VALUATION OF CERTAIN ASSETS OF DOMINION CITRUS INCOME FUND

VALUATION AS AT MARCH 31, 2016

Klein Farber
Corporate Finance Inc.
MEMBER OF FARBER FINANCIAL GROUP

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May 10, 2016

Private & Confidential

Dominion Citrus Income Fund
165 The Queensway, Suite 302
Toronto, Ontario
M8Y 1H8

Attention: Mr. Peter McLaughlin, Chairman

Dear Sir:

Re: Valuation of Certain Assets of Dominion Citrus Income Fund

INTRODUCTION

We understand that Dominion Citrus Income Fund (the "Fund") has accepted an unsolicited, non-binding letter of intent to acquire certain of the assets of the Fund (the "Proposed Transaction"), subject to the negotiation and execution of a definitive agreement of purchase and sale. The Proposed Transaction includes (i) the common shares of Dominion Citrus Limited ("DCL" or the "Company"), (ii) the Participating Notes issued by DCL and held by the Fund, and (iii) the option of the Fund to acquire all of the shares of Dominion Farm Produce Limited ("Dominion Farm") (the "Option"), together referred to herein as the "Offeree Securities".

We further understand that the Proposed Transaction constitutes a related party transaction as that term is defined in Multilateral Instrument 61-101 ("MI 61-101") and therefore requires a formal valuation of the Offeree Securities be prepared in accordance with Part 6 thereof. Klein Farber Corporate Finance Inc. ("Klein Farber") has been asked to prepare this valuation report ("Report") in order to assist the Trustees of the Fund in meeting their fiduciary duties and obligations under applicable laws and securities regulations, including the provisions pertaining to MI 61-101.

Subject to the terms of the engagement, Klein Farber has consented to the inclusion of the Report in its entirety, in any management information circular provided to unitholders of the Fund or other documents filed with the securities commissions or regulatory authorities in the

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applicable jurisdictions of Canada. This Report may not be circulated for any other purpose than that indicated, without the writer's prior written consent.

ENGAGEMENT

Klein Farber, an experienced independent professional business valuation firm, was formally engaged by the Fund on March 11, 2016. Klein Farber is to be paid $25,000 for the Report. Klein Farber's conclusions were developed, and this Report has been prepared, in conformity with the Practice Standards of the Canadian Institute of Chartered Business Valuators and conforms to the rules as set out in MI 61-101.

INDEPENDENCE

The reported analyses, opinions and conclusions are those of Klein Farber and are limited only by the key assumptions and restrictions listed herein.

Klein Farber has no direct or indirect, present or prospective interest in the Fund, DCL, or any of their subsidiaries or affiliated companies and is independent within the meaning given to this term in MI 61-101. Specifically, Klein Farber has no personal interest in the parties involved, and has received no instructions and was subject to no limitations imposed by any party. Further, Klein Farber's compensation is not contingent upon the conclusions reached by Klein Farber in the Report or on any action or event resulting from analyses, opinions or conclusions contained in, or the use of, this Report including the completion of the Proposed Transaction.

Specifically Klein Farber confirms that none of Klein Farber or its affiliates:

1. is an "issuer insider", "associated entity" nor an "affiliated entity" of the Fund, DCL, or any "interested party" as each such term is used in MI 61-101;

2. is acting as an advisor to the Fund or DCL in connection with the Proposed Transaction;

3. is a member of any soliciting dealer group formed in connection with the Proposed Transaction;

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4. has a financial incentive with respect to the conclusions reached in the Report or the outcome of the Proposed Transaction or has a material financial interest in the completion of the Proposed Transaction; or
5. is the external auditor of the Fund, DCL, or any “interested party”.

Within the past 24 months, Klein Farber has provided valuation services to DCL, which constitute prior valuations within the definition of paragraph 6.8 of MI 61-101. On November 25, 2015, Klein Farber provided an estimate of the *en bloc* value of DCL and of its Dominion Farm Produce Ltd. subsidiary (“Dominion Farm”) as at September 30, 2015. On October 15, 2014, Klein Farber provided an estimate of the *en bloc* value of DCL and of Dominion Farm as at September 30, 2014. In addition, on August 18, 2014, Klein Farber provided an estimate of the *en bloc* value of DCL and of Dominion Farm as at March 31, 2014. All of these prior valuations are summarized herein.

CONCLUSION

As per the attached Report and schedules and subject to the assumptions, restrictions and scope of our work as set out herein, we are of the opinion that the fair market value of the Offeree Securities as at March 31, 2016, is in the range of $7.10 million to $15.06 million with a midpoint of $11.08 million.

Yours very truly,

"Blair Roblin" "Nathan Treitel"

Blair Roblin, CBV
Klein Farber Corporate Finance Inc.

Nathan Treitel, CBV
Klein Farber Corporate Finance Inc.

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DEFINITIONS

Valuation

Fair market value is the monetary consideration that, in an open and unrestricted market, a prudent and informed buyer would pay to a prudent and informed seller, each acting at arm's length with the other and under no compulsion to act.

Adjusted net book value is defined as the equity that results when intangible assets are removed from an unadjusted balance sheet and all other assets and liabilities are restated to fair market value.

Goodwill is defined in valuation terminology as an intangible asset of a business when the business has value in excess of its net identifiable assets. Simply put, goodwill is the difference between the fair market value of a business and its adjusted book value.

Redundant assets are assets not required in the operations of a business in order to achieve its current level of profitability and, therefore, these assets are considered to be in excess of the value of the operating assets of the business.

Tangible asset backing (TAB) is the value of the operating assets minus operating liabilities of a business and excludes redundant assets and debt. TAB is not a primary valuation technique but rather it is generally used in conjunction with an income-based technique to assess the downside risk of a going concern.

VALUE DEFINITION

Given the purpose of this Report, the term "value" in the report shall refer to Fair Market Value, as defined above.

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RESTRICTIONS

This Report is not to be used for any purpose other than that outlined herein without our prior written consent. We do not assume any responsibility or liability for losses occasioned to you, the Fund, the Company, their respective shareholders or any third parties as a result of the use of our Report contrary to the provisions of this paragraph.

Klein Farber has relied upon, without audit or independent verification, financial and non-financial information provided to us by DCL's management ("Management") or obtained from public sources, and we offer no assurances thereto.

Value has been determined based on a notional marketplace. The actual price at which a sale of the Offeree Securities could take place in the open market may be higher or lower than a notional value, and only when a business interest is exposed for sale can the price be quantified with any degree of certainty.

No special purchasers have been identified in the marketplace, being those purchasers who, for their own particular economic reasons, would be prepared to pay a higher price for the Offeree Securities or their underlying assets than would otherwise be available in the marketplace.

We reserve the right, but will be under no obligation, to review all calculations included or referred to in this Report and, if considered necessary, to revise this Report in light of any existing information that subsequently becomes known to Klein Farber after the date of this Report.

A value is determined at a specific point in time. Our value conclusions are as at the Valuation Date indicated herein. If the Offeree Securities were to be valued at a date other than that indicated, a different value conclusion may be reached.

In accordance with Part 6 of MI 61-101, we have not included in the Report any downward adjustment to reflect the liquidity of common shares of DCL and the effect of the Proposed Transaction.

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This Report does not constitute a recommendation to invest in or divest of business interests or shares of DCL or other Offeree Securities.

SCOPE OF ANALYSIS

In preparing this report, Klein Farber has reviewed and relied, in part, upon the following:

1. External audited financial statements for DCL for the fiscal years ended December 31, 2010 – December 31, 2015, with comparatives;
2. Internal financial statements for DCL, by business segment, for the fiscal years ended December 31, 2010 – December 31, 2015;
3. Management's internal consolidated financial statements, by business segment, for the period ended March 31, 2016;
4. The preliminary high-level segmented budget for the 2016 fiscal year;
5. Management's updated forecast for the 2016 fiscal year provided in Q1 of 2016;
6. Management's summary of non-recurring and discretionary expenses incurred in each of the last five fiscal years and expected to be incurred in the current 2016 fiscal year;
7. For each business segment, an analysis of revenue by customer for each of the last three fiscal years;
8. For each business segment, an analysis of cost of sales by supplier for each of the last three fiscal years;
9. Management's analysis of overhead expenses by business segment;
10. Lease agreements relating to the facilities leased by the Company at the Ontario Food Terminal ("OFT");

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11. An agreement between DCL and the Fund dated February 14, 2014, granting the Fund the option to acquire the shares of Dominion Farm Produce Limited at Fair Market Value (the "Option Agreement");

12. Management's estimate of costs that would be incurred were the Company to undergo an orderly liquidation;

13. Management's estimate of the financial impact of the liquidation of the Ontario Food Terminal business on the operating results of the other divisions of the Company;

14. Other financial and non-financial information pertaining to the Company;

15. Independent research into current economic conditions and the industry in which the Company operates;

16. Research undertaken to identify publicly traded companies and transactions involving companies comparable to DCL; and

17. Discussions with and information provided by:
    a. Mr. Paul Scarafile, President & CEO, DCL;
    b. Mr. John Kovacs, Director of Finance, DCL;
    c. Ms. Emily Jiang, Financial Controller, DCL;
    d. Mr. Peter McLaughlin, Trustee, Dominion Citrus Income Fund;
    e. Mr. Michael Blair, Trustee, Dominion Citrus Income Fund;
    f. Mr. Chris Wallace, Trustee, Dominion Citrus Income Fund;
    g. Mr. Michael Hanley, Partner, Torkin Manes LLP, legal counsel to the Fund; and
    h. Mr. Donald Sheldon, Partner, Dickinson Wright LLP, legal counsel to DCL.

In preparing the Report, Klein Farber has relied upon a written letter of representation from the Management stating that, among other things, (i) they have read a draft of our Report dated May 10, 2016, and are not aware of any errors, omissions or misrepresentations of facts, which might have an impact on our conclusions therein; (ii) to the best of their knowledge, all of the information provided orally or in writing to Klein Farber by DCL is complete, true and correct in all material respects and does not contain any untrue statement of a material fact in respect of

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DCL or the Proposed Transaction, (iii) unless disclosed to Klein Farber in writing, the information does not omit any material fact in respect of DCL or the Proposed Transaction and (iv) since the Information was provided to DCL, no material changes have occurred in the information, or in factors surrounding the Proposed Transaction, or any part thereof which would have, or which would reasonably be expected to have, a material effect on the conclusions contain in the Report.

ASSUMPTIONS

Our analysis is based upon the following major assumptions:

Management's updated 2016 operating forecast and assumptions regarding longer-term financial & operating results represent the best estimate of future operating results as at the Valuation Date.

The financial position of DCL as at March 31, 2016, was accurately represented by the interim internal balance sheet as provided by Management.

The fair market values of the assets and liabilities of DCL and each of its divisions are equal to their respective net book values, unless otherwise noted.

The financial debt obligations of the DCL rank in priority to the common and preferred equity of the Company.

As at the Valuation Date, the net working capital levels attributed to each business unit reflected the normal working capital levels required to support those respective business units.

Unless otherwise noted, all inter-segment business transactions were conducted at market rates and reflect required services that would otherwise need to be provided by a third party.

There have been no non-recurring, unusual or discretionary expenses incurred over the time frame reviewed in our report, except as noted herein.

DCL does not have significant undisclosed liabilities, contingent liabilities, contractual obligations, substantial commitments or litigation pending or threatened at the Valuation Date or

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at present, other than those disclosed herein, and that would be expected to arise in the ordinary course of business.

The Company does not have any redundant assets or liabilities with the exception of those noted herein.

Klein Farber has made many assumptions with respect to the industry, business and economy and other matters in preparing this Report. Although believed to be appropriate in the circumstances, because of the inherent nature of these assumptions, some or all of them may prove to differ from those actually experienced by the Company in the future.

Other assumptions are as noted throughout this Report and accompanying schedules.

Unless otherwise specified, all figures are in Canadian dollars.

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BACKGROUND

Dominion Citrus Limited

DCL is a company resident in the Province of Ontario. Through a number of business units, DCL is engaged in fresh produce wholesaling and food processing businesses in Ontario and Québec. The Company offers fresh produce procurement, processing, repacking, warehousing, and distribution services. The Company also imports and sells fresh fruits and vegetables and packages, markets, and distributes fresh produce under the Country Fresh brand. It also provides private label packaging services to supermarket chains and independent food retailers. In addition, it imports, ripens, monitors, and controls the maturation of bananas and other tropical produce including pineapples, avocados, mangoes, limes and papayas, which are sold to retail and food service customers. DCL also provides value added services, such as grading, bagging, colour sorting, packaging, and storage for retail and food service customers.

The Company was founded in 1935 and is headquartered in Toronto, Canada. DCL is a wholly owned subsidiary of the Fund, a public entity traded on the Toronto Stock Exchange (TSX:DOM.UN).

Operations

The operations of the Company are conducted through the following subsidiaries and business units:

Dominion Citrus Distribution (DCD)
DCL's largest division, DCD, began operations in 1935. The division operates out of the Ontario Food Terminal (OFT) in Toronto and sources and imports fresh fruits and vegetables from around the world, distributing them to customers primarily in Ontario and Quebec.

DCD's fixed assets include primarily warehousing equipment such as forklifts, crates and refrigeration units.

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A significant intangible asset not recorded on DCD's balance sheet is its long-term lease of two stalls at the OFT. It is our understanding that currently, all the stalls at the terminal are fully utilized and stalls become available for lease very infrequently. Furthermore, based on discussions with Management it is our understanding that a presence at the terminal is necessary for the Company to be a successful distributor of produce in the province of Ontario. Management has represented that there is sufficient excess capacity at the OFT facility to significantly increase distribution volumes should the opportunity present itself.

