to restrictions on new developments or lack of available land. The cost approach also does not consider potential property income or comparable properties, which are important factors in determining a property's value.

The Grand Total Estimate of the Cost of Construction for Chelton Beach Nordic Spa amounts to \$9,001,006.00. \$2,989,483.00. for the main building, a land value of \$75,535.71, \$647,315.00 for the landscaping improvements, \$550,988 for the pools and hot tubs and \$4,736,000.00 for the cottages.

Cost Approach Analysis

Land Value				\$75,536
AS IF COMPLETE	Cost	Quantity	Completion %	Totals
Cottages (90 McCardle Rd)	\$296,000	5.00	100%	\$1,480,000
Cottages (Hypothetical New Construction)	\$296,000	8.00	100%	\$2,368,000
Cottages (163, 175, 183 McCardle Rd)	\$296,000	3.00	100%	\$888,000
Landscaping (SGI Somerset Gardens)	\$647,315	1.00	100%	\$647,315
Pool Improvement Outdoors	\$550,988	1.00	100%	\$550,988
Main Building	\$2,989,483	1.00	100%	\$2,989,483
Depreciation	0%			
Additional Cost:				
				\$8,923,786
Estimated "Current As Is" Value by the Cost Approach				\$9,000,000

The as is value was calculated at a land value of \$75,535.71 plus \$2,160,800.00 (with 5 cottages on the main parcel being offset by its 86% construction level).

Cost Approach Analysis

Land Value				\$75,536
AS IS	Cost	Quantity	Completion %	Totals
Cottages (90 McCardle Rd)	\$296,000	5.00	86%	\$1,272,800
Cottages (Hypothetical New Construction)	\$296,000	0.00	0%	\$0
Cottages (163, 175, 183 McCardle Rd)	\$296,000	3.00	100%	\$888,000
Landscaping (SGI Somerset Gardens)	\$647,315	1.00	0%	\$0
Pool Improvement Outdoors	\$550,988	1.00	0%	\$0
Main Building	\$2,989,483	1.00	0%	\$0
Depreciation	0%			
Additional Cost:				
				\$2,160,800
Estimated "Current As Is" Value by the Cost Approach				\$2,240,000



Income Approach

As previously mentioned, the Income Approach reflects the subject's income-producing capabilities. This approach is based on the assumption that value is created by the expectation of benefits to be derived in the future. Specifically estimated is the amount an investor would be willing to pay to receive an income stream from a property.

Rationale Of Investment Parameters

In order to rationalize the selection of the investment parameters used in valuing the subject property, the following factors were reviewed to provide perspective on the investment market:

- national hotel investment trends
- investment surveys
- comparable investment market transactions
- investment alternatives
- alternative real estate investments

We note that there has been upward pressure on capitalization rates since Q1 2025 largely in response to the dramatic increase in bond yields/interest rates and an expectation of a weakening economy and/or potential recession in Canada. While trading activity has been thin, we believe that more weight should be placed on the most recent transactions as they more accurately reflect the current economic environment.

In assessing the comparable transactions, we would further note that other variables must also be considered, including:

- Overall market sentiment for each sector
- The availability of capital for each sector
- Income growth profile
- Tenant covenant and physical/location characteristics

As previously noted, there has been limited, recent transactional activity. However, based on our on-going discussions with market participants active within the investment community, there is consensus that investment parameters have generally increased to reflect the higher level of risk inherent in the current market, as well as the increased cost of financing.



Discounted Cash Flow Method

The basic premise of the Discounted Cash Flow Method (DCF) is that the market value is equal to the present value of future cash flows forecasted over an investment horizon, together with the proceeds of a deemed disposition at the end of the holding period (terminal value). The following 5-year cashflow/EBITDA projections have been created on the basis of projected operating statements for the first five years of operation provided by the authorized client, and research on published market data and other information related to the industry (see assumptions and limiting conditions):

Financial Statement Projections										
For the Projected Years Ending,										
	31-Dec 2029		31-Dec 2028		31-Dec 2027		31-Dec 2026		31-Dec 2025	
		%		%		%		%		%
Revenue	\$ 11,464,279	100.0%	\$ 10,440,074	100.0%	\$ 9,830,258	100.0%	\$ 9,408,640	100.0%	\$ 8,834,905	100.0%
Expenses										
Administration & General	124,296	1.1%	115,089	1.1%	108,574	1.1%	102,428	1.1%	96,631	1.1%
Sales & Marketing	84,856	0.7%	78,570	0.8%	74,123	0.8%	69,927	0.7%	65,969	0.7%
Utilities	124,296	1.1%	115,089	1.1%	108,574	1.1%	102,428	1.1%	96,631	1.1%
Information Systems	27,488	0.2%	25,452	0.2%	24,012	0.2%	22,652	0.2%	21,370	0.2%
Replacement Reserve	74,099	0.6%	68,610	0.7%	64,727	0.7%	61,063	0.6%	57,607	0.7%
Maintenance	84,856	0.7%	78,570	0.8%	74,123	0.8%	69,927	0.7%	65,969	0.7%
Housekeeping	113,539	1.0%	105,129	1.0%	99,178	1.0%	93,564	1.0%	88,268	1.0%
Management Fees	56,172	0.5%	52,011	0.5%	49,067	0.5%	46,290	0.5%	43,670	0.5%
Credit Card Charges	56,172	0.5%	52,011	0.5%	49,067	0.5%	46,290	0.5%	43,670	0.5%
OTA Commissions	98,002	0.9%	90,743	0.9%	85,607	0.9%	80,761	0.9%	76,189	0.9%
Tour Operator Commissions	46,611	0.4%	43,158	0.4%	40,715	0.4%	38,411	0.4%	36,236	0.4%
Cost of Supplies	19,122	0.2%	17,706	0.2%	16,704	0.2%	15,758	0.2%	14,866	0.2%
F&B & Ancillary COGS	2,237,322	19.5%	2,071,594	19.8%	1,954,334	19.9%	1,843,711	19.6%	1,433,120	16.2%
Massage Labor & Operating	729,634	6.4%	675,587	6.5%	637,347	6.5%	601,270	6.4%	567,236	6.4%
Lease Payments	1,495,133	13.0%	1,384,383	13.3%	1,306,021	13.3%	1,232,096	13.1%	1,162,354	13.2%
Property Taxes	33,464	0.3%	30,985	0.3%	29,231	0.3%	27,577	0.3%	26,016	0.3%
Insurance Cost	14,342	0.1%	13,279	0.1%	12,528	0.1%	11,819	0.1%	11,150	0.1%
	5,419,404	47.3%	5,017,967	48.1%	4,733,932	48.2%	4,465,972	47.5%	3,906,952	44.2%
Normalized EBITDA	\$ 6,044,875	52.7%	\$ 5,422,106	51.9%	\$ 5,096,326	51.8%	\$ 4,942,668	52.5%	\$ 4,927,953	55.8%

Using this 5-year projection, we have constructed Discounted Cashflow Models for the Current As-Complete market value for the subject property. The valuation model presented in the following page is based on financial projections provided by management for the forecast period spanning fiscal years 2025 through 2029. For the purposes of calculating terminal value, we have applied a steady-state growth rate of 2% beyond fiscal 2029, which reflects a reasonable expectation of sustainable growth while accounting for inflationary pressures within the target economy. The tax rate applied throughout the forecast and terminal periods reflects the combined federal and provincial corporate income tax rates applicable in the province of Prince Edward Island, inclusive of the small business deduction, in accordance with both current and enacted future legislation. In estimating working capital requirements, we have assumed that approximately 10% of incremental revenue will be allocated to support the growth in sales. This assumption is informed by research published by Dr. Aswath Damodaran, as well as our understanding of working capital norms within the relevant industry. The tax shield attributable to the property currently under construction has been calculated based on the draft balance sheet provided by management as at the Valuation Date. We have deducted interest-bearing debt from the calculated enterprise value to derive the en bloc equity value of the Company. Furthermore, the subject's As-Complete Market Value is being estimated as of the effective date



of this report (i.e. current date) and, as such, we have assumed the above schedule and cashflow model to be applicable as of the effective date of this report. Finally, as construction of the subject is expected to be completed in December 2026, for the purposes of this analysis projected 2026 figures were not necessary.

In \$CAD	31-Dec 2026 12 Months	31-Dec 2027 12 Months	31-Dec 2028 12 Months	31-Dec 2029 12 Months	Terminal Value
Revenue (rounded)	\$ 9,409,000	\$ 9,830,000	\$ 10,440,000	\$ 11,464,000	\$ 11,693,000
Projected pre-tax cash flow	4,942,667	5,096,326	5,422,106	6,044,875	6,166,000
Less: Income taxes	(1,363,000)	(1,409,000)	(1,507,000)	(1,693,000)	(1,730,000)
After-tax cash flow	3,579,667	3,687,326	3,915,106	4,351,875	4,436,000
Change in working capital	(941,000)	(42,000)	(61,000)	(102,000)	(23,000)
Capital expenditures, net of tax shield	(62,000)	(63,000)	(64,000)	(65,000)	(66,000)
After-tax discretionary cash flow	2,576,667	3,582,326	3,790,106	4,184,875	4,347,000
Terminal Value	8.18x			Low	35,558,460
	9.85x			High	42,817,950
Low					
Percent of year remaining	100.0%	100.0%	100.0%	100.0%	100.0%
Periods discounting	0.50	1.50	2.50	3.50	3.50
Present value factor	18.10%	0.920	0.779	0.660	0.559
Present value of cash flows	2,371,010	2,791,196	2,500,499	2,337,803	19,864,073
High					
Percent of year remaining	100.0%	100.0%	100.0%	100.0%	100.0%
Periods discounting	0.50	1.50	2.50	3.50	3.50
Present value factor	17.50%	0.923	0.785	0.668	0.569
Present value of cash flows	2,377,056	2,812,602	2,532,542	2,379,852	24,349,684
Present Value of Cash Flows/As-Complete Market Value (rounded)	Low \$ 29,864,600	High \$ 34,452,000	Mid \$ 32,158,300		
Terminal Value/As-Stabilized Market Value (rounded)	Low \$ 35,558,460	High \$ 42,817,950	Mid \$ 39,188,205		

This Discounted Cash Flow analysis suggests a value of \$29,865,000 for the subject's Current As-Complete Market Value (February 4, 2026).

The subject's Prospective As-Stabilized Market Value is suggested the terminal value established prior to discounting. As such, the terminal value midpoint suggests a rounded value of \$39,190,000 for the subject's Current As-Stabilized Market Value (October 10, 2026).



Direct Capitalization Method

The basic premise of the Direct Capitalization Method is that anticipated net income to an indicated market value by use of an appropriate capitalization rate that reflects the relationship of net income to selling price for comparable properties being sold in the market. Direct capitalization for improved properties uses an overall capitalization rate that provides a return on the investment and a return of the asset. No element of time is introduced. The hotel investment market closed 2024 on a strong note with over \$2 billion in transactions and record national RevPAR metrics. CoStar forecasts moderate demand growth in 2025 with ADR acting as the primary driver of year-to-date performance through February. Looking forward, ongoing tariff negotiations and currency trends between the Canadian and U.S. dollar have potential to incentivize increased domestic and cross-border travel, particularly to key leisure tourism markets, Q1 investment activity was highlighted by high-profile transactions such as the Bisha Hotel Toronto and Hyatt Regency Calgary, along with several notable trades in the focused-service segment. Additional transaction details will be available in the upcoming Investment Canada Hotel Report, set for release in April 2025.

In 2023, the average spa establishment in the United States generated revenue of approximately 974,000 U.S. dollars. The most revenue-generating spas were spa or hotel spas, which averaged an income of over 1.8 million U.S. dollars in 2023. In the spa/hotel sector, 59 percent of spas said their profit percentage was 20 percent or more, slightly down on the 2022 out-turn (64 percent) but broadly consistent with the pre-pandemic level. The profitability performance of spas in the other sectors was also in line with pre-pandemic levels, with 63 percent reporting a 2023 profit percentage of 10 percent or more. In estimating the subject's income, a 2024 ISPA U.S. Spa Industry Study along with market reports and company data were referenced. Due to the business model not being only lodging and there being multiple revenue streams, we are not concluding a price per room method for this direct capitalization method, and have utilized our Dec 31, 2025 (Year 1) and Dec 31, 2029 (Year 4) cashflow projection figures presented in the previous section for this analysis.

Direct Capitalization Method - Current "As Complete" (February 4, 2026)			
Authorized Client Stated Year 1 Discretionary Cashflow	Capitalization Rate Q3 2025		Calculated Estimated Value
\$2,576,667	Colliers Canada Limited-Service Halifax High	10.50%	\$24,539,686
\$2,576,667	CBRE Hotel suburban Limited- Service Halifax High	10.00%	\$25,766,670
\$2,576,667	CUSHMAN & WAKEFIELD Limited-Service Suburban High	10.50%	\$24,539,686
Mean (ROUNDED)			\$24,949,000

The Direct Capitalization Method suggests a value for the subject's Current "As Complete" (February 4, 2026) of \$24,949,000.



Direct Capitalization Method - Prospective "As Stabilized" (October 10, 2026)			
Authorized Client Stated Year 4 Discretionary Cashflow	Capitalization Rate Q1 2025		Calculated Estimated Value
\$4,184,875	Colliers Canada Limited-Service Halifax High	10.50%	\$39,855,952
\$4,184,875	CBRE Hotel suburban Limited- Service Halifax High	10.00%	\$41,848,749
\$4,184,875	CUSHMAN & WAKEFIELD Limited-Service Suburban High	10.50%	\$39,855,952
Mean (ROUNDED)			\$40,520,000

The Direct Capitalization Method suggests a value for the subject's Prospective "As Stabilized" (October 10, 2026) of \$40,520,000.

Conclusion

The Discounted Cash Flow (DCF) method is often considered superior to Direct Capitalization for valuing businesses, especially those with uncertain or fluctuating earnings or significant growth potential. DCF accounts for the time value of money and the risk associated with future cash flows, while direct capitalization relies on a single year's income and a capitalization rate, which may not fully capture the long-term value. The capitalization method also limited us to concluded value as it would not allow the uniqueness of the subject property to be evaluated. We have determined value on the income approach via DCF. As the DCF is more detailed, dynamic, and adaptable, making it a more comprehensive and accurate valuation method than direct capitalization, especially for businesses with uncertain or fluctuating cash flows or significant growth potential.



Direct Comparison Approach

The Direct Comparison Approach is a means of valuing a property by comparing the property being appraised to other similar properties which have been sold, are listed for sale or have had offers made on them. Listings or offers are not as reliable as actual sales as these are not actual consummated transactions. Listings do, however, indicate an upper limit of value.

The underlying premise here is that if the subject hotel were offered for sale, it would compete with those properties to which it is being compared and being similar in nature would be in the same market. This premise involves the Principle of Substitution which maintains that a prudent buyer will not pay more for a property than it would cost to buy an equally desirable substitute property, provided there is no undue delay in making the acquisition.