DCD also leases a number of trucks it uses to deliver produce to its customers. The trucks are operated by drivers who are on DCD's payroll. Trucks used to import produce from California, Arizona, Florida and other North American locations are brokered by DCD.

The division sells to produce retailers including Highland Farms, T&T Supermarkets and Longos. During fiscal 2015, DCD lost programs with revenue totalling approximately $6 million. Management expects some of this lost revenue to be recovered in fiscal 2016. However, it is uncertain how long it will take the division's revenues to recover from these losses.

DCD employs approximately 38 unionized and non-unionized employees. It is our understanding that a new collective bargaining agreement has recently been signed with the union and that historically labour relations have been good. The number of full-time employees has remained fairly constant over the last several years.

DCD purchases approximately 75% of its inventory from U.S. based sources. The business pays for these purchases in US Dollars which it buys at prevailing spot rates, leaving it exposed to fluctuations in the $US / $CAD exchange rate for 21-25 days.

The business segment is headed by a general manager with 30 years of industry experience who is responsible for overseeing the sales and procurement efforts of DCD. Over the last several years there has been a gradual increase in profitability as management has focused on procurement and margin enhancement.

Dominion Farm

Since 1956, Dominion Farm has been operating in Bradford, Ontario. The subsidiary packages, markets and distributes fresh produce from the Holland Marsh area under the "Country Fresh"

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brand, as well as undertaking other private label packaging. The business is managed by Tony Tomizza who has over 30 years of experience at this facility and is the son on the former owner of the business prior to its acquisition by DCL.

The subsidiary focuses primarily on more resilient, longer life produce, e.g., carrots, onions, beets and parsnips. We understand that due to the proximity of the facility to the fertile Holland Marsh area as well as the quality of Management's long-term relationship with local farmers, the business is able to provide high quality produce. The division also imports certain vegetables it does not grow, or as needed to match supply and demand, mostly from the United States. Recent bankruptcies of carrot growers in Georgia have resulted in a supply shortage and Dominion Farm may be forced to discontinue supplying some of its existing carrot customers.

Dominion Farm's customers include most large national supermarket chains, as well as a number of smaller independent food retailers. Customers are price sensitive, which occasionally results in price wars and customers moving their business to other distributors.

Historically the division employed workers under the foreign worker labour program which created ample supply of quality employees at lower rates. The cancellation of the program in 2014 has seen labour costs rise and EBITDA margins decline.

The subsidiary has historically operated out of a 32,000 square foot owned facility in Bradford, which housed sorting lines, packaging lines and warehousing equipment. It is our understanding that this location is landlocked.

In February 2015, a fire broke out at the building destroying two rooms in the facility. As a result, Dominion Farm had to relocate its activities to a nearby facility. It is our understanding that just prior to the Valuation Date the construction activity had been completed and operations had relocated back to the owned facility. The Company filed an insurance claim relating to the fire and has been fully reimbursed for business interruption, lost fixed assets and building restoration. The renovation and acquisition of new assets have resulted in a significant increase in the net book value of the division's fixed assets as compared with a year prior.

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Country Fresh Packaging (Country Fresh)

Country Fresh Packaging provides value-added services including grading, bagging, colour sorting, packaging and storage for retail and food service customers. It has been in operation since 1976. The division operates out of a 7,000 square foot leased facility in Toronto, Ontario. This facility houses the packaging, sorting and grading equipment. It is our understanding that during certain seasons throughout the year volumes processed by the business unit are constrained by the refrigeration capacity available at the facility.

Historically, the majority of Country Fresh's volumes related to its Moroccan clementine program as well as the tomato sorting program for McDonalds Canada, which has been in existence for over 10 years. Country Fresh's largest customer is Martin-Brower of Canada Inc., a distributor for McDonalds. Together with the Moroccan clementine program, these two customers accounted historically for approximately 85% of sales prior to fiscal 2014. The clementine program was discontinued in mid fiscal 2014 along with a significant lemon grading and bagging program. These losses have resulted in the division's top line declining significantly in fiscal 2014 and 2015 as compared with fiscal 2013. While Management has successfully begun selling a number of new products (e.g., pepper SKUs) to major customers like FreshCo and Sobeys, uncertainty remains as to the division's ability to replace the entire volume lost with the termination of these two programs.

Meschino Banana Company (Meschino)

Established in 1920, the Meschino Banana Company currently operates in Toronto, Ontario. It imports, ripens, monitors and controls the maturation of bananas. Meschino also handles other tropical produce such as lime, pineapple and mango for retail and food service customers across Ontario. The business was owned by Joe Meschino until its purchase by the Company approximately 12 years ago. The division operates out of a facility in central Toronto, the lease for which was recently renewed for a five year period. The facility contains specialized rooms used to ripen the bananas. The division also owns a number of trucks for delivery to smaller independent customers.

Meschino sells to many of the same customers served by DCD but maintains its own relationships with those organizations and their buyers.

It is our understanding that while there are a number of banana importers active in the province, only a small number of them have ripening facilities that enable them to ensure delivery of the product at the exact "life-cycle" moment desired by their customers. Nevertheless, based on discussions with Management, it is our understanding that the business of Meschino is highly competitive and has experienced the occasional price war over the last few of years. A number of existing and significantly larger produce distributors only recently began trading in tropical fruit, further increasing competition in the industry. The business is also very relationship driven and the division relies on the experience of its management and brokers to maintain their relationships with the buyers of its various customers.

Les Aliments Dominion Citrus Limitee (Bo-Fruits)

Bo-Fruits, a Quebec City based distributor of fresh produce, was acquired in February 2004 (as Distribution Bo-Fruits Inc.). This company provides geographic and customer base diversification in the Quebec marketplace. Bo-Fruits is a niche business that caters to smaller retail players, providing high quality produce at premium pricing in a slightly less competitive environment. The company's general managers have been successful at adapting the business to the demands of their customers and introducing new products and new suppliers as needed. It is our understanding that the relationships of the general managers are key to driving the sales of the business and that this is reflected in an incentive bonus plan that has been made available to management. The business operates out of an owned facility and owns a number of trucks used to deliver produce to its customers.

Corporate Division

Dominion's corporate division consists of the overhead functions required to plan, manage and oversee the operations of the various business units. These include various administrative functions including such as information technology, accounting, legal, human resources and senior management including the CEO and Director of Finance.

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SUMMARY OF FINANCIAL POSITION

Schedule 4 provides a summary of the Company's segmented and consolidated financial position as at March 31, 2016.

As at March 31, 2016, the Company's net trade working capital stood at approximately $0.8 million, consisting of approximately $7.6 million in current assets and $6.8 million in current liabilities and representing a trade current ratio of approximately 1.1.

The net book value of DCL's property, plant and equipment is comprised of land and building, transportation equipment, manufacturing equipment, and furniture, fixtures and computer equipment. The assets of Dominion Farm and Bo-Fruits accounted for 74% and 18%, respectively, of the net book value as at March 31, 2016. We note that the net book value of the land and building held by Dominion Farm as at the Valuation Date was approximately $2.5 million resulting from the fact that major portions of the building were reconstructed recently due to the fire in early 2015.

Other liabilities include an intercompany payable to the Fund in the amount of approximately $2,700,000 reflecting accrued interest on the notes payable less expenses incurred by DCL on behalf of the Fund.

Goodwill relates primarily to the acquisition of Bo Fruits. We note that there is likely considerable value attached to the agreement for the lease of the stalls at the OFT, however this value is not reflected on the Company's balance sheet.

As at December 31, 2015, the Company's pool of net operating losses for tax purposes and Undepreciated Capital Costs ("UCC") to be used to reduce future taxes payable stood at approximately $4.7 million and $2.7 million, respectively.

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As at the Valuation Date, the Company's interest bearing debt included approximately $121,000 in capital leases, $19.3 million in long-term debt in the form of notes held by the Fund, and $4.2 million in accrued interest owing on those notes.

DCL's equity includes both common and preference shares. The preference shares with a redemption value of $2.7 million and their related accrued but unpaid interest of $750,000 were recorded as liabilities on the Company's balance sheet in accordance with accounting principles.

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SUMMARY OF HISTORICAL AND FORECAST OPERATING RESULTS

Schedule 5 provides a summary of the consolidated historical and forecast operating results for DCL. Summary income statements for the individual business segments can be found in Schedules 6 – 10.

Revenues between 2010 and 2015 ranged from $67.5 million to $75.8 million. Revenues in fiscal 2016 are forecast to be approximately $71.8 million.

We note that the fluctuation in revenues reflects a mature and competitive industry where weather impacts the supply and demand for the Company's products and DCL is a "price taker" in the market place dictated in the main by larger economic forces. These factors have played a role in fluctuations in the financial results of each of the Company's business units in the last several years.

The gross margins earned by the Company are impacted by market pricing, customer demand and DCL's ability to push a portion of the cost increases through to its customers. Gross margins have been fairly stable in recent years with annual gross margins in fiscal 2012, 2013, 2014 and 2015 being 19.2%, 19.0%, 20.2% and 19.4%, respectively. The gross margin in the first quarter of fiscal 2016 was 18.8% and the gross margin for fiscal 2016 has been forecast by Management to be 18.9%. Gross margins have increased slightly from 2010 and 2011 levels due to Management efforts to "buy smarter" by negotiating better pricing and purchasing from closer suppliers in order to reduce transportation costs.

Operating costs have ranged from 16.4% to 19.7% of sales in fiscal years 2010 – 2015. Operating costs have been forecast to be 17.2% of sales in fiscal 2016. Management made significant efforts to reduce indirect costs and overhead costs in fiscal 2012 and 2013, resulting in lower operating costs, particularly in the general and administrative category.

Operating profit before legacy costs ranged from (1.5%) to 2.9% of revenues in fiscal years 2010 – 2015. Operating profit before legacy costs has been forecast to be approximately 1.7% in fiscal 2016. Legacy costs include non-recurring and non-operating expenses such as costs

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relating to litigation proceedings, the Company's Preference Shares and participating notes and IFRS conversion.

Depreciation during the 2010 – 2015 fiscal years ranged from $478,000 to $503,000. Depreciation in fiscal 2016 has been forecast at approximately $532,000.

EBITDA before legacy costs ranged from (0.8%) to 3.5% of revenues in fiscal years 2010 – 2015 and has been forecast to be approximately 2.4% in fiscal 2016.

Long-Term Projections

Management does not prepare long-term projections beyond the next fiscal year. However, Management did provide us with their view with regards to a number of financial operating metrics which we used to develop our own future projections.

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BASIS OF VALUATION - VALUATION APPROACH AND TECHNIQUES

Companies can be valued using either liquidation or going concerns approaches:

Liquidation Approaches

Liquidation approaches are generally used when the subject company is not profitable and is unlikely to return to profitability, or when the return on assets generated by the subject company is lower than could be obtained on the net cash proceeds from liquidation.

The orderly liquidation approach is an example of an asset based approach. The orderly liquidation approach involves adjusting the book values of the subject company's assets and liabilities (including intangible assets that are separable and saleable) to reflect their current fair market values, taking into consideration all realization costs such as sales commissions and any relevant taxes on disposition. Operating costs during the liquidation period, as well as any associated severance costs are also considered, on a net of tax basis.

Going Concern Approaches

Going concern approaches are used in cases where a company's operations are deemed to be viable and the company is earning an adequate rate of return on its assets. Going concern approaches can be broken down into:

- Asset approaches
- Income approaches
- Market approaches

Asset based approaches

Asset based approached are used to value going concern enterprises in cases where the value of a business is derived primarily from the values of the underlying assets (such as in the case of a holding company or a real estate investment company) or in cases where one believes the subject company to be a going concern, but there are no historical earnings, EBITDA or cash flows to be capitalized under the income approach.

The adjusted net book value approach is an example of an asset based approach. The adjusted net book value approach involves adjusting the book values of the subject company's assets

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and liabilities to reflect their current fair market values (which take into consideration all realization costs such as sales commissions and any relevant taxes on disposition). In applying the adjusted book value approach goodwill and the intangible assets carried on the company's balance sheet are generally eliminated, unless the values of these intangible assets can be reasonably determined.

Another example of an asset approach is the cost approach. The cost approach uses the concept of replacement cost as an indicator of fair market value, the underlying assumption being that an arm's length party would pay no more for an asset than the amount for which the asset could be replaced with a new one. Replacement refers to obtaining a similar product or service providing identical outcomes or utility.

Income based approaches

Underlying the income based approaches is the premise that the value of a company is tied to its ability to generate future income. Examples of income based approaches include capitalization of earnings, capitalization of cash flows and discounted cash flows, each of which is appropriate in its own special circumstances.

The capitalization of earnings involves dividing normalized earnings from operations by a capitalization rate reflecting the risk associated with achieving those earnings compared to alternative investments readily available in the marketplace and adding back the value of any assets redundant to operations.

The capitalization of cash flows technique is a short form discounted cash flow whereby an appropriate capitalization rate is applied to indicated after-tax discretionary cash flows from operations. The present value of future tax savings associated with available capital cost allowances and eligible capital amounts along with the net realizable value of redundant assets on hand are added to the capitalized amount to derive an overall value for the business.

The discounted cash flows method involves estimating future net discretionary cash flow on a year by year basis and discounting the cash flow estimates to present value using an appropriate rate of return. This technique is useful where cash flows are not expected to be consistent and stable from year to year such that a yearly analysis becomes more accurate. It

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attempts to specifically quantify the future prospects over the discount period through a forecast of prospective operating results, with the discount rate reflecting the risk of achieving the forecasted results.

More specifically, the discounted cash flow method is comprised of the following steps:

- Forecasting cash flows for a discrete number of years;
- Discounting the discrete cash flows to the present using a discount rate that considers the risk associated with achieving those cash flows;
- Calculating a residual value for the business by forecasting the terminal period cash flows and estimating the terminal growth rate into perpetuity;
- Combining the present value of the residual value and the present value of the discrete cash flows to determine the Operating Enterprise Value of the company;
- Adding the value of any assets redundant to operations to derive the Enterprise Value of the subject company; and
- Deducting interest bearing debt to arrive at the implied Equity Value for the subject company.

Market based approaches

Underlying the market based approaches to value is the premise that similar businesses have similar underlying economics, and it is therefore possible to determine the value of a business based on financial or operating metrics of other similar companies. Examples of market based approaches include the comparable company transaction method and the comparable trading public company method. In either case, the subject company is valued based on financial / operating metrics of other companies deemed to be most comparable to it.

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SELECTED VALUATION METHODOLOGY

As noted in the *Introduction* section above, the assets of the Fund to be sold as part of the Proposed Transaction include, in addition to all of the common shares of DCL, the Participating Notes issued by DCL and held by the Fund and the Option to acquire Dominion Farm. With regards to the value of the Participating Notes and the Option we note the following:

- The Proposed Transaction contemplates the acquisition of debt in the form of the Participating Notes which are owed by DCL and currently held by the Fund. At December 31, 2015, the participating notes were carried as a liability on the balance sheet of DCL at $19,258,000 plus accrued interest. The history and status of the participating notes are more fully described in the notes to DCL's financial statements, as filed publicly on the System for Electronic Document and Retrieval (SEDAR). The Fund eliminates the participating notes from its balance sheet for consolidation purposes but records the amounts in the notes to its financial statements at December 31, 2015. For valuation purposes, the Proposed Transaction provides for the acquisition of the creditor rights of the Fund as well as the debtor obligations of DCL associated with the participating notes, with a net effect of nil.
- Dominion Farm is owned 100% by DCL. As such, the acquisition of the Option to purchase Dominion Farm from DCL provides no incremental value to the group of assets being acquired in the Proposed Transaction.

Based on the above we have determined that the value of the assets to be acquired pursuant to the Proposed Transaction is represented by the fair market value of the shares of DCL.

In valuing the shares of DCL we considered both going concern and liquidation approaches. The consolidated Company has been consistently profitable and is expected to remain so. However, in the current circumstances, the liquidation approach examines the benefits of eliminating certain overhead expenses at the corporate level, combined with the proceeds of the sale of the long-term OFT leases.

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The valuation methodologies used in the context of the going concern approach include the following:

1. A Discounted Cash Flow methodology based on Management's high-level forecast, which represents an income based approach. We consider this method to be appropriate given the expected continuation of profitability.

2. A "Sum of the Parts" approach, i.e., summing the values of the respective business segments. In employing the Sum of the Parts approach we have utilized the capitalized EBITDA methodology and the adjusted net book value methodology to value each of the underlying business segments. In essence, the Sum of the Parts approach values each of the business segments on a standalone basis, assuming existing business relationships (customers, suppliers, management) remain in place.

In the context of a liquidation approach we utilized an orderly liquidation methodology.

Underlying the use of the orderly liquidation methodology is the view that the DCD operations are not generating an adequate return on assets and that a higher value for these operations could be obtained by a sale of the long-term lease at OFT. Given the dependency of other business units on the existence of a physical presence at the OFT, liquidation of OFT is likely to result in the disposition or discontinuation of other divisions of the Company and the corporate functions.

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VALUATION OF DOMINION CITRUS LIMITED

Discounted Cash Flow Methodology

The following provides a brief description of the application of the discounted cash flow methodology as detailed in Schedule 2:

Forecast

Management's updated 2016 forecast along with projected revenue growth and financial operating assumptions were used to develop a multi-year projection that served as a basis for our discounted cash flow analysis.

We discussed with Management the process undertaken to create the 2016 forecast as well as their major assumptions underlying the 2016 forecast and projected results beyond 2016. Based on our discussions with Management and our review of the historical and year-to-date 2016 results, we believe that Management's projections are not unreasonable, though dependent on numerous factors outside their direct control.

The major assumptions impacting the projections beyond the current fiscal year include the following:

- A 2.0% annual revenue growth rate; and
- A 2.2% annual EBITDA margin, lower than the 2.4% projected for fiscal 2016 but greater than the EBITDA margin of 1.7% achieved in fiscal 2015.

Free Cash Flow Determination

In estimating Dominion's free cash flow we used the projected EBITDA based on Management's assumptions and made the following adjustments:

- Depreciation of $500,000 was deducted to arrive at the unlevered pre-tax income, in fiscal years post 2016. The annual depreciation was estimated based on the average annual depreciation recorded in the last five fiscal years;

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- Taxes on the pre-tax income were calculated by taking into consideration the projected EBITDA, the prevailing tax rate (26.5%), the Company's existing balance of net operating losses for tax purposes as at the Valuation Date of approximately $4.7 million and the estimated UCC balance of $2.7 million;

- Depreciation and capital expenditures were then added back to the after-tax income. Annual capital expenditures were estimated at $400,000 based on the average annual capital expenditures incurred in the last five fiscal years and Management's budgeted capital expenditures for fiscal 2016. In the terminal period, depreciation was assumed to be equal to capital expenditures net of the tax shield thereon;

- Incremental trade working capital requirements were calculated based on 2% of revenues. The assumptions were based on discussions with Management and an analysis of monthly working capital requirements over the 30 months prior to the Valuation Date.

Discount Rate Selection

The discrete cash flows were then discounted back to the Valuation Date using discount rates reflective of the risk associated with the cash flows. In particular, in determining the appropriate discount rate to use in valuing DCL we considered the following:

- DCL is active in a stable and mature industry;

- Management has made significant improvements to operations in recent years;

- In recent fiscal years the DCD and Country Fresh divisions have lost major customers that account for significant portions of their respective revenues, a fact that is reflected in the fiscal 2015 results and the 2016 forecast;

- The Company maintains a diverse customer and supplier base;

- The Company has generated low operating profit (EBITDA) in recent years and has significant negative retained earnings;

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- The Company is subject to operating and financial fluctuations stemming from the impact of extreme climate conditions;

- The Company is subject to commodity pricing (produce, transport) and foreign currency fluctuations;

- The Company's significant tangible asset backing and implied goodwill when taking into consideration the expected market value of leases for the stalls at the OFT; and

- Other rates of return available in the marketplace.

We concluded on a discount rate range of 12%-16% which we believe appropriately reflects the risk of achieving the cash flows projected in our analysis.

Terminal Value

- A terminal value was calculated based on a range of 7.1X –10.0X the estimated cash flow in the terminal period, a 2.0% terminal growth rate and the selected discount rates. The terminal cash flow was estimated based on the cash flow in the last year of the discrete forecast (2016), less taxes at the prevailing rate of 26.5% and working capital investment equal to 2% of revenues.

- The terminal value was discounted to the Valuation Date and added to the present value of the discrete cash flow forecast to arrive at our estimate of the range of the operating enterprise value of DCL of approximately $6.9 million to $9.5 million.

Enterprise Value

To the operating enterprise value we added DCL's average annual cash balance as we have assumed that the excess cash balance is redundant to operations and the Company.

The estimated present value of the unutilized capital cost (UCC) balance at the beginning of the terminal period was also added to the operating enterprise value range.

Based on the above we estimate the enterprise value range for DCL to be approximately $10.1 million to $12.8 million.

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Total Equity Value

From the enterprise value we deducted the short and long-term capital lease amounts to arrive at the total equity value range of DCL under the discounted cash flow methodology of $10.0 million to $12.7 million.

As noted in the *Selected Valuation Methodology* section above, since the Proposed Transaction contemplates the acquisition of both the debtor and creditor rights and obligations associated with the Participating Notes, we have determined their value in the context of the transaction at nil and valued the total equity of DCL without deducting the value of the Participating Notes.

Value Conclusion – Discounted Cash Flow Methodology

The Proposed Transaction includes the acquisition of the common shares and not the Series A Preference Shares (the "Preference Shares) of DCL. As such, the common share value would normally be subject to the prior claim of the Preference Shares. However, we note the following with regard the prior claim of the Preference Shares:

1. We assume that the Participating Notes will remain outstanding. Because the Participating Notes are a debt instrument, we have assumed that they rank in priority to the Preference Shares and, because the face value of the notes is in excess of the value of the equity of DCL, the residual value accruing to the Preference Shares would be nil or only nominal.

2. On May 7, 2015, an action (the "Action") was commenced in the Ontario Superior Court of Justice by Solar Harvest Company Ltd. (the "Plaintiff") against DCL, claiming that DCL is indebted to the Plaintiff in an amount equal to $2.25 per Preference Share plus accrued dividends since June 30, 2009, plus interest and costs. We understand from counsel for DCL that, were the matter to be decided in favour of the Plaintiff, the liability to DCL could be approximately $3 million, including claims of other Preference Shareholders. While DCL intends to defend the action and believes that it has a sound defense to the claim, counsel is not in a position to estimate the probability of a successful defense or the magnitude of any damages resulting.

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Based on the foregoing, we are not able to provide a probability-weighted estimate of the value of the Preference Shares, but have used a range from $0 to $3 million, representing the range of outcomes that may be determined through the legal process.

Based on the above we have determined the value range for the common shares of DCL under the discounted cash flow methodology to be in the range of $7.0 million to $12.7 million with a midpoint of $9.8 million.

Sum of the Parts Methodology

We have also viewed DCL as a holding company and valued it based on the sum of the values of its individual segments.

Based on discussions with Management and a review of the historical financial results of each of the business units, we believe that each of the units would be profitable, albeit only marginally so in certain circumstances, and accordingly the sum of the parts valuation reflects the value of each of the respective business units as a going concern.

We have used the capitalized EBITDA methodology to value each of the operating business units and then compared this to the adjusted net book value of each of the business units, with the fair market value of each being determined based on the methodology yielding the highest outcome. The following provides a brief description of the application of the Sum of the Parts methodology as detailed in Schedule 3:

Capitalized EBITDA valuation of the business segments

The historical and budgeted operating results for each of the business segments can be found in Schedules 6 – 10. The capitalized EBITDA valuation of each of the business segments can be found in Schedules 6.1 – 10.1.

- Historical and budgeted operating results for each segment were normalized for non-recurring, discretionary and non-cash items as per discussions with Management.
- A range of normalized EBITDA was selected taking into consideration historical results, the forecast budget, maturity of operations, fluctuations in supply and demand for

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produce and pricing variances and production variances due to climate conditions. We note that in normalizing the income statement of Dominion Farm we have not adjusted the financial results of fiscal 2015 for the business interruption proceeds received as we have assumed that the division would have achieved the same financial results, including this amount, but for the fire that destroyed part of its facility.

- In order to notionally value each of the business segments separately, we deducted from our selected range of normalized EBITDA additional overhead costs that would need to be incurred were the businesses to operate efficiently on a stand-alone basis. Such overhead costs include finance and IT staff, accounting and legal costs and senior sales functions. The adjustments, as detailed in the notes to Schedules 6.1 - 10.1 were determined based on discussions with Management. We understand that Bo Fruits currently operates on a stand-alone basis and accordingly no additional expenses were deducted from its normalized EBITDA.

- The selected maintainable EBITDA after deduction of corporate costs was multiplied by an EBITDA multiple reflective of the risk of achieving the maintainable EBITDA range. Our considerations in the selection of the EBITDA multiples have been detailed in the notes to Schedules 6.1 – 10.1.

- For the purposes of the individual segmented analysis we have assumed that all the cash on the Company's balance sheet as at the Valuation Date belonged to corporate division, as each of the business segments would be able to finance its operations through an operating line backed by accounts receivable and inventory. The existing cash and long-term debt balances (excluding capital leases) were taken into consideration, in their entirety, in the "corporate division". Accordingly, with the exception of those business units with capital leases directly associated with their operations, the equity value and enterprise value of the business units were identical.

<u>Adjusted net book value of the business segments</u>

The adjusted net book value of each of the business segments can be found in Schedules 6.2 – 10.2.

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- With certain exceptions, the fair market values of the assets and liabilities of each of the business segments were assumed to be equal to their respective net book values.

- For the purposes of the individual segmented analysis we have assumed that all the cash on the Company's balance sheet as at the Valuation Date belonged to the corporate division, as each of the business segments would be able to finance its operations through an operating line backed by accounts receivable and inventory. The existing cash and long-term debt balances (excluding capital leases) were taken into consideration, in their entirety, in the "corporate division". Accordingly, with the exception of those business units with capital leases directly associated with their operations, the equity value and enterprise value of the business units was identical.

<u>Valuation conclusion for each of the business segments</u>

For each of the business segments, we compared its Capitalized EBITDA value with its Adjusted Net Book value. We concluded that the Capitalized EBITDA value represented the highest value for Dominion Farm, Meschino Banana and Bo Fruits and the Adjusted Net Book value represented the highest value for DCD and Country Fresh.

<u>Valuation of the corporate assets & liabilities of DCL</u>

We reviewed the segmented balance sheet provided to us (Schedule 4) and added the value of the net assets of the corporate division, as follows:

- The trade working capital and fixed assets allocated to each of the business units was assumed to be required in order to achieve our estimated maintainable EBITDA and are therefore captured in the enterprise value of the respective business segments and not included as corporate assets.

- The trade working capital and fixed assets specific to the corporate division, along with the total cash and capital leases of the corporate division were assumed to be equal to their respective net book values.

- DCL's net operating losses for tax purposes of approximately $4.7 million were not allocated to individual business segments and were assumed to reside at the corporate level. These net operating losses were valued using a range of 0% to 26.5%, reflecting

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the prevailing 26.5% Ontario active business income corporate tax rate and expected timing and probability of utilization ranging from 0% to 100%.