With respect to hotels, the Direct Comparison Approach is generally less reliable as a direct indicator of value. This is due to the many variables characterizing hotel properties such as brand/chain-affiliation, the facilities, amenities and services at the property, market, operating or economic performance levels, the quality and FF&E requirements and the level of management expertise/involvement required. Compounding the situation is the fact that truly comparable hotel properties rarely compete in the same market area or transact at the same time. Lodging markets typically evolve with hotels tending to complement one another and collectively offering an array of options with respect to facilities, amenities, and rates, to potential guests. It is for these reasons that the Direct Comparison Approach is considered most useful as a check on the reasonableness of our value conclusion, rather than as a direct indicator of value.

Identification of Comparable Sales

The subject spa will offer a unique product in the Prince Edward Island spa market, presenting challenges in identifying sales that could reasonably be considered comparable.

At the outset, Community Appraisals Ltd. reviewed the sales of small independent luxury and upscale spas across Canada. The transactions fitting these criteria are outlined on the following page.



Sales Chart – As-Is Market Value

90 McCardle Rd (Lot A):

Name	Price	Rooms	Price Per Unit	Province	Sales Date	Lot Size (Acres)	Water Frontage /Body of Water
Chelton Beach Nordic Spa	\$1,100,000.00	5 units	\$220,000.00	PEI	September, 2023	3.20	None
Dreamweaver's Cottages	\$630,000.00	6 Units (2-1BR units, 2-2BR units and 1- 3BR units)	\$105,000.00	PEI	November 12, 2024	1.26	None
Chalets Rendez Vous Cottages	\$599,900.00	11 Rental units - 2-4 Bedrooms	\$54,536.36	PEI	December 18, 2023	5.35	Waterfront
8685 Cavendish Road Cavendish	\$580,000.00	5 Commercial Retail units	\$116,000.00	PEI	April 15, 2025	1.32	None
15 Monash Cv Ln, Upper Cape	\$392,000.00	Eight Teen	\$49,000.00	New Brunswick	2022	3.36	None

Chelton Beach Nordic Spa will be an assemblage of 90 McCardle Road, Chelton, PEI, C0B 1A0, which will house the main lot of 13 cottages and a main building hosting the Nordic Spa operations, along with 163, 175 and 183 McCardle Rd which each have a single near identical bungalow cottages on their site. The most pragmatic approach to valuation is to value each lot separately and then add the prospective values together. This is a reasonable approach as each lot is registered under its own Property Identification number.

90 McCardle Road currently has five cottages on site that are 86% complete in regard to renovations. When we look at the four sales in the chart above, we see a price per unit range of \$49,000.00 - \$116,000.00. This gave a mean of \$ 81,134.09 and a median value of \$79,768.18. Rounding to \$80,000.00 per unit. An estimated value of \$400,000.00. 5 x \$80,000.00 is plausible. However, the recent renovations and the larger lot size would increase this estimate to \$110,000. Near the height of the range. These values are near the 8685 Cavendish Road Cavendish, PE C0A 2E0 sale value. Which also houses five units on site and is the most recent sale, selling in April 2025. Additionally, the state of the renovations of 86% would then offset the final estimate. \$110,000 x 5 Cottages x 0.86. This equals \$473,000.00

Below, we do a similar analysis and estimate the value of each of the additional lots to be \$340,000.00. Comparables 1 and 2 are both located very close to the subject. Comparable 3 is located further east, closer



2191 Yonge St, Toronto, ON M4S 3H8
 (705) 717-2623
 info@community-appraisals.com

to Charlottetown, making for a superior location. Comparable 1 is a smaller, older cottage that is in an inferior condition. It has a full, unfinished basement, superior to the subject's post foundation. Comparable 2 is an older cottage that is in inferior condition. It is a similar size to the subject but has a waterfront. Comparable 3 is a new cottage with finishes similar to the subject and of a similar size. It is located on a waterfront lot that is inferior to the standard waterfront lot on the market.

163 (Lot B), 175 (Lot C), and 183 McCardle Rd (Lot D):

Name	Price	MLS #	Acre/Interior Floor Area	Province	Sales Date	Age/ Condition	Water Frontage /Body of Water
Subject	\$340,000.00	N/A Appraiser Work file	0.34/ 1000 sq. ft	PEI	June 12, 2024	New/Good	None
20 Murphy Drive Fernwood	\$295,000.00	202424984	0.28 / 792 sq. ft	PEI	January 7, 2025	32yrs/ Avg	None
8 McCardle Road Chelton	\$289,000.00	2024426358	0.55/1000 sq. ft	PEI	April 22, 2025	20 yrs./ Avg	Obstructed Waterview
5053 PE-19 Nine Mile Creek	\$399,900.00	202409196	1.00/1064 sq. ft	PEI	July 19, 2024	New/ Good	Waterfront

Lot A + Lot B + Lot C + Lot D = Current as Is Market Value for Chelton Beach Nordic Spa

\$473,000.00 + \$340,000.00 + \$340,000.00 + \$340,000.00 = \$1,493,000.00

Current As Is Market Value for Chelton Beach Nordic Spa = \$1,493,000.00

Current As Is Market Value for 90 McCardle Road = \$473,000.00



Sales Chart – As-If Complete Market Value

90 McCardle Rd (Lot A):

Name	Price	Rooms	Price Per Rm	Province	Sale Dates	Lot Size (Acres)	Water Frontage /Body of Water
Seaside Beach Spa	\$2,300,000.00	(1) Thirty-Two	\$71,875	New Brunswick	2024	1.26	St Andrew Harbour
Daigle'S Motel	\$1,270,000.00	Thirty-Three	\$38,484	New Brunswick	2023	2.72	None
Cavendish Lodge and Cottages	\$1,930,000.00	(2) Thirty-Four	\$56,764	PEI	Mar 31, 2023	3.90	None
Rustico Spa Golf & Cottages	\$4,200,000.00	(3) Fifty	\$84,000	PEI	May 9, 2022	175	Rustico Bay
Wave Hotel	\$3,000,000.00	Forty-Seven	\$63,800	Newfound Land	August 2022	Not Stated in Sales Records	None
L'Auberge des 3 Canards	\$3,200,000.00	Forty-Eight	\$66,700	Quebec	Sep 2022	Not Stated in Sales Records	None
Auberge Godefroy Hotel Spa golf	\$8,850,000.00	Seventy -One	\$119,700	Quebec	April 2022	Not Stated in Sales Records	None
Ramada Limited Merritt	\$3,713,000.00	Fifty	\$74,300	BC	Jan 2023	Not Stated in Sales Records	None
Montfort Nicolet Hotel	\$6,225,000.00	Eighty -Three	\$75,000	Quebec	Sep 2023	Not Stated in Sales Records	L'île à Pinard
Total Price Per Rm		Mean	\$72,291	Median	\$71,875		

- (1) Approximation is based on 24 Unit Accommodations Total Fin Sq. ft: 11,600. And Verbal from staff on the phone that used Booking.com to provide an estimate.
- (2) Approximation is based on 17 units including 15 detached cottages and 2 apartments in lodge. And Verbal from staff on the phone.
- (3) Approximation is based on 20 Cottages 1-4 Bedrooms historical internet data. Verbal from staff on the phone. She informed all 20 have been destroyed by hurricane Fiona now only 7 domes for glamping
- (4)



Regional Analysis									
	2024			2023			2022		
	# Hotels Sold	# Rooms	Avg. \$/Room	# Hotels Sold	# Rooms	Avg. \$/Room	# Hotels Sold	# Rooms	Avg. \$/Room
New Brunswick	5	394	\$82,900	3	343	\$137,200	6	685	\$83,900
Nova Scotia	3	513	\$173,100	3	300	\$86,800	1	62	\$50,000
Newfoundland & Labrador							1	47	\$63,800
						Median	\$83,900	Mean	\$96,814

(5) Normalized average price per room excluding acquisitions for alternate use/redevelopment and transactions with considerable non-hotel value. Trends based on hotel transactions of at least \$1 million. Source: Colliers Hotels

A three-year old colliers Atlantic Canada case study indicates a higher price per room then our market study. This is likely due to the inclusion of sales that are dissimilar to the subject.