- The existing estimated UCC balance of approximately $2.7 million has been valued based on the present value of its expected tax shield going forward using a 26.5% tax rate, a 12.5% CCA rate and a discount rate range of 12% to 16%.

Based on the above, we estimated the value the corporate net assets of DCL to be approximately $2.3 million to $3.5 million.

Valuation of the corporate operations of DCL

From the value of the individual business segments we deducted the negative value associated with maintaining the holding company structure required to oversee the various business segments.

- The negative value was calculated by capitalizing the after-tax costs associated with DCL's corporate overhead. The corporate overhead was estimated based on discussions with Management and a detailed review of the corporate expenses of the last five fiscal years. In conducting our review we eliminated annual corporate expense incurred in connection with the Fund, non-recurring items such as IFRS transition costs, one-time legal costs associated with litigation, and non-cash items such as depreciation. We also reduced the annual salary costs by the amounts already allocated to the individual business segments so as to ensure we were not double counting these expenses.

  Based on our analysis, the adjusted corporate overhead ranged from approximately $500,000 to $925,000 over the five year historical period.

- We then tax-effected our average annual corporate overhead of $900,000 by the prevailing corporate tax rate of 26.5% and capitalized this after-tax figure using a 12% - 16% discount rate as determined in our discounted cash flow analysis in Schedule 2.

Based on the above, we estimated the cost to run the corporate operations of DCL (effectively a cost centre) into perpetuity to be approximately ($6.6) million to ($4.7) million.

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Total Equity Value

Based on the above, we estimated the total equity value the DCL under the sum of the parts approach to be approximately $10.3 million to $16.5 million.

As noted in the *Selected Valuation Methodology* section above, since the Proposed Transaction contemplates the acquisition of both the debtor and creditor rights and obligations associated with the Participating Notes, we have determined their value in the context of the transaction at nil and valued the total equity of DCL without deducting the value of the Participating Notes.

Value Conclusion – Sum of Parts Methodology

From the total equity value we deducted the value of the Preference Shares to arrive at the value of the DCL common shares. As noted in the Discounted Cash Flow Methodology section, we have valued the Preference Shares using a range from $0 to $3 million, representing the range of outcomes that may be determined through the legal process currently being pursued.

Based on the above we have determined the value range for the common shares of DCL under the Sum of Parts methodology to be in the range of $7.3 million to $16.5 million with a midpoint of $11.9 million.

Liquidation Methodology

As noted above, we have considered an orderly liquidation methodology in our liquidation valuation analysis. The following provides a brief description of the application of the orderly liquidation methodology as detailed in Schedule 11:

The segmented balance sheet at March 31, 2016 (Schedule 4), was used in our analysis. The liquidation scenario contemplates the liquidation of the corporate legal entity (DCL) along with the DCD and Country Fresh division whose ongoing viability is questionable without the ability to sell product out of the stalls at the OFT. The Company's other operating divisions including Dominion Farm, Meschino Banana and Bo Fruits are expected to continue to be viable operating entities and each would be sold separately as a going concern.

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Fair Market Value of Dominion Farm, Meschino Banana and Bo Fruits

The fair market values of Dominion Farm, Meschino Banana and Bo Fruits were calculated in Schedules, 12, 13 and 14, respectively.

The maintainable EBITDA of Dominion Farm, Meschino Banana and Bo Fruits business segments as determined in Schedules 7.1, 9.1 and 10.1, respectively, was adjusted to reflect the potential impact of losing the volume of business presently conducted with the assistance of the assets of the DCD division.

- In fiscal 2015 Dominion Farm had sales of approximately $2.5 million to the DCD division. In recent years Dominion Farm has averaged gross margins of approximately 28%. As sales to the DCD account for only 15% of sales of the Dominion Farm division, we have assumed that even in the extreme case of a loss of the entire $2.5 million sales volume, overhead operating costs could not be materially reduced. Accordingly, we estimate that the Dominion Farm division could lose up to $700,000 in EBITDA if it were unable to replace any of its lost sales to DCD.

- In fiscal 2015 Meschino Banana had sales of approximately $8.7 million out of space leased from DCD at the OFT. Based on discussions with Management we understand that without a presence at the OFT the division would realize a significant decline in sales and there are limited and infrequent opportunities to lease alternative stall space at the terminal.

  In recent years Meschino Banana has averaged gross margins of approximately 15%. Accordingly, the Meschino Banana division could potentially lose a gross margin of up to $1.3 million. However, given that Meschino Banana sales from the terminal account for approximately 80% of the division's sales, Management is of the view that under this scenario overhead costs would be reduced by approximately 80% (or approximately $1 million). Accordingly, we have concluded that the Meschino Banana division could potentially lose up to $305,000 in EBITDA were it unable to replace any of its sales lost as a result of losing access to the OFT.

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- As Bo Fruits does not trade with DCD, liquidation of DCD is assumed to have no impact on the business of that division.

- The ultimate impact of liquidating DCD (net of sales volumes they would be able to recover from other sources) on each of these divisions is difficult to determine. We have therefore ranged the potential impact from nil to the maximum impact noted above, with the maximum impact being deducted from the low end of our previously selected maintainable EBITDA ranges.

Under the liquidation scenario, the EBITDA multiples selected in Schedules 7.1, 9.1 and 10.1 were reduced by 0.5X on both the high and low ends of the value range. As compared with the going concern approached, these lower multiples reflect the risks associated with selling through a liquidation process that involves compressed time lines, replacement of sales channels (without OFT) and dislocation regarding certain supplier relationships.

Based on the above we concluded on a value range for the saleable business of $6.2 to $12.5 million.

<u>Assets & Liabilities of the Liquidated Business Units</u>

The net after-tax realizable value of assets of the business units being liquidated (corporate, DCD and Country Fresh) were determined as follows:

- We assumed that the net book value of each of the tangible assets fairly represents its respective fair market value and adjusted cost base for tax purposes;
- Liquidation recoveries were estimated at 85% for accounts receivable, 50% for inventory, 0% for prepaid amounts and 100% for fixed assets;
- The value of the stalls, while not recorded on the balance sheet for accounting purposes, was estimated at $3.5 million based on the last publicly available data regarding a transaction relating to a similar asset;
- Disposition costs were estimated at 5% of the recoverable amounts; and
- Income taxes on the net recoverable amounts were calculated using the 26.5% prevailing corporate tax rate on active business income.

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From the net after-tax proceeds, capital lease obligations were deducted to arrive at the net after-tax proceeds from liquidation of approximately $5.3 million. Accounts payable in the amount of approximately $2.36 million were not deducted from the net proceeds on the assumption that these amounts would not be payable under a liquidation scenario, since the security under the Participating Notes would rank ahead of unsecured payables due to the trade.

Liquidation Costs

Based on discussions with Management we considered additional one-time costs that would be realized in connection with a liquidation scenario including employee severance costs, contract termination costs, legal and other professional fees relating to the liquidation process and operating costs expected to be incurred over a six month period as operations are wound down and the business units and DCL corporate shell are wound down.

The specific assumptions relating to the liquidation costs are detailed in the notes to Schedule 11 and are based on discussions with Management and the Trustees of the Fund. Liquidation costs have been reflected net of tax of 26.5%.

Total Equity Value

Summing the capitalized value of the saleable business units, the net after-tax realizable value of assets and liabilities of the business units being liquidated and the liquidation costs, we conclude on an equity value range for DCL of $10.0 to $16.0 million.

As noted in the *Selected Valuation Methodology* section above, since the Proposed Transaction contemplates the acquisition of both the debtor and creditor rights and obligations associated with the Participating Notes, we have determined their value in the context of the transaction at nil and value the total equity of DCL without deducting the value of Participating Notes.

Value Conclusion – Liquidation Methodology

From the enterprise value we deducted the value of the Preferred Shares to arrive at the value of the DCL common shares. As noted in the Discounted Cash Flow Methodology section, we have valued the Preferred Shares using a range of $0 million to $3 million, representing the range of outcomes that may be determined through the legal process currently being pursued.

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Based on the above, we estimate the value range for the common shares of DCL under the Liquidation Methodology and in the context of the Proposed Transaction to be approximately $7.0 million to $16.0 million.

DCL Value Conclusion

While profitable on a consolidated basis, certain of the Company's divisions have not been profitable or only marginable profitable. In addition, the sale of corporate assets and the elimination of corporate overheads justify consideration of a liquidation methodology in our valuation analysis. We believe that under the circumstances an appropriate value range for DCL should consider all three methodologies outlined above.

Averaging the value conclusions for each of the three methodologies we conclude on a value range for the common shares of $7.10 million to $15.06 million with a midpoint of $11.08 million.

We note that the wide range in our value conclusion is due primarily to the uncertainty related to (i) the narrow profit margins of the business, for which slight fluctuations imply significant changes in value, (ii) the potential loss of business to remaining going concern businesses as a result of the liquidation of the DCD business and (iii) the uncertainty around the Preference Share value in the context of ongoing litigation.

PRIOR VALUATIONS

On November 25, 2015, Klein Farber provided an estimate of the *en bloc* value of DCL and of its Dominion Farm subsidiary as at September 30, 2015. DCL was valued on an enterprise value basis in a range between $10.3 and $13.5 million with a midpoint of $11.9 million. Enterprise value in this context represents the value of all equity (common and preference shares) before deducting outstanding debt. Primary valuation methodologies included discounted cash flow, which was based on management's projections, and adjusted net book value, which considered the value of DCL's assets at fair market value. After deducting funded debt with a face value of approximately $24 million, the equity value of DCL (representing both common and Preference Shares) was estimated at nil or of only nominal value. The Dominion

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Farm subsidiary was valued on a standalone basis in a range between $7.9 million and $9.8 million, with a midpoint of $8.9 million. Dominion Farm was valued on an enterprise value basis, i.e., without the assumption of funded debt, using the capitalized EBITDA methodology. This methodology applies a multiple or capitalization rate to an estimate of maintainable EBITDA to arrive at an enterprise value.

On October 15, 2014, Klein Farber provided an estimate of the *en bloc* value of DCL and of Dominion Farm as at September 30, 2014. DCL was valued on an enterprise value basis, where Enterprise value represents the value of all equity (common and preference shares) before deducting outstanding debt. Primary valuation methodologies included discounted cash flow, which was based on management's projections, and Sum of Parts, which is similar to an adjusted net book value methodology. The average of these two methodologies produced a range between $9.9 million and $15.1 million with a midpoint of $12.5 million. After deducting funded debt with a face value of approximately $23 million, the equity value of DCL (representing both common and Preference Shares) was estimated at nil or of only nominal value. The Dominion Farm subsidiary was valued on a standalone basis in a range between $8.3 million and $9.2 million, with a midpoint of $8.8 million. Dominion Farm was valued on an enterprise value basis, i.e., without the assumption of funded debt, using the capitalized EBITDA methodology. This methodology applies a multiple or capitalization rate to an estimate of maintainable EBITDA to arrive at an enterprise value.

On August 18, 2014, Klein Farber provided an estimate of the *en bloc* value of DCL and of Dominion Farm as at March 31, 2014. DCL was valued on an enterprise value basis, where Enterprise value represents the value of all equity (common and preference shares) before deducting outstanding debt. Primary valuation methodologies included discounted cash flow, which was based on management's projections, and Sum of Parts, which is similar to an adjusted net book value methodology. The average of these two methodologies produced a range between $8.5 million and $13.6 million with a midpoint of $11.0 million. After deducting funded debt with a face value of approximately $23 million, the equity value of DCL (representing both common and Preference Shares) was estimated at nil or of only nominal value. The Dominion Farm subsidiary was valued on a standalone basis in a range between $7.9 million and $9.7 million, with a midpoint of $8.3 million. Dominion Farm was valued on an

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enterprise value basis, i.e., without the assumption of funded debt, using the capitalized EBITDA methodology. This methodology applies a multiple or capitalization rate to an estimate of maintainable EBITDA to arrive at an enterprise value.

CONCLUSION

As per the foregoing and the attached schedules and subject to the assumptions, restrictions and scope of our work as set out herein, we are of the opinion that the fair market value of the Offeree Securities as at March 31, 2016, is in the range of $7.10 million to $15.06 million with a midpoint of $11.08 million.

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Dominion Citrus Limited **Schedule 1**
Estimate of Value as at March 31, 2016
Summary of Values
$CDN

	Reference	Low	Midpoint	High
Value of Dominion Citrus Limited Common Shares[1]				
Discounted Cash Flow	Schedule 2	6,980,000	9,830,000	12,680,000
Sum of Parts	Schedule 3	7,320,000	11,915,000	16,510,000
Liquidation Scenario	Schedule 11	7,000,000	11,500,000	16,000,000
Value Conclusion		**7,100,000**	**11,080,000**	**15,060,000**

Notes:

1. As more fully discussed in the Report, the fair market value of the DCL common shares is equal to the fair market value of the Offeree Securities, including the DCL common shares, the Participating Notes and the Option to Purchase Dominion Farm.