The direct comparison approach provides an estimate of value near a \$3,000,000.00 price point. With an estimation of 30 rooms for Chelton Beach Nordic Spa the price per room is equal to \$100,000.00. This is near our mean value. Nevertheless, Colliers' three years of data has been selected rather than the internal sales analysis that yielded a price point of \$72,000.00 per room. This is because it had a larger data set.

Chelton Beach Nordic Spa would be considered superior to Seaside Beach Spa, Cavendish Lodge, and Cottages with its Hypothetical interior condition and site improvements. However, inferior to Rustico Spa Golf & Cottages would be considered superior in size and scale, as it is a golf course with more rental cottages and 175 acres of land. According to available data, Auberge Godefroy Hotel Spa golf would be the highest-held spa on public record. It is a Nordic Spa business, hotel, and Golf course like Rustico Spa Golf & Cottages. Montfort Nicolet Hotel also has a Nordic spa establishment without the Golf course. Indicating the contributory value of a golf course dramatically increases the price per room.

Chelton Beach Nordic Spa would include 163, 175 and 183 McCardle Rd. So, as previously explained, the values of these lots equal \$1,020,000.00.



163 (Lot B), 175 (Lot C), and 183 McCardle Rd (Lot D):

Name	Price	MLS #	Acre/Interior Floor Area	Province	Sales Date	Age/ Condition	Water Frontage /Body of Water
Subject	\$340,000.00	N/A Appraiser Work file	0.34/ 1000 sq. ft	PEI	June 12, 2024	New/Good	None
20 Murphy Drive Fernwood	\$295,000.00	202424984	0.28 / 792 sq. ft	PEI	January 7, 2025	32yrs/ Avg	None
8 McCardle Road Chelton	\$289,000.00	2024426358	0.55/1000 sq. ft	PEI	April 22, 2025	20 yrs./ Avg	Obstructed Waterview
5053 PE-19 Nine Mile Creek	\$399,900.00	202409196	1.00/1064 sq. ft	PEI	July 19, 2024	New/ Good	Waterfront

Lot A + Lot B + Lot C + Lot D = Current as Is Market Value for Chelton Beach Nordic Spa
 \$3,000,000.00 + \$340,000.00 + \$340,000.00 + \$340,000.00 = \$4,020,000.00

Conclusion

The direct comparison and income approaches to property valuation differ because they focus on different aspects of value. The direct comparison approach, also known as the sales comparison approach, relies on analyzing recent sales of comparable properties to determine a subject property's value. This method directly compares the subject property to similar ones, making adjustments for any differences.

The income approach, on the other hand, focuses on a property's ability to generate income. It estimates value based on the potential income a property can generate, often using capitalization rates or discounted cash flow analysis. This approach is particularly useful for properties that generate income, such as rental properties or commercial buildings.

As noted, typically hospitality investors utilize sales comparables as a test of reasonableness to the income approach value conclusion (i.e., is the value conclusion supported by the unadjusted range of comparable sales). Although there are some sales in Canada which on a price per room basis are comparable to the values of the subject asset generated by the income approach, none of the assets are truly comparable.

Accordingly, the Direct Comparison Approach has only been used to test the reasonableness of the value generated by the Income Approach rather than a method by which to estimate the value of the subject spa.



Reconciliation of Value

Our valuation for the subject property is as follows:

	Cost Approach	Income Approach	Direct Comparison Approach
As Is	\$2,240,000.00	N/A	\$1,490,000.00
As Is Complete	\$9,000,000.00	\$29,865,000 .00	\$4,000,000.00
As Stabilized	N/A	\$39,190,000.00	N/A

The Income Approach is the primary method of valuation used by investors for income producing properties. In this case, The Discounted Cash Flow Method indicates a market value of \$29,865,000 .00 for the As Is value while As Stabilized value indicates a market value of \$39,190,000.00. A greater reliance has been placed on the Discounted Cash Flow method as it has the advantage of reflecting the forecasted income, based on the expected changes in the property and/or competitive market dynamics.

The Direct Comparison Approach is based on the best market data available, however due to the uniqueness of the subject property and the lack of truly comparable sales this approach has only been utilized as a test of reasonableness and provides additional support for the value indicated by the Income Approach. This approach was only used for the current As Is valuation of \$1,490,000.00

As noted previously, the Cost Approach is not considered to be an appropriate indicator of value for income producing properties of this nature and is rarely used by market participants

Based on the analysis contained in this report, **the current “as is” market value of the subject property as of February 4, 2026 is:**

One Million Four Hundred Ninety Thousand Dollars

\$1,490,000.00

Based on the analysis contained in this report, **the current “as complete” subject to the extraordinary assumptions and limiting conditions noted on pages 15 through 17 market value of the subject property as of February 4, 2026 is:**

Twenty-Nine Million Eighty-Four Thousand Dollars

\$29,865,000 .00

Based on the analysis contained in this report, **the prospective “as-stabilized” subject to the extraordinary assumptions and limiting conditions noted on pages 15 through 17 market value of the subject property as of October 10, 2026 is:**

Thirty-Nine Million Eight Hundred Forty Thousand Dollars

\$39,190,000.00



Certification of the Appraisal

We certify to the best of our knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and represents our personal, unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in the property that is the subject of this report and have no personal interest or bias with respect to the parties involved.
4. Our compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event, such as the approval of a loan.
5. This appraisal assignment was not based upon a requested minimum valuation, a specific valuation or the approval of a loan.
6. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Canadian Uniform Standards of Professional Appraisal Practice of The Appraisal Institute of Canada and the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice.
7. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
8. Howard Sebastian Christie and Everton Dixon have completed the requirements of the continuing education program of the Appraisal Institute.
9. Cale Oliver, CRA, P.App, has conducted an inspection of the property on November 28, 2025. The inspection was considered to be sufficient to describe the subject property, develop an opinion of highest and best use and compare the subject property with recent market leasing and investment data. We note that a detailed inspection to comment on building conditions has not been performed.
10. Cale Oliver, CRA, P.App, has provided professional assistance by reviewing Land Sales selected, and estimate of values for 163, 171 and 185 McCardle Road. Sean Power from eXp Realty provide a comprehensive list of commercial sales from New Brunswick Real Estate Board to consider. Don Ranni provides a comprehensive list of commercial sales from Nova Scotia Real Estate Board to consider. Finally professional assistance for the income approach as complete and as stabilized was provided by Suhail Patel CPA, CBV, ABV, CFF, MBA. These professionals all provided professional assistance to the consultants signing this report
11. Howard Sebastian Christie and Everton Dixon have extensive experience in the appraisal of similar property types.
12. Those that provided professional assistance as an independent economic entity within Community Appraisals Limited. Although they were contacted as a part of our routine



2191 Yonge St, Toronto, ON M4S 3H8
(705) 717-2623
info@community-appraisals.com

market research investigations, absolute client confidentiality and privacy are maintained at all times with regard to this assignment without conflict of interest.

It is our professional opinion that the current “as complete” market value of the 100% fee simple interest in the subject property, subject to the extraordinary assumptions and limiting conditions noted on pages 15 through 17, as of February 4, 2026, is \$29,865,000 .00.

Additionally, that the prospective “as stabilized” market value of the 100% fee simple interest in the subject property, subject to the extraordinary assumptions and limiting conditions noted on pages 15 through 17, as of October 10, 2026, is \$39,190,000.00.

Howard Sebastian Christie, AACI, P.App



Addendum

Appendix A - Terms of Reference

Property Identification

- (PID 471961) 90 McCardle Road Chelton, PEI, C0B 1A0
- (PID 1157007) 163 McCardle Road Chelton, PEI, C0B 1A0
- (PID 1156991) 171 McCardle Road Chelton, PEI, C0B 1A0
- (PID 1156983) 185 McCardle Road Chelton, PEI, C0B 1A0

Purpose of the Appraisal

The appraisal estimates the prospective market value of the fee simple interest in the subject property, subject to the Extraordinary Limiting Conditions, Extraordinary Assumptions and Hypothetical Conditions noted within this report on pages 17 through 18. The report is a full narrative appraisal and has been prepared in accordance with the standards set forth by the Appraisal Institute of Canada.

Definition of Market Value

Market value is defined as follows:

“The most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and the seller each acting prudently, knowledgeably, and for self-interest, assuming that neither is under duress”⁵.

The estimated value of the property includes the “total assets of the business”. Please see the definition under “Going Concern”, later in this section.

Definition of Tenure

Tenure is defined as follows:

Fee Simple

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, expropriation, police power and escheat.

Leased Fee

An ownership interest held by a landlord with the rights of use and occupancy conveyed by the lease to others. The rights of the lessor (The leased fee owner) and the leased fee are specified by contract terms contained within the lease.

Leasehold

The interest held by the lessee (the tenant or renter) through a lease conveying the rights of use and occupancy for a stated term under certain conditions.

Going Concern

The estimated value is based on the “total assets of the business” which includes enhancement of the value of an operating business enterprise which is provided by the assemblance of land, building, labor, capital, equipment, marketing, management, etc. The value estimated herein may include a certain amount of



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goodwill or enterprise value, the amount of which is sometimes related to the expertise of management. For purposes of this valuation, it is assumed that the property will be under competent management.

Client

The client of this report is Ken Dunn of CDV Investments 2021 Inc.

Authorized Use and User of Report

The Authorized use of the appraisal report is to provide information for first mortgage financing purposes. The report is not intended for any other use.

CDV Investments 2021 Inc. is the sole intended user. This report is not authorized for use by other parties. The authorized use and user of our report are specifically identified in our report as agreed upon in our contract for services and/or reliance language found in the report. No other use or user of the report is permitted by any other party for any other purpose. Dissemination of this report by any party to any non-authorized users does not extend reliance to any such party, and Community Appraisals Ltd. will not be responsible for any unauthorized use of or reliance upon the report, its conclusions or contents (or any portion thereof).

Date of the Report

May 20, 2025

Effective Date of the Report

February 4, 2026

Date of Inspection

November 28, 2025



Scope of Work

The following steps were completed by Community Appraisal Ltd for this assignment:

- Property taxes assessment for this property has been researched through on-line data service. When possible, the property owner supplied the current property taxes for this property. However, due to the subject being newly constructed there was no data.
- Data used in this report was researched, analyzed, reviewed and summarized by way of on-line services including but not limited to the local Real Estate Board to collect and analyze sales, active, expired, cancelled and or withdrawn listings which may be included herein and assisted in concluding a Current Market Value for the subject property in as is and as viewed condition.
- The zoning for the subject property has been analyzed, the zoning and permitted uses identified through zoning manuals by way of on-line services by way of web sites from the appropriate municipality zoning department that the subject is located in.
- Reviewed the existing competitive accommodation market including an assessment of facilities offered and proposed, published room rates, proposed types and timing of expansion, new development and renovations and market demand segmentation.
- Estimated future growth in supply of and demand for hotel accommodation in the competitive market area.
- Prepared market penetration rates by market segment and average rate that may be achieved by the subject property, based on the facilities and market orientation.
- Projected the share of demand and average rate penetration which can reasonably be attracted by the subject hotel.
- Reviewed operating history of the property and current year forecast.
- Prepared an operating pro forma for the subject hotel.
- Considered the highest and best use of the property.
- Reviewed available market data on the hotel investment market.
- Reviewed the key investment characteristics of the hospitality market in general and the subject property specifically.
- Estimated market value through the Income, Cost and Direct Comparison Approach to value.
- Prepared an appraisal report outlining our research, analysis and conclusions

This appraisal report has been specified as having been completed for mortgage lending purposes, where the appraisal report is used as part of a prudent mortgage lending transaction involving a mortgage lender utilizing proper mortgage lending techniques and underwriting and all due diligence to lenders who are both credit worthy and have been assessed as having reasonable wherewithal to repay any loan advanced to them on real property and secured by mortgage. To rely upon this report, the user must be the named client appearing on the appraisal report or must be a party authorized to rely upon this report by way of a letter of authorization provided by our firm. The appraiser shall not be responsible for any loss or damage arising from his/her authorship of this report or any reliance placed upon it, if this report is used by the client or any other person for any reason other than that of mortgage lending purposes by a lender without the explicit consent of the appraiser.

This report conforms to Personal Information Protection Electronic Documents Act (PIPEDA). Consent was given to this appraiser to photograph the interior and exterior of this property.



This information is for the exclusive use of the Authorized User. The release of this report in whole or in part will be in contravention of the act. This appraisal is protected by Copyright Laws and the Privacy Act. Any violation or breach is punishable to the full extent of the law.

Exposure Time

Exposure time is not intended to be a prediction of a date of sale. Instead, it is an integral part of the opinion analysis and is based on one or more of the following:

- Statistical information about days on the market
- Information gathered through sales verification
- Interviews with market participants

The reasonable exposure time is a function of price, time, and use. It is not an isolated estimate of time alone. Exposure time is different for various types of real estate and under various market conditions.

Exposure time is the estimated length of time the property would have been offered prior to a hypothetical market value sale on the effective date of opinion. It is a retrospective estimate based on an analysis of recent past events, assuming a competitive and open market. It assumes not only adequate, sufficient, and reasonable time but also adequate, sufficient, and reasonable marketing effort. Exposure and marketing time are therefore interrelated with opinion conclusion of value.

Our valuation is predicated on buyers and sellers acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. The COVID-19 pandemic has resulted in logistical constraints on property transactions such as inability to travel for due diligence/tours and closing of municipal agencies for closing/recording sale transactions. In addition, some buyers and sellers have paused or postponed transacting amid the pandemic. As of the effective date of this appraisal, this has extended the reasonable time period in which the subject could be brought onto the market and sold. In light of the COVID-19 pandemic and prevailing market conditions, we would anticipate a longer marketing period relative to the exposure period.

Based on the foregoing analysis, an exposure time of 9 to 12 months is reasonable. CBRE Limited assumes the subject would have been competitively priced and aggressively promoted.

Limiting Conditions

By accepting this report, the Client and Authorized User(s) understand that an inspection of the subject property has not been performed and accept the decrease in the reliability of this report, resulting in a higher level of risk assumed by a user of this report. The appraiser, the appraiser's firm and/or any employee, director, officer or partner of the appraiser's firm, as applicable, are limited in liability to \$2,000,000.00 (Two million dollars). Such limitations of liability applies in the event that anyone makes a claim that the appraiser is in any way liable for performing the appraisal or in preparing the appraisal report, including in respect of any allegations of negligence, breach of contract or for any other reason or claim. Prospective market value as at February 4, 2026. The spa operates as an independent spa through the investment horizon.