Dominion Citrus Limited
Estimate of Value as at March 31, 2016
Going Concern Value - Discounted Cash Flow Methodology
$CDN

		Note / Reference	2015	2016	Jan. - Mar. 2016	Mar. - Dec. 2016	2017	2018	2019	Residual Value
Revenue		Note 1	**69,510,000**	**71,768,000**	**18,356,290**	**53,411,710**	**73,203,360**	**74,667,427**	**76,160,776**	**77,683,991**
							2.0%	*2.0%*	*2.0%*	*2.0%*
Normalized EBITDA		Note 1	**1,172,055**	**1,725,582**	**595,496**	**1,130,086**	**1,610,474**	**1,642,683**	**1,675,537**	**1,709,048**
- Margin - %			1.7%	2.4%	3.2%	2.1%	*2.2%*	*2.2%*	*2.2%*	*2.2%*
Less: Depreciation		Note 2		531,582	113,200	418,382	500,000	500,000	500,000	346,930
EBIT				**1,194,000**	**482,296**	**711,704**	**1,110,474**	**1,142,683**	**1,175,537**	**1,362,118**
Less: Income Taxes @	26.50%	Note 3				-	-	-	(241,338)	(360,961)
After-Tax Earnings						**711,704**	**1,110,474**	**1,142,683**	**934,199**	**1,001,157**
Add: Depreciation		Note 2		531,582	113,200	418,382	500,000	500,000	500,000	346,930
Less: Capital Expenditures		Note 2		(392,000)	(302,000)	(90,000)	(400,000)	(400,000)	(400,000)	(346,930)
Less: Changes in non-cash working capital		Note 4				(916,484)	(28,707)	(29,281)	(29,867)	(30,464)
Free Cash Flow						**123,602**	**1,181,767**	**1,213,402**	**1,004,332**	**970,692**
Terminal growth	2.0%									
Residual Value - Low	7.14	Note 5								**6,933,517**
Residual Value - High	10.00	Note 5								**9,706,924**
Present value factor - Low	16.0%	Note 6				0.9456	0.8302	0.7157	0.6170	0.6170
Present value factor - High	12.0%	Note 6				0.9582	0.8676	0.7746	0.6916	0.6916
Present Value of Cash Flows - Low						116,881	981,157	868,467	619,681	4,278,036
Present Value of Cash Flows - High						118,436	1,025,276	939,930	694,625	6,713,585

	Note / Reference	Low	High
Sum of Present Value of Future Cash Flows		**6,864,222**	**9,491,852**
Cash & equivalents	Note 7	2,826,830	2,826,830
Value of CCA Pool	Note 8	411,389	478,555
Enterprise Value		**10,102,441**	**12,797,237**
Capital Leases	Schedule 4	(50,531)	(50,531)
Capital Leases - Long-Term	Schedule 4	(70,244)	(70,244)
Long-Term Debt	Schedule 4 / Note 9	-	-
Accrued Interest on Long-Term Debt	Note 9	-	-
Equity Value		**9,981,666**	**12,676,462**
Less: Value of Preference Shares	Note 10	(3,000,000)	-
Value of Common Shares		**6,981,666**	**12,676,462**
Value of Common Shares - Rounded		**6,980,000**	**12,680,000**

Notes

1. Based on Management's estimate. The forecast for the remaining nine months of 2016 reflect Management's forecast for the 2016 year less the actual results of months January-March.
2. Capital expenditures have been forecast based on the average annual capital expenditures in recent years, as well as the capital expenditures estimated by Management in its fiscal 2016 forecast. The capital expenditures in the terminal period have been reflected net of the tax shield associated therewith. Depreciation has been forecast based on the average annual depreciation over recent years, as well as the depreciation estimated by Management in its fiscal 2016 forecast. We have assumed that depreciation in the terminal period will be equal to capital expenditures.
3. We understand that the Company's losses for tax purposes as at December 31, 2015 stood at approximately $4.67 million. We have calculated a tax continuity schedule s assuming that the Company's net operating losses will be utilized over the next three years during the discrete cash flow projection period. Based on the opening balance of net operating losses and Management's forecast, we have estimated that the losses with be utilized midway through the 2019 fiscal year.
4. Based on discussions with Management and a review of historical monthly working capital balances we have estimated average working capital requirements at 2% of sales.
5. Calculated based on the Gordon Growth Formula: 1/(Discount Rate - Terminal Growth Rate).
6. In selecting the discount rate range we considered the following factors, amongst others:
   - Dominion is active in a stable and mature business
   - Management has made significant improvements to operations in recent years
   - Diverse customer and supplier base
   - Subject to operating and financial fluctuations stemming from the impact of extreme climate conditions
   - Subject to commodity pricing (produce, transport) and foreign currency fluctuations
   - Other rates of return available in the market place
7. Based on an analysis of historical working capital, we have estimated that the trade working capital balance as at March 31, 2016, was approximately $900,000 lower than normal based on the average working capital investment during the 12 months prior to the Valuation Date. We note that the discounted cash flow analysis reflect a significant working capital investment in the remaining portion of fiscal 2016 to cover this working capital deficit. Accordingly, we have treated the entire cash balance at the Valuation Date as redundant to operations and assumed that any future working capital
8. Based on the projections in the discounted cash flow, we have estimated that the Company will utilize its current tax losses through 2019. Accordingly we have valued the tax shield related to unutilized capital cost allowances at the end of fiscal 2018 and discounted the value to the Valuation Date utilizing the discount rates contemplated above. In calculating the value of the tax shield in the terminal period we considered the opening UCC balance as at December 31, 2015, annual forecast capital expenditures, a 26.5% tax rate, a discount rate range of 12% to 16% and a 12.5% blended CCA rate.
9. Based on discussions with Management it is our understanding that as at the Valuation Date the intercompany accounts on DCL's balance sheet included approximately $2.73 million in net accrued interest relating to the notes held by Dominion Citrus Income Fund ($4.2 million in accrued interest less $1.47 million in amounts payable by the Fund to DCL). This amount, along with the principal balance of approximately $19.2 million have been eliminated as their respective values would net to nil upon consolidation with the assets of the Fund.
10. The rights associated with the Preference Shares and their ranking relative to the long-term debt are currently the subject of litigation. involving the Company and various stakeholders. As we have not been provided us with an estimate of the likely outcome of the litigation, we have ranged the value of these shares from nil to $3.0 million, being the sum of $2.3 million in principal and $0.75 million in related accrued interest.

Dominion Citrus Limited
Estimate of Value as at March 31, 2016
Adjusted Net Book Value (Sum of Parts) Valuation
$CND

		Note / Reference	Book Values	Fair Market Value	
				Low	High
Value of Operating Businesses					
Dominion Citrus Distribution		Schedule 6.1		3,559,990	3,559,990
Dominion Farm		Schedule 7.1		7,920,000	9,800,000
Country Fresh		Schedule 8.1		265,630	265,630
Meschino Banana		Schedule 9.1		740,000	1,140,000
Bo Fruits		Schedule 10.1		2,200,000	2,930,000
Total Value of Business Units	**A**			**14,685,620**	**17,695,620**
Corporate Assets & Liabilities					
Cash		Schedule 4 / Notes 1, 2	(221)	1,915,500	1,915,500
Accounts Receivable		Schedule 4 / Note 1	114,649	114,649	114,649
Inventory		Schedule 4 / Note 1	-	-	-
Prepaids		Schedule 4 / Note 1	(65,401)	(65,401)	(65,401)
Fixed Assets		Schedule 4 / Note 1	49,684	49,684	49,684
Accounts Payable		Schedule 4 / Note 1	(43,765)	(43,765)	(43,765)
Capital Leases		Schedule 4 / Note 1	(34,976)	(34,976)	(34,976)
Net operating Losses		Note 3	-	-	1,237,815
Value of UCC Balances		Note 4	-	316,904	368,643
Long-Term Debt		Schedule 4 / Notes 1, 5	(19,257,532)	-	-
Accrued Interest		Schedule 4 / Note 5	-	-	-
Total Corporate Assets - Net	**B**			**2,252,594**	**3,542,148**
Capitalized Value of Corporate Operations					
	C	Note 6		**(6,615,000)**	**(4,725,000)**
Adjusted Net Book Value	**A+B+C**			**10,323,213**	**16,512,768**
Less: Value of Preferred Shares		Note 7		(3,000,000)	-
Value of Common Shares				**7,323,213**	**16,512,768**
Value of Common Shares - Rounded				**7,320,000**	**16,510,000**

Notes

1. The book values of all assets and liabilities have been assumed to be represetantive of their respective fair market values, unless otherwise noted.
2. For the purposes of our analysis we have assumed that the entire cash amount on the Company's balance sheet as at the Valuation Date belonged to the corporate division, which would distribute / loan funds to the various divisions as needed. Based on an analysis of historical working capital, we have estimated that the trade working capital balance as at March 31, 2016, was approximately $900,000 lower than normal based on the average working capital investment during the 12 months prior to the Valuation Date and accordingly deducted this amount from the cash balance. The remaining amount of the cash balance of approximately $1.8 million has been assumed to be redundant to operations.
3. We have valued the Company's net operating losses based on a probability range of 0% to 26.5% reflective of the prevailing 26.5% tax rate and outer range of timing and likelihood of utilization.
4. The existing estimated UCC balance of approximately $5.0 million has been valued based on the present value of its expected tax shield going forward using a 26.5% tax rate, a 12%-16% discount rate range and a 12.5% CCA rate.
5. Based on discussions with Management it is our understanding that as at the Valuation Date the intercompany accounts on DCL's balance sheet included approximately $2.73 million in net accrued interest relating to the notes held by Dominion Citrus Income Fund ($4.2 million in accrued interest less $1.47 million in amounts payable by the Fund to DCL). This amount, along with the principal balance of approximately $19.3 million have been eliminated in our analysis as the Proposed Transaction contemplates the acquisition of both the rights to repayment and the obligations of repayment regarding the debt and accrued interest.
6. The corporate overhead has been valued based on an annual expense level of approximately $0.9 million (as a privately held corporation) less taxes at a 26.5% tax rate. The after tax corporate expenditures have been capitalized using the Gordon Growth Model assuming a discount rate range of 12% - 16%
7. The rights associated with the Preference Shares and their ranking relative to the long-term debt are currently the subject of litigation. As we have not been provided with an estimate of the likely outcome of the litigation, we have ranged the value of these shares from nil to $3.0 million, being the sum of $2.3 million in principal and $0.75 million in related accrued interest.

Dominion Citrus Limited **Schedule 4**
Estimate of Value as at March 31, 2016
Summary of Historical Financial Position as at March 31, 2016
$ CDN

	Dominion Citrus	**Dominion Farm**	**Country Fresh**	**Meschino Banana**	**AVJC**	**Bo Fruits**	**Corporate**	**Delta**	**Eliminations & Adjustments**	**Consolidated DCL**
Cash	736,402	1,890,787	-8,505	5,305		203,062	-221		0	2,826,830
Accounts receivable	1,554,975	2,202,625	225,135	274,192		1,405,646	114,649		0	5,777,221
Inventory	384,792	717,321	60,951	122,374		303,704	0		0	1,589,142
Prepaid expenses	102,588	118,204	11,507	20,751		24,386	-65,401		0	212,034
Supplier advances	22,508	0	0	0		-	-		0	22,508
Current Assets	2,801,265	4,928,937	289,087	422,622	0	1,936,798	49,026		0	10,427,736
Divisional Interco OFT/CORP/DF/CF	- 234,568	1,478,546	- 228,483	- 6,036	-	-	- 1,009,458	-	0	- 0
Interco Bank	- 1,607,269	6,952,302	564,781	1,734,037	-	-	- 7,643,852	-	0	- 0
I/CO fUND	-	-	-	-	-	-	-2,726,668	-	0	- 2,726,668
Advances to Apple Valley	-	-	-	-	-	-	-	-	0	-
Investment in Apple Valley	-	-	-	-	-	-	-	-	0	-
Investment in MB	-	-	-	-	-	-	-	-	0	-
Interco Corp	-	-	-	-	-	-	-	-	0	-
Interco MB	-		-	-	-	-	-	-	0	-
Interco Delta	-	-	-	-	-	-	-	-	0	-
Investment in Delta Foods	-	-	-	-	-	-	-	-	0	-
Investment in Bo Fruits	-	-	-	-	-	3,802,321	- 2,088,250	-	-1,714,071	-
Interco Natures Best	-	-	-	-	-	-	-	-	0	-
Investment in Natures Best	-	-	-	-	-	-	-	-	0	-
Fixed assets (Net)	238,494	4,151,058	41,551	175,420	-	1,027,365	49,684	-	-51,000	5,632,572
Goodwill	-	-	-	-	-	116,942	-	-	439,232	556,174
Other assets (Deferred Financing & Acq Costs)	-	-	-	-	-	-	-	-	0	-
Total Assets	**1,197,922**	**17,510,842**	**666,936**	**2,326,044**	**-**	**6,883,426**	**(13,369,517)**	**-**	**(1,325,839)**	**13,889,814**
Bank advances - Held cheques	-	-	0	0	0	0	0	0	0	-
Capital leases	-	1,907	0	35,063	0	0	13,560	0	0	50,531
Cheques in transit	0	0	0	0	0	0	0	0	0	-
Accounts payable & accrued liabilities	2,243,367	2,815,794	73,514	819,800	0	851,248	43,765	0	0	6,847,488
Preferred share - Interest payable	0	0	0	0	0	0	749,754	0	0	749,754
Preference share liability	0		0	0	0	0	2,297,588	0	-500	2,297,088
Current Liabilities	2,243,367	2,817,700	73,514	854,864	0	851,248	3,104,667	0	-500	9,944,860
Long-term debt	0	0	0	0	0	0	19,257,532	0	0	19,257,532
Capital leases - Long term	0	0	0	48,828	0	0	21,416	0	0	70,244
Deferred income taxes	0	791,214	0	0	0	0	0	0	0	791,214
Total Liabilities	**2,243,367**	**3,608,914**	**73,514**	**903,691**	**0**	**851,248**	**22,383,615**	**0**	**-500**	**30,063,850**
Share capital	0	0	0	0	0	0	560,281	0	0	560,281
Contributed surplus	0	0	0	0	0	0	160,174	0	0	160,174
Retained earnings	-1,045,445	13,901,928	593,422	1,422,353	0	6,032,178	-36,473,587	0	-1,325,339	- 16,894,490
Total Equity	(1,045,445)	13,901,928	593,422	1,422,353	-	6,032,178	(35,753,132)	-	(1,325,339)	(16,174,035)
Total Liabilities and Shareholders' Equity	**1,197,922**	**17,510,842**	**666,936**	**2,326,044**	**-**	**6,883,426**	**(13,369,517)**	**-**	**(1,325,839)**	**13,889,814**