Appendix B - Assumptions and Limiting Conditions

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

1. This report is prepared only for the authorized client and authorized users specifically identified in this report and only for the specific use identified herein. No other person may rely on this report or any part of this report without first obtaining consent from the client and written authorization from the authors. Liability is expressly denied to any other person and, accordingly, no responsibility is accepted for any damage suffered by any other person as a result of decisions made or actions taken based on this report. Liability is expressly denied for any unauthorized user or for anyone who uses this report for any use not specifically identified in this report. Payment of the appraisal fee has no effect on liability. Reliance on this report without authorization or for an unauthorized use is unreasonable.
2. Because market conditions, including economic, social and political factors, may change rapidly and, on occasion, without warning, this report cannot be relied upon as of any date other than the effective date specified in this report unless specifically authorized by the author(s).
3. The author will not be responsible for matters of a legal nature that affect either the property being appraised or the title to it. The property is appraised on the basis of it being under responsible ownership. No registry office search has been performed, and the author assumes that the title is good and marketable and free and clear of all encumbrances. Matters of a legal nature, including confirming who holds legal title to the appraised property or any portion of the appraised property, are outside the scope of work and expertise of the appraiser. Any information regarding the identity of a property's owner or identifying the property owned by the listed client and/or applicant provided by the appraiser is for informational purposes only and any reliance on such information is unreasonable. Any information provided by the appraiser does not constitute any title confirmation. Any information provided does not negate the need to retain a real estate lawyer, surveyor or other appropriate experts to verify matters of ownership and/or title.
4. Verification of compliance with governmental regulations, bylaws or statutes is outside the scope of work and expertise of the appraiser. Any information provided by the appraiser is for informational purposes only and any reliance is unreasonable. Any information provided by the appraiser does not negate the need to retain an appropriately qualified professional to determine government regulation compliance.
5. No survey of the property has been made. Any sketch in this report shows approximate dimensions and is included only to assist the reader of this report in visualizing the property. It is unreasonable to rely on this report as an alternative to a survey, and an accredited surveyor ought to be retained for such matters.
6. This report is completed on the basis that testimony or appearance in court concerning this report is not required unless specific arrangements to do so have been made beforehand. Such arrangements will include, but not necessarily be limited to adequate time to review the report and related data, and the provision of appropriate compensation.
7. Unless otherwise stated in this report, the author has no knowledge of any hidden or unapparent conditions (including, but not limited to: its soils, physical structure, mechanical or other operating systems, foundation, etc.) of/on the subject property or of/on a neighbouring property that could affect the value of the subject property. It has been assumed that there are no such conditions. Any such conditions that were visibly apparent at the time of inspection or that became apparent during the normal research involved in completing the report have been noted in the report. This report should not be construed as an environmental audit or detailed property condition report, as such reporting is beyond the scope of this



report and/or the qualifications of the author. The author makes no guarantees or warranties, express or implied, regarding the condition of the property, and will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. The bearing capacity of the soil is assumed to be adequate.

8. The author is not qualified to comment on detrimental environmental, chemical or biological conditions that may affect the market value of the property appraised, including but not limited to pollution or contamination of land, buildings, water, groundwater or air which may include but are not limited to moulds and mildews or the conditions that may give rise to either. Any such conditions that were visibly apparent at the time of inspection or that became apparent during the normal research involved in completing the report have been noted in the report. It is an assumption of this report that the property complies with all regulatory requirements concerning environmental, chemical and biological matters, and it is assumed that the property is free of any detrimental environmental, chemical legal and biological conditions that may affect the market value of the property appraised. If a party relying on this report requires information about or an assessment of detrimental environmental, chemical or biological conditions that may impact the value conclusion herein, that party is advised to retain an expert qualified in such matters. The author expressly denies any legal liability related to the effect of detrimental environmental, chemical or biological matters on the market value of the property.

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

10. The term "inspection" refers to observation only as defined by CUSPAP and reporting of the general material finishing and conditions observed for the purposes of a standard appraisal inspection. The inspection scope of work includes the identification of marketable characteristics/amenities offered for comparison and valuation purposes only.

11. The opinions of value and other conclusions contained herein assume satisfactory completion of any work remaining to be completed in a good and workmanlike manner. Further inspection may be required to confirm completion of such work. The author has not confirmed that all mandatory building inspections have been completed to date, nor has the availability/issuance of an occupancy permit been confirmed. The author has not evaluated the quality of construction, workmanship or materials. It should be clearly understood that this visual inspection does not imply compliance with any building code requirements as this is beyond the professional expertise of the author.

12. The contents of this report are confidential and will not be disclosed by the author to any party except as provided for by the provisions of the CUSPAP and/or when properly entered into evidence of a duly qualified judicial or quasi-judicial body. The author acknowledges that the information collected herein is personal and confidential and shall not use or disclose the contents of this report except as provided for in the provisions of the CUSPAP and in accordance with the author's privacy policy. The client agrees that in accepting this report, it shall maintain the confidentiality and privacy of any personal information contained herein and shall comply in all material respects with the contents of the author's privacy policy and in accordance with the PIPEDA.

13. The author has agreed to enter into the assignment as requested by the client named in this report for the use specified by the client, which is stated in this report. The client has agreed that the performance of this report and the format are appropriate for the intended use.

14. This report, its content and all attachments/addendums and their content are the property of the author. The client, authorized users and any appraisal facilitator are prohibited, strictly forbidden, and no permission



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is expressly or implicitly granted or deemed to be granted, to modify, alter, merge, publish (in whole or in part) screen scrape, database scrape, exploit, reproduce, decompile, reassemble or participate in any other activity intended to separate, collect, store, reorganize, scan, copy, manipulate electronically, digitally, manually or by any other means whatsoever this appraisal report, addendum, all attachments and the data contained within for any commercial, or other, use.

15. If transmitted electronically, this report will have been digitally signed and secured with personal passwords to lock the appraisal file. Due to the possibility of digital modification, only originally signed reports and those reports sent directly by the author can be reasonably relied upon.

16. This report form is the property of the Appraisal Institute of Canada (AIC) and for use only by AIC members in good standing. Use by any other person is a violation of AIC copyright.

17. Where the intended use of this report is for financing or mortgage lending or mortgage insurance, it is a condition of reliance on this report that the authorized user has or will conduct lending, underwriting and insurance underwriting and rigorous due diligence in accordance with the standards of a reasonable and prudent lender or insurer, including but not limited to ensuring the borrower's demonstrated willingness and capacity to service debt obligations on a timely basis, and to conduct loan underwriting or insuring due diligence similar to the standards set out by the Office of the Superintendent of Financial Institutions (OSFI), even when not otherwise required by law. Liability is expressly denied to those that do not meet this condition. Any reliance on this report without satisfaction of this condition is unreasonable.

18. Some property uses (such as auto shops, some industrial uses, agricultural uses involving chemicals, mining, gas stations, etc.) tend to contaminate earth. The appraiser is not qualified to conduct any type of formal environmental, soil or site studies. Unless otherwise stated in this report, the appraiser is not aware of any detrimental environmental factors caused by the current use of the subject property and has assumed there not to be any detrimental environmental, soil or site factors present. Should this prove not be the case, the appraiser is not to be held liable and reserves the right to amend this report.



Appendix C – Maps

Municipality Map





A map of Chelton Beach, Nova Scotia, showing a network of streets and geographical features. The map includes Bouquet Cove to the west and Chelton Beach Provincial Park to the east. A red pin is located on McCord Rd near the intersection with Bouquet Cove Rd. The map shows several streets including McCord Rd, Chelton Rd, Bouquet Cove Rd, Leonard Ave, George Ave, Ross Ave, Forbess Ct, Morrison Rd, Simmons Ct, Linkview Ct, Charles St, and Dunes Ln. A small area is labeled 'Barker's Hideaway'. The map is oriented with the coastline on the left and the park on the right.



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Site Map



CREATED ON 2023-04-28 2:03 PM

PARCEL NUMBER

471961

OWNER

CHELTON BEACH COTTAGES LTD

ADDRESS

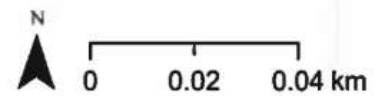
90 MCCARDLE RD, CHELTON

ACREAGE

3

SCALE

1:1,074





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Appendix D - Sales Chart As-If Complete Market Value

Seaside Beach Spa



The property is comprised of 24 separate accommodation units (bachelor to 3-bdrms units - all but one with full kitchens), all with decks/outdoor spaces with ocean views, plus all enjoy access to the beachfront boardwalk & decks & the lawn with picnic tables. The property also includes the office, laundry facilities, a workshop & storage, plus the lovely 3-bedroom owners' accommodation.

Cavendish Lodge and Cottages



Consists of 15 cottages as well as 2 apartments in the main building. Extensive renovations to all buildings has been done over the past 9 years. There is on site laundry as well as a 9 year old salt water pool and multiple playgrounds, beach volleyball and additional land to add more cottages should the new owner choose to.

Daigle's Motel



The 3-star Daigle'S Motel Saint Leonard, located within 15 minutes' drive of Acadian Village, offers a seasonal outdoor pool and Wi-Fi throughout the property. This property includes 33 rooms and 15 Cottages with a great pool a restaurant and so much more.

Rustico Spa Golf & Cottages



20 Oceanside cottages ranging from 1 to 4 bedrooms located on over 175 acres including gorgeous 18-hole golf course overlooking the same water features. Featuring over 500 yards of waterfront land overlooking beautiful Rustico Bay and Robinson's island.



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Wave Hotel



Our hotel offers a variety of room types and features ranging from pet friendly rooms, large suites with sofa beds, accessibility compliant. Large state of the art gym featuring a vast array of cardio equipment and weight training equipment. Friendly staff hosting 24-hour access, 7 days per week. Relaxing 25m heated indoor swimming pool complete with cedar sauna

L'Auberge des 3 Canards



Amenities include a heated outdoor swimming pool, and expansive acres of gardens with mini-golf, croquet and badminton. There's also a fine-dining restaurant that offers breakfast, a multi-course dinner menu and patio seating. Massage treatments can be arranged for an additional fee. Auberge with 48 room renowned restaurant, located at La Malbaie in the Charlevoix region, the World Biosphere Reserve.

Rural decor with a breathtaking view of the St. Lawrence River.

Located less than one hour from Quebec City, our exceptional establishment of more than 40 rooms and suites is the perfect place to escape.

Auberge Godefroy Hotel Spa Golf



Auberge Godefroy in Bécancour offers family rooms with garden views, air-conditioning, and private bathrooms. Each room includes a work desk, TV, and soundproofing for a relaxing stay. **Exceptional Facilities:** Guests enjoy spa facilities, a sauna, fitness centre, sun terrace, and free bicycles. The property features a year-round outdoor and indoor swimming pool, hot tub, and steam room. Free WiFi is available throughout the inn. **Dining Experience:** The family-friendly restaurant serves French and local cuisines in a modern and romantic ambience. Breakfast is a buffet with a variety of options. Additional amenities include a bar, coffee shop, and outdoor seating area



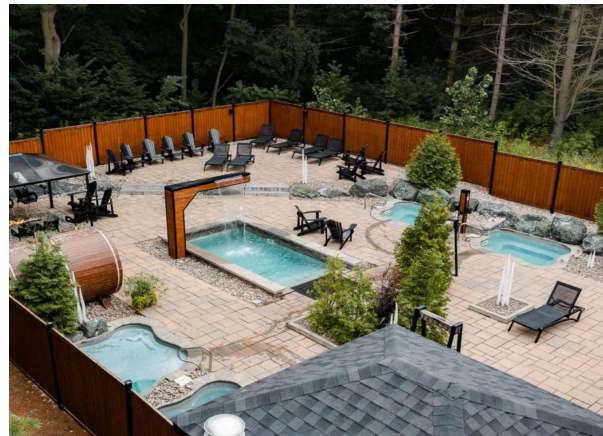
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Ramada Limited Merritt



Located in a valley, the 2-star Ramada Merritt hotel offers a whirlpool tub, sauna facilities, and an indoor pool. The unique hotel provides Wi-Fi, which is available throughout the property. Rotary Park stands 2.3 km away, and Merritt Library is 10 minutes' drive from the property. This Merritt hotel is a short distance from Douglas Lake. The unique accommodation is also within close distance of Walk of Stars Murals. Ramada Merritt hotel is located 100 km from Kamloops airport and around a 5-minute ride from Voght St AT Super 8 Motel bus stop. Furnished with a work desk, some of the 54 rooms feature ironing facilities and air conditioner along with free wireless internet and a flat-screen TV with satellite channels. They come equipped with tea/coffee making equipment, a stove, and a toaster. For more comfort, free toiletries and bath sheets, along with a bathtub and a sauna, are provided.

Montfort Nicolet Hotel



Overlooking Nicolet River, this hotel offers an on-site restaurant and rooftop spa. An LCD TV is featured in each room. Contemporary rooms at Hotel Montfort Nicolet are decorated with earthy tones. A fridge and toiletries are provided for convenience. Breakfast buffet is served daily at this Nicolet hotel. To decompress, guests can take a swim in the indoor pool or relax in the hot tub. For those who wish to explore the natural surroundings, bicycle hire is available on site. Nicolet Bird Sanctuary is about 11 minutes' drive from Hotel Montfort. Musée des Religions du Monde is 2.4 km away. École Nationale de Police du Québec police academy is 3 minutes' drive away.

Appendix E – Selected Comparables As-Is Market Value

15 Monash Cv Ln, Upper Cape, NB E4M 2V6



NINE 2-BEDROOM COTTAGES ON 3.36 ACRE WATERVIEW LOT!
This property has been run as a cottage rental business with both nightly rentals and monthly rentals. Each cottage contains a kitchen, dining area, living room, 2 good-sized bedrooms, and a full bathroom. There is also a separate laundry room building. A large open lawn in the front with views of the water and a short walk to the beach. (to be subdivided from PID 831248).

Chalets Rendez Vous Cottages



WATERFRONT | 2 PARCELS | ACREAGE | SEPARATE WATERFRONT HOME | PAVED ROAD | YEAR-ROUND POTENTIAL Exclusive Waterfront Cottage Rental Business Opportunity in Prince Edward Island Available for Sale. This thriving recreational cottage enterprise, nestled in the heart of Acadian Lobster Country, presents a rare investment prospect. 11 meticulously maintained housekeeping cottages ranging from 2 to 4 bedrooms. Perched along the serene shores of the Northumberland Strait, the property offers breathtaking views and includes additional amenities such as a guest laundromat and a dedicated office building.

Dream Weavers Cottages



Dreamweavers Cottages and Home Place Vacation Home in Rusticville offers a 3-star holiday home with a swimming pool and stunning sea views. Free WIFI is available throughout the property. Modern Amenities: Guests can enjoy a heated pool, terrace, and patio. The property features a children's playground, barbecue facilities, and free on-site parking.