Notes:

1. Based on Management's internally prepared consolidated financial statements for the period ended March 31, 2016.

Dominion Citrus Limited | **Schedule 5**

Estimate of Value as at March 31, 2016

Consolidated Statement of Historical Operating Results

Years Ended / Ending December 31,

$CND

	Actual [1]						Forecast [2]
	2010	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**
Total Revenue	**67,453,000**	**75,772,000**	**71,124,000**	**75,035,000**	**74,589,000**	**69,510,000**	**71,768,000**
Cost of Sales	55,138,000	61,866,000	57,476,000	60,761,000	59,488,000	55,992,000	58,197,000
Total Gross Profit	**12,315,000**	**13,906,000**	**13,648,000**	**14,274,000**	**15,101,000**	**13,518,000**	**13,571,000**
	18.3%	*18.4%*	*19.2%*	*19.0%*	*20.2%*	*19.4%*	*18.9%*
Operating expenses							
Warehouse & Delivery	7,738,000	7,762,000	7,552,000	8,158,000	8,141,000	7,601,000	-
Selling	1,634,000	1,631,000	1,791,000	1,777,000	1,798,000	1,869,000	-
Import	-	-	-	-	-	-	-
General & Administrative	3,949,320	3,068,601	2,948,900	3,137,319	3,028,502	3,308,945	-
Incentive	-	-	-	-	-	-	-
Total Operating costs	13,321,320	12,461,601	12,291,900	13,072,319	12,967,502	12,778,945	12,377,000
Operating Profit Before Legacy Costs	(1,006,320)	1,444,399	1,356,100	1,201,681	2,133,498	739,055	1,194,000
Legacy Costs [3]	121,680	180,399	181,100	626,681	331,498	144,055	55,000
Operating Profit After Legacy Costs	(1,128,000)	1,264,000	1,175,000	575,000	1,802,000	595,000	1,139,000
Restructuring charges	132,000	1,193,000	27,000	13,000	110,000	-	-
Fixed asset (Gain)/Loss	1,000	39,000	11,000	4,000	7,000	14,000	-
Other income	-	(712,000)	(150,000)	(75,000)	-	-	(131,000)
FX Program (Gain) / Loss	20,000	(12,000)	15,000	-	-	-	-
Goodwill Impairment	-	900,000	-	-	524,000	-	-
Gain on Settlement					(26,000)		-
Gain on insurance recovery - Business interruption	-	-	-	-	(347,000)	(598,000)	-
Gain on insurance recovery - Property, plant & equipment	-	-	-	-	-	(2,939,000)	-
Write-down of Deferred Tax Asset	-	2,244,000	-	-	-	-	-
Write-down of Property, Plant & Equipment	-	-	-	-	-	-	-
Earnings Before Interest & Taxes (EBIT)	**(1,281,000)**	**(2,388,000)**	**1,272,000**	**633,000**	**1,534,000**	**4,118,000**	**1,270,000**
Debenture Interest Expense							
Bank Account Interest Income	(4,000)	(1,000)	(3,000)	(3,000)	(3,000)	(5,000)	
Bank Interest & Service Charges	-	-	-	-			9,000
Preference Share Interest	-	-	-	-			111,000
Interest (Income) / Expense	1,477,000	1,582,000	1,393,000	1,135,000	356,000	312,000	963,000
Earnings Before Taxes (EBT) & Discontinued Operations	**(2,754,000)**	**(3,969,000)**	**(118,000)**	**(499,000)**	**1,181,000**	**3,811,000**	**187,000**
Income Tax Recovery / (Expense)	284,000	(87,000)	-	-	(876,000)	(913,000)	(294,415)
Income / (Loss) from Discontinued Operations	(117,000)	(96,000)	(94,000)	8,000		-	-
Net Income / (Loss)	**(2,587,000)**	**(4,152,000)**	**(212,000)**	**(491,000)**	**305,000**	**2,898,000**	**(107,415)**
Operating Profit Before Legacy Costs	(1,006,320)	1,444,399	1,356,100	1,201,681	2,133,498	739,055	1,194,000
Depreciation	490,000	478,000	503,000	503,000	483,000	433,000	531,582
Normalized EBITDA	**(516,320)**	**1,922,399**	**1,859,100**	**1,704,681**	**2,616,498**	**1,172,055**	**1,725,582**

Notes:

1. External audited financial statements for the fiscal years ended December 31, 2010 through December 31, 2015.
2. Based on Management's forecast for fiscal 2016.
3. Legacy costs include various legal expenses that are non-recurring in nature.

Dominion Citrus Limited **Schedule 6**
Dominion Citrus Distribution Business Unit
Summary of Historical and Forecast Operating Results
Years Ended / Ending December 31
$CND

	Actual [1]						Forecast [2]
	2010	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**
Total Revenue	**30,019,460**	**35,454,159**	**36,204,077**	**35,511,039**	**33,384,117**	**27,685,040**	**28,999,000**
Cost of Sales	26,403,016	30,809,616	31,269,740	31,039,130	28,844,072	23,833,309	24,660,000
Total Gross Profit	**3,616,444**	**4,644,543**	**4,934,337**	**4,471,909**	**4,540,045**	**3,851,731**	**4,339,000**
	12.0%	*13.1%*	*13.6%*	*12.6%*	*13.6%*	*13.9%*	*15.0%*
Operating expenses							
Warehouse & Delivery	2,505,937	2,802,625	2,902,547	3,128,248	2,953,140	2,621,919	
Selling	800,812	848,204	873,928	797,466	806,647	749,242	
Import	169,133	119,685	167,278	154,579	179,857	219,512	
General & Administrative	648,444	523,383	543,695	566,902	518,511	569,819	
Fixed asset (Gain)/Loss	3,370	-	9,119	-	519	5,946	
Incentive	-	97,996	62,630	18,000	20,000	(3,500)	
Total Operating Costs	4,127,696	4,391,893	4,559,197	4,665,195	4,478,674	4,162,938	3,869,000
Operating Profit	(511,252)	252,650	375,140	(193,286)	61,371	(311,207)	470,000
Restructuring charges	60,000	66,275		-	-		
Other income		(712,107)		261	(390)	(24,548)	(7,000)
Earnings Before Taxes (EBT)	**(571,252)**	**898,482**	**375,140**	**(193,547)**	**61,761**	**(286,659)**	**477,000**

Notes:

1. Based on Management's Internal financial statements for the fiscal years ended December 31, 2010 through December 31, 2015.
2. Based on Management's forecast for fiscal 2016.

Dominion Citrus Limited **Schedule 6.1**
Dominion Citrus Distribution Business Unit
Valuation - Capitalized EBITDA Methodology
$CND

	Notes	Actual [1]						Forecast [2]
		2010	2011	2012	2013	2014	2015	2016
Earnings Before Taxes (EBT)		**(571,252)**	**898,482**	**375,140**	**(193,547)**	**61,761**	**(286,659)**	**477,000**
Interest costs								
Earnings Before Interest & Taxes (EBIT)		**(571,252)**	**898,482**	**375,140**	**(193,547)**	**61,761**	**(286,659)**	**477,000**
Depreciation		148,902	84,026	66,241	15,232	62,989	59,225	55,096
EBITDA		**(422,350)**	**982,508**	**441,381**	**(178,315)**	**124,750**	**(227,434)**	**532,096**
Normalizations								
Related party amounts	Note 3							
Restructuring charges		60,000	66,275	-	-	-	-	-
Other income		-	(712,107)	-	261	(390)	(24,548)	(7,000)
Fixed asset (Gain)/Loss		3,370	-	9,119	-	519	5,946	-
Adjusted EBITDA		**(358,980)**	**336,676**	**450,500**	**(178,054)**	**124,879**	**(246,036)**	**525,096**
Selected Maintainable EBITDA - Before Corporate Costs				**(250,000)**		**250,000**		
Additional corporate costs	Note 4			(20,000)		(20,000)		
Selected Maintainable EBITDA - Including Corporate Costs				**(270,000)**		**230,000**		
Multiple	Note 5			5.0		6.0		
Enterprise Value				**-**		**1,380,000**		
Enterprise Value - Rounded				**-**		**1,380,000**		

Notes:

1. Based on Management's Internal financial statements for the fiscal years ended December 31, 2010 through December 31, 2015.
2. Based on Management's forecast for fiscal 2016.
3. Based on discussions with Management, we understand that all intercompany transactions are required for operation and are executed at market rates.
5. Additional corporate costs reflect additional costs, beyond those allocated by the corporate entity to its operating units, that would be required to run the business unit on a stand-alone basis (as a privately held company). We have based our analysis on a detailed review of the corporate costs in each of the last three fiscal years and the budget year, as well as discussions we held with Management to understand the available resources and deficiencies at the business unit level. The additional annual overhead costs estimated to be required for the Dominion Citrus Distribution business unit were assumed to be $20,000 for an IT support service.
6. In selecting the multiple range we considered the following factors, amongst others:
   - DCD's business is stable but low growth
   - Recession resistant business
   - DCD's strategic presence at the food terminal location
   - High tangible asset value (Including the stall lease agreement)
   - Strong customer and supplier relationships due to staff and presence at the food terminal
   - Highly competitive
   - Narrow margins

Dominion Citrus Limited **Schedule 6.2**
Dominion Citrus Distribution Business Unit
Adjusted Net Book Value
$CND

	Notes	Financial Position 31-Mar-16
Cash	Note 1	-
Accounts receivable		1,554,975
Inventory		384,792
Prepaid expenses		102,588
Supplier advances		22,508
Current Assets		**2,064,863**
Fixed Assets (Net)		238,494
Total Assets		**2,303,357**
Accounts payable & accrued liabilities		2,243,367
Total Liabilities		**2,243,367**
Total Equity		**59,990**
Add: Value of Stalls		3,500,000
Adjusted Net Book Value		**3,559,990**

Notes:

1. For the purposes of our analysis we have assumed that all the cash on the Company's balance sheet as at the Valuation Date belonged to corporate division, as each of the business segements would be able to finance its operations through an operating line backed by accounts receivable and inventory.

		Notes		Book Values	Fair Market Value	
					Low	High
Cash		Note 1			-	-
A/R		Note 2	85%	1,554,975	1,321,729	1,321,729
Inventory		Note 2	50%	384,792	192,396	192,396
Prepaid			0%	125,096	-	-
Stalls		Note 3, Note 4		-	3,500,000	3,500,000
Fixed assets		Note 2	100%	238,494	238,494	238,494
Total Gross Proceeds	A			2,303,357	5,252,619	5,252,619
Transaction costs	B	Note 5	5%		(262,631)	(262,631)
Income on disposition					2,686,631	2,686,631
Taxes on disposition	C	Note 6	26.5%		(711,957)	(711,957)
Liabilities	D	Note 7		2,243,367	(2,243,367)	(2,243,367)
Net proceeds from sale of assets	A+B+C+D				**2,034,664**	**2,034,664**
Severance (after-tax amount)		Note 8	26.5%		(527,730)	(527,730)
Contract Termination		Note 9	26.5%		(321,563)	(321,563)
Liquidation Costs		Note 10	26.5%		(183,750)	(183,750)
Ongoning operating costs costs		Note 11	26.5%		(1,838)	(1,838)
Net Proceeds from Liquidation of the Dominion Citrus Distribution Business Unit					**999,784**	**999,784**
Impact on Dominion Farm and Meschino Banana		Note 12			(4,545,000)	-
Net impact of Liquidation of the Dominion Citrus Distribution Business Unit					**(3,545,216)**	**999,784**

Notes

1. For the purposes of our analysis we have assumed that all the cash on the Company's balance sheet as at the Valuation Date belonged to corporate division, as each of the business segements would be able to finance its operations through an operating line backed by accounts receivable and inventory.
2. In the sale of the assets of the business units to be liquidated we assumed the following recovery rates: Receivables - 85% of carrying value, Inventory - 50% of carrying value, Prepaids - 0%, Fixed assets - 100% of carrying value.
3. Reflects the rights associated with a long-term lease agreement granting the Company the right to occupy two stalls at the Terminal. We understand that transactions involving stalls at the Ontario Food Terminal are infrequent and accordingly have valued the stalls based on the most recent transaction involving publicly available information which involved the Company selling the rights to a renewable 99 year lease on two stalls at the Terminal for $3.5 million in 2009.
4. Two saleable business units, Dominion Farm and Meschino Banana, benefit greatly from the sale of their products through the Terminal. Meschino Banana sells the majority of its products from the Terminal and Dominion Farm generates approximately 20% of its revenues from the sale of produce out of the Terminal. Based on discussions with Management, neither business would be financially viable if it did not have the ability to sell out of the Terminal. Accordingly, we have treated the stalls as saleable assets but accounted for the determintal impact on the business of other busines sunits in note nine below.
5. Transaction costs relating to both the sale of individual assets and business units have been estimated at 5% of market value.
6. We have assumed that no capital gains will be realized on the disposition of capital property and all proceeds of disposition will be taxed as income at the prevailing Ontario corporate tax rates.
7. Liabilities relating to the business unit have been assumed to be repaid in a liquidation scenario.
8. Employee notice and severance amounts for the business unit being liquidated has been calculated by management at approximately $718,000 based on the current complement of employees, legal requirements in the Province of Ontario and provisions of the collective bargaining agreement under which the employees are unionized. We have reflected this amount net of a 26.5% income tax recovery.
9. Management estimates future payments on existing property and equipment operating leases to be approximately $1.75 million. We have estimated the cost of termination of these lease agreements to be approximately 25% of future payments and reflected this amount net of a $26.5% tax recovery.
10. Liquidation costs (legal and regulatory) have been estimated at $250,000 and have been reflected net of a 26.5% tax recovery.
11. It has been assumed that the liquidation would take place on an orderly basis in order to minimize the negative impact on the Dominion Farm and Meschino Banana division, and accordinly the operations of the OFT business could continue to run for up to six months after commencement of the liquidation proceedings. We have assumed that the business would continue to run for three months with a negative operating income (based on 2015 and budgeted 2016 results) of $10,000 / month. We have reflected this loss net of a 26.5% tax recovery.
12. We have incorporated the negative impact of the liquidation of the Dominion Citrus Distribution business unit on Dominion Farm and Meschino Banana on the low end of our value range as on the high end of our range we have assumed that the lost sales of these business units could be replaced in the marketplace at similar margins. The impact on the Meschino Banana and Dominion Farm at the low end of our value range has been calculated as follows:

	Dominion Farm	Meschino Banana	Total Impact
Lost Revenues	**$ 2,500,000**	**$ 8,700,000**	**$ 11,200,000**
Margin on Revenues (%)	28.0%	15.0%	17.9%
Lost Gross Margin	**$ 700,000**	**$ 1,305,000**	**$ 2,005,000**
Overhead Reductions	$ -	$ (1,000,000)	$ (1,000,000)
Lost Operating Profit	**$ 700,000**	**$ 305,000**	**$ 1,005,000**
Multiple	4.75	4.00	2.27
Lost Value	**$ 3,325,000**	**$ 1,220,000**	**$ 4,545,000**

The lost revenues for Dominion Farm reflect the revenues generated in fiscal 2015 through the sale of produce to the OFT. Lost revenues for Meschino Banana reflect the 2015 revenues of that business unit which where generated through the sale of produce to the OFT or out of the OFT facilities at the food terminal. The loss in value for each of the divisions has been calculated using the prevailing gross margins of each. Given the significant portion of Meschino Banana sales originating out of the food terminal (approximately 80%) we have assumed that were these sales to be lost, signficant changes to the operations would be undertaken that would result in a reduction of approximately 80% of warehousing, delivery and sales expenses.

Dominion Citrus Limited **Schedule 7**
Dominion Farm Business Unit
Summary of Historical and Forecast Operating Results
Years Ended / Ending December 31, (unless otherwise noted)
$CND

	Actual [1]						Forecast [2]
	2010	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**
Total Revenue	**13,784,783**	**16,006,321**	**13,403,094**	**15,920,623**	**17,374,101**	**16,547,457**	**16,936,000**
Cost of Sales	10,308,311	11,875,881	9,547,614	11,343,345	12,118,957	12,076,772	12,875,000
Total Gross Profit	**3,476,472**	**4,130,440**	**3,855,480**	**4,577,278**	**5,255,144**	**4,470,685**	**4,061,000**
	25.2%	*25.8%*	*28.8%*	*28.8%*	*30.2%*	*27.0%*	*24.0%*
Operating expenses							
Warehouse & Delivery	1,511,688	1,666,311	1,656,325	1,901,916	2,129,437	1,950,849	
Selling	26,553	51,404	76,661	103,415	113,870	33,500	
Import	-	-	-	-	-	-	
General & Administrative	428,547	502,936	507,511	520,229	536,726	597,605	
Fixed asset (Gain)/Loss	(12,657)	35,180	3,231	4,331	3,606	7,462	
Incentive	170,616	184,236	152,811	208,852	252,925	251,430	
Operating Profit	**1,351,725**	**1,690,373**	**1,458,941**	**1,838,535**	**2,218,580**	**1,629,839**	**986,000**
Other Income	-	-	-	-	-	(3,512,627)	(124,000)
Bank Interest & Service Charges	5,978	5,723	4,252	2,716	1,197	539	(1,000)
Earnings Before Taxes (EBT)	**1,345,747**	**1,684,650**	**1,454,689**	**1,835,819**	**2,217,383**	**5,141,927**	**1,111,000**

Notes:

1. Based on Management's Internal financial statements for the fiscal years ended December 31, 2010 through December 31, 2015.
2. Based on Management's forecast for fiscal 2016.

Dominion Citrus Limited | **Schedule 7.1**
Dominion Farm Business Unit
Valuation - Capitalized EBITDA Methodology
$CND

	Notes	Actual [1]						Forecast [2]
		2010	2011	2012	2013	2014	2015	2016
Earnings Before Taxes (EBT)		**1,345,747**	**1,684,650**	**1,454,689**	**1,835,819**	**2,217,383**	**5,141,927**	**1,111,000**
Interest costs		5,978	5,723	4,252	2,716	1,197	539	(1,000)
Earnings Before Interest & Taxes (EBIT)		**1,351,725**	**1,690,373**	**1,458,941**	**1,838,535**	**2,218,580**	**5,142,466**	**1,110,000**
Depreciation		170,534	172,601	193,395	42,520	181,135	158,063	313,723
EBITDA		**1,522,259**	**1,862,974**	**1,652,336**	**1,881,055**	**2,399,715**	**5,300,529**	**1,423,723**
Normalizations								
Related party amounts	Note 3							
Fixed asset (Gain)/Loss		(12,657)	35,180	3,231	4,331	3,606	7,462	-
Other income		-	-	-	-	-	(3,512,627)	(124,000)
Adjusted EBITDA		**1,509,602**	**1,898,154**	**1,655,567**	**1,885,386**	**2,403,321**	**1,795,364**	**1,299,723**
Selected Maintainable EBITDA - Before Corporate Costs				**1,800,000**		**2,000,000**		
Additional corporate costs	Note 4			(40,000)		(40,000)		
Selected Maintainable EBITDA - Including Corporate Costs				**1,760,000**		**1,960,000**		
Multiple	Note 5			4.5		5.0		
Enterprise Value				**7,920,000**		**9,800,000**		
Capital leases				(1,907)		(1,907)		
Equity Value				**7,918,093**		**9,798,093**		
Equity Value - Rounded				**7,920,000**		**9,800,000**		

Notes:

1. Based on Management's Internal financial statements for the fiscal years ended December 31, 2010 through December 31, 2015.
2. Based on Management's forecast for fiscal 2016.
3. Based on discussions with Management, we understand that all intercompany transactions are required for operation and are executed at market rates.
4. Additional corporate costs reflect additional costs, beyond those allocated by the corporate entity to its operating units, that would be required to run the business unit on a stand-alone basis (as a privately held company). We have based our analysis on a detailed review of the corporate costs in each of the last three fiscal years and the budget year, as well as discussions we held with Management to understand the available resources and deficiencies at the business unit level. The additional annual overhead costs estimated to be required for the Dominion Farm business unit were assumed to be $20,000 to augment the finance group and $20,000 for an IT support service.
5. In selecting the multiple range we considered the following factors, amongst others:
   - Strong and incentivized management
   - Dependency on the personal goodwill of the CEO that may not be transferable
   - Good customer diversification while serving many national grocery chains
   - Recession resistant business (carrot and onion sales)
   - Strong supplier relationships with farms in the Holland Marsh area
   - Alternative supply sources with strong relationships with some international suppliers
   - Currently operating near capacity at a 32,000 square foot landlocked facility
   - Stable but highly competitive business, although some local competitors have recently exited the market

Dominion Citrus Limited | **Schedule 7.2**

Dominion Farm Business Unit

Adjusted Net Book Value

$CND

	Notes	Financial Position 31-Mar-16
Cash	Note 1	-
Accounts receivable		2,202,625
Inventory		717,321
Prepaid expenses		118,204
Supplier advances		-
Current Assets		**3,038,150**
Fixed Assets (Net)		4,151,058
Total Assets		**7,189,207**
Accounts payable & accrued liabilities		2,815,794
Capital leases		1,907
Total Liabilities		**2,817,700**
Total Equity		**4,371,507**
Adjusted Book Value		**4,371,507**

Notes:

1. For the purposes of our analysis we have assumed that all the cash on the Company's balance sheet as at the Valuation Date belonged to corporate division, as it would be able to finance its operations through an operating line backed by accounts receivable and inventory.
2. Given the absense of relevant updated appraisals and the fact that much of the building and equipment are new and have recently been replaced due to a fire incurred during fiscal 2015, we have assumed that the net book values and tax values of the company's fixed assets approximate their respective fair market valus.

Dominion Citrus Limited **Schedule 8**
Country Fresh Business Unit
Summary of Historical and Forecast Operating Results
Years Ended / Ending December 31, (unless otherwise noted)
$CND

	Actual [1]						Forecast [2]
	2010	2011	2012	2013	2014	2015	2016
Total Revenue	**5,002,556**	**2,783,341**	**2,337,661**	**3,524,253**	**3,153,679**	**2,855,949**	**3,800,000**
Cost of Sales	4,228,985	2,271,825	1,831,815	2,752,642	2,517,352	2,380,228	3,173,000
Total Gross Profit	**773,571**	**511,516**	**505,846**	**771,611**	**636,327**	**475,721**	**627,000**
	15.5%	*18.4%*	*21.6%*	*21.9%*	*20.2%*	*16.7%*	*16.5%*
Operating expenses							
Warehouse & Delivery	474,530	288,153	351,388	399,572	416,939	376,950	
Selling	11,887	6,786	1,449	3,282	3,392	11,580	
General & Administrative	371,882	204,791	214,483	211,324	256,887	218,474	
Fixed asset (Gain)/Loss	-	3,467	(1,000)	-	-	-	
Incentive	-	4,600	6,980	6,000	6,000	-	
Total Operating costs	858,299	507,797	573,300	620,178	683,218	607,004	681,000
Operating Profit	(84,728)	3,719	(67,454)	151,433	(46,891)	(131,283)	(54,000)
Restructuring charges	274,033	110,227					
Fx Program Gain / (Loss)		(12,098)	15,223				
Earnings Before Taxes (EBT)	**(358,761)**	**(94,410)**	**(82,677)**	**151,433**	**(46,891)**	**(131,283)**	**(54,000)**

Notes:

1. Based on Management's Internal financial statements for the fiscal years ended December 31, 2010 through December 31, 2015.
2. Based on Management's forecast for fiscal 2016.

Dominion Citrus Limited **Schedule 8.1**
Country Fresh Business Unit
Valuation - Capitalized EBITDA Methodology
$CND

	Notes	Actual [1]						Forecast [2]
		2010	2011	2012	2013	2014	2015	2016
Earnings Before Taxes (EBT)		**(358,761)**	**(94,410)**	**(82,677)**	**151,433**	**(46,891)**	**(131,283)**	**(54,000)**
Interest costs								
Earnings Before Interest & Taxes (EBIT)		**(358,761)**	**(94,410)**	**(82,677)**	**151,433**	**(46,891)**	**(131,283)**	**(54,000)**
Depreciation		85,183	82,969	114,364	115,639	98,415	67,583	25,509
EBITDA		**(273,578)**	**(11,441)**	**31,687**	**267,072**	**51,524**	**(63,700)**	**(28,491)**
Normalizations								
Related party amounts	Note 3							
Fixed asset (Gain)/Loss		-	3,467	(1,000)	-	-	-	-
Restructuring charges		274,033	110,227	-	-	-	-	-
Fx Program Gain / (Loss)		-	(12,098)	15,223	-	-	-	-
Adjusted EBITDA		**455**	**90,155**	**45,910**	**267,072**	**51,524**	**(63,700)**	**(28,491)**
Selected Maintainable EBITDA - Before Corporate Costs				**-**		**150,000**		
Additional corporate costs	Note 4			(70,000)		(70,000)		
Selected Maintainable EBITDA - Including Corporate Costs				**-**		**80,000**		
Multiple	Note 5			2.5		3.5		
Enterprise Value				**-**		**280,000**		
Enterprise Value - Rounded				**-**		**280,000**		

Notes:

1. Based on Management's internal financial statements for the fiscal years ended December 31, 2010 through December 31, 2015.
2. Based on Management's forecast for fiscal 2016.
3. Based on discussions with Management, we understand that all intercompany transactions are required for operation and are executed at market rates.
4. Additional corporate costs reflect additional costs, beyond those allocated by the corporate entity to its operating units, that would be required to run the business unit on a stand-alone basis (as a privately held company). We have based our analysis on a detailed review of the corporate costs in each of the last three fiscal years and the budget year, as well as discussions we held with Management to understand the available resources and deficiencies at the business unit level. The additional annual overhead costs estimated to be required for the Country Fresh business unit were assumed to be $50,000 for a sales / purchasing clerk and $20,000 for an IT support service.
5. In selecting the multiple range we considered the following factors, amongst others:
   - Dependence on a few main lines of business (McDonalds tomatoes, Sobey's peppers)
   - Low tangbile asset backing
   - Limited value addd - Storing, sorting and restacking
   - McDonalds business appears to be long-term and has some commercial goodwill
   - Low margin and a small critical mass
   - Growth constrained by the size of the facility (7,000 sqft)
   - Seasonal business and capacity utilization

Dominion Citrus Limited **Schedule 8.2**
Country Fresh Business Unit
Adjusted Net Book Value
$CND

	Notes	Financial Position 31-Mar-16
Cash	Note 1	-
Accounts receivable		225,135
Inventory		60,951
Prepaid expenses		11,507
Current Assets		**297,592**
Fixed Assets (Net)		41,551
Total Assets		**339,143**
Accounts payable & accrued liabilities		73,514
Total Liabilities		**73,514**
Total Equity		**265,630**
Adjusted Net Book Value		**265,630**

Notes:

1. For the purposes of our analysis we have assumed that all the cash on the division's balance sheet as at the Valuation Date belonged to corporate division, as it would be able to finance its operations through an operating line back by accounts receivable and inventory.