8685 Cavendish Road Cavendish, PE C0A 2E0

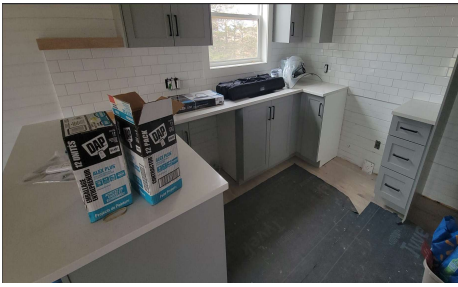
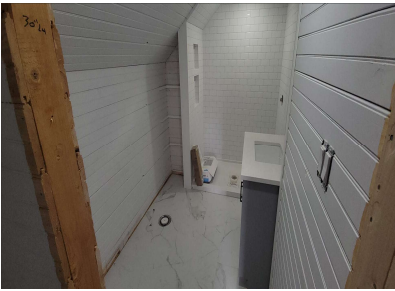


This retail establishment offers approximately 5,500 sq. ft. of prime commercial space, including a former gift shop, a self-contained rental unit, and endless possibilities for retail ventures. With 5,500 sq. ft. of space, this property provides ample room for your business to thrive, whether it's expanding an existing enterprise or launching a new venture.



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Appendix F – Photographs of Subject Property

		
Site View	Site View	Site View
		
Cottages	Cottages	Cottages
		
Interior Kitchen	Interior Bathroom	Interior Bedroom



Appendix G – Registry Details

• 90 MCCARDLE RD CHELTON

Year	Description	Document Type	Document Number	Book	Page	County	Consideration
2024	MECHANICS' LIEN	57	4675	3513		2	
2023	MORTGAGE	51	3829	3484		2	
2023	DEED	11	3828	3484		2	\$1,100,000.00
2009	DEED	11	4996	3143		2	\$1.00
1997	DEED	11	3374	687	11	2	\$0.00
1985	DEED	11	19853305	361	13		
1979	DEED	11	19791684	234	141		
1978	DEED	11	19784638	229	29		
1978	DISCHARGE, RELEASE OR SATISFACTION (i.e. MORTGAGE, MECHANICS' LIEN)	61	19784637				
1977	MORTGAGE	51	19772829	201	17		
1975	DEED	11	19753524				
1975	DEED	11	19752400				
1975	DEED	11	19750360				
1974	DEED	11	19740618				
1973	DEED	11	19732566	162	106		

• 171 MCCARDLE RD CHELTON

Year	Description	Document Type	Document Number	Book	Page	County	Consideration
2024	MORTGAGE	51	2198	3501		2	
2024	MORTGAGE	51	2197	3501		2	
2024	DEED	11	2192	3501		2	\$870,000.00
2022	DEED	11	4105	3457		2	\$78,000.00



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● 163 MCCARDLE RD CHELTON

Year	Description	Document Type	Document Number	Book	Page	County	Consideration
2024	DISCHARGE, RELEASE OR SATISFACTION (i.e. MORTGAGE, MECHANICS' LIEN)	61	2709	3503		2	
2024	DISCHARGE, RELEASE OR SATISFACTION (i.e. MORTGAGE, MECHANICS' LIEN)	61	2708	3503		2	
2024	MORTGAGE	51	256	3492		2	
2024	MORTGAGE	51	255	3492		2	
2024	MORTGAGE	51	2193	3501		2	
2024	DEED	11	2192	3501		2	\$870,000.00
2022	DEED	11	4105	3457		2	\$78,000.00

● 185 MCCARDLE RD CHELTON

Year	Description	Document Type	Document Number	Book	Page	County	Consideration
2024	OTHER ASSIGNMENTS	68	2196	3501		2	
2024	MORTGAGE	51	2195	3501		2	
2024	DEED	11	2192	3501		2	\$870,000.00
2022	DEED	11	4105	3457		2	\$78,000.00



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LPA Applications Databank

Application Number: N6614A Application Date: Thursday, April 11, 2024 Applicant/Purchaser: Kenneth Dunn Present/Former Owner: Homeworld Improvement Parcel Number: 1157007 Location: Chelton Lot: 26 Number of Acres: 0.34 Water Course: 0 Shore Frontage: 0 Road: McCardle Road Road Frontage: 120 Intended Use: Commercial Recommendation Forwarded to Minister: Monday, April 22, 2024 Executive Council Decision: Approval EC Decision Date: Tuesday, April 30, 2024 Condition Expiry Date: EC Order Number: EC2024-366 Click here to view map	Application Number: N6614B Application Date: Thursday, April 11, 2024 Applicant/Purchaser: Kenneth Dunn Present/Former Owner: Homeworld Improvement Parcel Number: 1156991 Location: Chelton Lot: 26 Number of Acres: 0.34 Water Course: 0 Shore Frontage: 0 Road: McCardle Road Road Frontage: 120 Intended Use: Commercial Recommendation Forwarded to Minister: Monday, April 22, 2024 Executive Council Decision: Approval EC Decision Date: Tuesday, April 30, 2024 Condition Expiry Date: EC Order Number: EC2024-366 Click here to view map	Application Number: N6614B Application Date: Thursday, April 11, 2024 Applicant/Purchaser: Kenneth Dunn Present/Former Owner: Homeworld Improvement Parcel Number: 1156991 Location: Chelton Lot: 26 Number of Acres: 0.34 Water Course: 0 Shore Frontage: 0 Road: McCardle Road Road Frontage: 120 Intended Use: Commercial Recommendation Forwarded to Minister: Monday, April 22, 2024 Executive Council Decision: Approval EC Decision Date: Tuesday, April 30, 2024 Condition Expiry Date: EC Order Number: EC2024-366 Click here to view map
Application Number: C9491A Application Date: Thursday, April 11, 2024 Applicant/Purchaser: 2771029 Ontario Inc. Present/Former Owner: Homeworld Improvement Parcel Number: 1157007 Location: Chelton Lot: 26 Number of Acres: 0.34 Water Course: 0 Shore Frontage: 0 Road: McCardle Road Road Frontage: 120 Intended Use: Commercial Recommendation Forwarded to Minister: Monday, April 22, 2024 Executive Council Decision: Approval EC Decision Date: Tuesday, April 30, 2024 Condition Expiry Date: EC Order Number: EC2024-391 Click here to view map	Application Number: C9491B Application Date: Thursday, April 11, 2024 Applicant/Purchaser: 2771029 Ontario Inc. Present/Former Owner: Homeworld Improvement Parcel Number: 1156991 Location: Chelton Lot: 26 Number of Acres: 0.34 Water Course: 0 Shore Frontage: 0 Road: McCardle Road Road Frontage: 120 Intended Use: Commercial Recommendation Forwarded to Minister: Monday, April 22, 2024 Executive Council Decision: Approval EC Decision Date: Tuesday, April 30, 2024 Condition Expiry Date: EC Order Number: EC2024-391	Application Number: C9491B Application Date: Thursday, April 11, 2024 Applicant/Purchaser: 2771029 Ontario Inc. Present/Former Owner: Homeworld Improvement Parcel Number: 1156991 Location: Chelton Lot: 26 Number of Acres: 0.34 Water Course: 0 Shore Frontage: 0 Road: McCardle Road Road Frontage: 120 Intended Use: Commercial Recommendation Forwarded to Minister: Monday, April 22, 2024 Executive Council Decision: Approval EC Decision Date: Tuesday, April 30, 2024 Condition Expiry Date: EC Order Number: EC2024-391