Dominion Citrus Limited **Schedule 9**
Meschino Banana Business Unit
Summary of Historical and Forecast Operating Results
Years Ended / Ending December 31, (unless otherwise noted)
$CND

	Actual [1]						Forecast [2]
	2010	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**
Total Revenue	**8,906,115**	**9,927,103**	**10,631,549**	**10,568,642**	**10,615,281**	**10,901,227**	**10,456,000**
Cost of Sales	7,216,650	8,177,759	8,928,703	8,941,624	8,980,150	9,302,076	9,068,000
Total Gross Profit	**1,689,465**	**1,749,344**	**1,702,846**	**1,627,018**	**1,635,131**	**1,599,151**	**1,388,000**
	19.0%	*17.6%*	*16.0%*	*15.4%*	*15.4%*	*14.7%*	*13.3%*
Operating expenses							
Warehouse & Delivery	1,125,037	1,163,589	1,163,609	1,211,374	1,229,113	1,239,549	
Selling	3,670	4,298	9,471	7,016	6,727	7,989	
Import	-	-	-	-	-	-	
General & Administrative	107,891	91,858	91,057	99,473	98,182	93,249	
Fixed asset (Gain)/Loss	10,876	-	1,526	-	2,696	-	
Incentive	16,577	24,438	15,055	5,272	608	2,059	
Total Operating Expenses	1,264,051	1,284,183	1,280,718	1,323,135	1,337,326	1,342,846	1,331,000
Operating Profit	**425,414**	**465,161**	**422,128**	**303,883**	**297,805**	**256,305**	**57,000**
Goodwill Impairment	-	-	-	-	523,905	-	-
Bank Account Interest Income	(14)	2,671	-	-	-	-	-
Bank Interest & Service Charges	-	-	3,874	11,092	9,187	7,157	5,000
Earnings Before Taxes (EBT)	**425,428**	**462,490**	**418,254**	**292,791**	**(235,287)**	**249,148**	**52,000**

Notes:

1. Based on Management's Internal financial statements for the fiscal years ended December 31, 2010 through December 31, 2015.
2. Based on Management's forecast for fiscal 2016.

Dominion Citrus Limited **Schedule 9.1**
Meschino Banana Business Unit
Valuation - Capitalized EBITDA Methodology
$CND

	Notes	Actual [1]						Forecast [2]
		2010	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**
Earnings Before Taxes (EBT)		**425,428**	**462,490**	**418,254**	**292,791**	**(235,287)**	**249,148**	**52,000**
Interest costs		(14)	2,671	3,874	11,092	9,187	7,157	5,000
Earnings Before Interest & Taxes (EBIT)		**425,414**	**465,161**	**422,128**	**303,883**	**(226,100)**	**256,305**	**57,000**
Depreciation		24,274	48,533	43,999	13,776	53,305	53,350	50,432
EBITDA		**449,688**	**513,694**	**466,127**	**317,659**	**(172,795)**	**309,655**	**107,432**
Normalizations								
Related party amounts	Note 4							
Fixed asset (Gain)/Loss		10,876	-	1,526	-	2,696	-	-
Goodwill impairment		-	-	-	-	523,905	-	-
Adjusted EBITDA		**460,564**	**513,694**	**467,653**	**317,659**	**353,806**	**309,655**	**107,432**
Selected Maintainable EBITDA - Before Corporate Costs				**250,000**		**350,000**		
Additional corporate costs	Note 5			(45,000)		(45,000)		
Selected Maintainable EBITDA - Including Corporate Costs				**205,000**		**305,000**		
Multiple	Note 6			4.0		4.0		
Enterprise Value				**820,000**		**1,220,000**		
Capital leases				(83,891)		(83,891)		
Equity Value				**736,109**		**1,136,109**		
Equity Value - Rounded				**740,000**		**1,140,000**		

Notes:

1. Based on Management's Internal financial statements for the fiscal years ended December 31, 2010 through December 31, 2015.
2. Based on Management's forecast for fiscal 2016.
3. Based on discussions with Management, we understand that all intercompany transactions are required for operation and are executed at market rates.
4. Additional corporate costs reflect additional costs, beyond those allocated by the corporate entity to its operating units, that would be required to run the business unit on a stand-alone basis (as a privately held company). We have based our analysis on a detailed review of the corporate costs in each of the last three fiscal years and the budget year as well as discussions we held with Management to understand the available resources and deficiencies at each business unit. The additional annual overhead costs estimated to be required for the Meschino Banana business unit were assumed to be $25,000 for an accountant and $20,000 for an IT support service.
5. In selecting the multiple range we considered the following factors, amongst others:
   - 65% of sales are banana related
   - Not unionized
   - Strong dependency on OFT for storefront (pallets within the stalls)
   - Competitive business
   - Strong player in the market place. Ripening function requires skill
   - some capacity constraints. 8,000 sqft facility with ten ripening rooms

Dominion Citrus Limited **Schedule 9.2**
Meschino Banana Business Unit
Adjusted Net Book Value
$CND

	Notes	Financial Position 31-Mar-16
Cash	Note 1	-
Accounts receivable		274,192
Inventory		122,374
Prepaid expenses		20,751
Current Assets		**417,317**
Fixed Assets (Net)		175,420
Goodwill		-
Total Assets		**592,737**
Accounts payable & accrued liabilities		819,800
Capital leases		83,891
Total Liabilities		**903,691**
Total Equity		**(310,954)**
Total Equity		**(310,954)**
Less: Goodwill		-
Adjusted Net Book Value		**(310,954)**

Notes:

1. For the purposes of our analysis we have assumed that all the cash on the division's balance sheet as at the Valuation Date belonged to corporate division, as it would be able to finance its operations through an operating line back by accounts receivable and inventory.

Dominion Citrus Limited **Schedule 10**
Bo Fruits Business Unit
Summary of Historical and Forecast Operating Results
Years Ended / Ending December 31, (unless otherwise noted)
$CND

	Actual [1]						Forecast [2]
	2010	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**
Total Revenue	**12,997,797**	**15,010,980**	**11,673,736**	**12,329,295**	**12,886,615**	**14,038,024**	**14,290,000**
Cost of Sales	10,424,764	12,141,117	9,035,977	9,455,916	9,852,271	10,917,366	11,134,000
Total Gross Profit	**2,573,033**	**2,869,863**	**2,637,759**	**2,873,379**	**3,034,344**	**3,120,658**	**3,156,000**
	19.8%	*19.1%*	*22.6%*	*23.3%*	*23.5%*	*22.2%*	*22.1%*
Operating expenses							
Warehouse & Delivery	1,288,575	1,505,919	1,303,142	1,290,853	1,416,043	1,415,921	
Selling	541,439	559,151	418,355	564,309	529,491	636,167	
Import	-	-	-	-	-	-	
General & Administrative	342,462	355,742	348,848	327,677	282,631	307,745	
Fixed asset (Gain)/Loss	-	-	(2,588)	-	-	903	
Incentive	90,457	115,253	136,391	151,922	189,497	181,850	
Total Operating costs	2,262,933	2,536,065	2,204,148	2,334,761	2,417,662	2,542,586	2,602,000
Operating Profit	310,100	333,798	433,611	538,618	616,682	578,072	554,000
Restructuring charges		900,000					
Other income		(7,623)					
Earnings Before Interest & Taxes (EBIT)	**310,100**	**(558,579)**	**433,611**	**538,618**	**616,682**	**578,072**	**554,000**
Bank Interest & Service Charges	10,945	2,156	5,650	4,042	4,122	4,930	6,000
Earnings Before Taxes (EBT)	**299,155**	**(560,735)**	**427,961**	**534,576**	**612,560**	**573,142**	**548,000**

Notes:

1. Based on Management's Internal financial statements for the fiscal years ended December 31, 2010 through December 31, 2015.
2. Based on Management's forecast for fiscal 2016.

Dominion Citrus Limited **Schedule 10.1**
Bo Fruits Business Unit
Valuation - Capitalized EBITDA Methodology
$CND

	Notes	Actual [1]						Forecast [2]
		2010	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**
Earnings Before Taxes (EBT)		**299,155 -**	**560,735**	**427,961**	**534,576**	**612,560**	**573,142**	**548,000**
Interest costs		10,945	2,156	5,650	4,042	4,122	4,930	6,000
Earnings Before Interest & Taxes (EBIT)		**310,100 -**	**558,579**	**433,611**	**538,618**	**616,682**	**578,072**	**554,000**
Depreciation		60,216	77,922	69,668	17,448	68,731	74,953	61,490
EBITDA		**370,316**	**(480,657)**	**503,279**	**556,066**	**685,413**	**653,025**	**615,490**
Normalizations								
Related party amounts	Note 3							
Restructuring charges		-	900,000	-	-	-	-	-
Fixed asset (Gain)/Loss		-	-	(2,588)	-	-	903	-
Adjusted EBITDA		**370,316**	**419,343**	**500,691**	**556,066**	**685,413**	**653,928**	**615,490**
Selected Maintainable EBITDA - Before Corporate Costs				**550,000**		**650,000**		
Additional corporate costs	Note 4			-		-		
Selected Maintainable EBITDA - Including Corporate Costs				**550,000**		**650,000**		
Multiple	Note 5			4.0		4.5		
Enterprise Value				**2,200,000**		**2,925,000**		
Enterprise Value - Rounded				**2,200,000**		**2,930,000**		

Notes:

1. Based on Management's Internal financial statements for the fiscal years ended December 31, 2010 through December 31, 2015.
2. Based on Management's forecast for fiscal 2016.
3. Based on discussions with Management, we understand that all intercompany transactions are required for operation and are executed at market rates.
4. It is our understanding that Bo Fruits operates on its own and has all the staff and other resources required to run the business unit on a completely autonomous basis.
5. In selecting the multiple range we considered the following factors, amongst others:
   - Strong and incentivized management
   - Small critical mass
   - Niche position, selling to smaller retailers
   - Higher margins on small quantities of high quality produce
   - Strong tangible asset backing. Own facility and two trucks
   - Possible dependency on certain members of the management team

Dominion Citrus Limited **Schedule 10.2**
Bo Fruits Business Unit
Adjusted Net Book Value
$CND

	Notes	Financial Position 31-Mar-16
Cash	Note 1	-
Accounts receivable		1,405,646
Inventory		303,704
Prepaid expenses		24,386
Current Assets		**1,733,736**
Investment in Chef Samba		-
Fixed Assets (Net)		1,027,365
Goodwill		116,942
Total Assets		**2,878,043**
Accounts payable & accrued liabilities		851,248
Total Liabilities		**851,248**
Total Equity		**2,026,795**
Total Equity		**2,026,795**
Less: Goodwill		(116,942)
Adjusted Net Book Value		**1,909,853**

Notes:

1. For the purposes of our analysis we have assumed that all the cash the company's balance sheet as at the Valuation Date belonged to corporate division as it would be able to finance its operations through an operating line back by accounts receivable and inventory.

Dominion Citrus Limited
Estimate of Value as at March 31, 2016
Liquidation Valuation[1]
$CND

		Note / Reference		Book Values	Fair Market Value Low	Fair Market Value High
Value of Operating Businesses						
Dominion Farm		Schedule 12			4,240,000	8,820,000
Meschino Banana		Schedule 13			-	1,070,000
Bo Fruits		Schedule 14			1,930,000	2,600,000
Total Value of Operating Business Units	**A**				**6,170,000**	**12,490,000**
Assets & Liabilities						
Cash		Schedule 4 / Notes 2,3		727,676	727,676	727,676
Accounts Receivable		Schedule 4 / Note 3	85%	1,894,758	1,610,544	1,610,544
Inventory		Schedule 4 / Note 3	50%	445,743	222,871	222,871
Prepaids		Schedule 4 / Note 3	0%	48,694	-	-
Fixed assets		Schedule 4 / Note 3	100%	329,729	329,729	329,729
Stalls				-	3,500,000	3,500,000
				3,446,600	6,390,821	6,390,821
Transaction costs		Note 4	5%		(319,541)	(319,541)
Income on Disposition					2,624,680	2,624,680
Taxes on disposition		Note 5	26.5%		(695,540)	(695,540)
Less:						
Accounts payable		Schedule 4 / Note 6		(2,360,646)	-	-
Capital leases		Schedule 4		(34,976)	(34,976)	(34,976)
Total Liabilities		Note 6		(2,395,622)	(34,976)	(34,976)
Total Value of Liquidated Assets & Liabilities	**B**				**5,340,763**	**5,340,763**
Other Liquidation Costs						
Severance (after-tax amount)		Note 7	26.5%		(563,672)	(563,672)
Contract Termination		Note 8	26.5%		(338,100)	(338,100)
Liquidation Costs		Note 9	26.5%		(367,500)	(735,000)
Ongoing operating costs costs		Note 10	26.5%		(220,500)	(220,500)
Total Other Liquidation Costs	**C**				**(1,489,772)**	**(1,857,272)**
Orderly Liquidation Value	**A+B+C**				**10,020,992**	**15,973,492**
Less: Value of Preferred Shares		Note 11			(3,000,000)	-
Value of Common Shares					**7,020,992**	**15,973,492**
Value of Common Shares - Rounded					**7,000,000**	**16,000,000**

Notes

1. This scenario contemplates the liquidation of the corporate shell with the sale or liquidation of each of the divisions, based on the resulting highest value.
2. For the purposes of our analysis we have assumed that the entire cash amount on the Company's balance sheet as at the Valuation Date belonged to the corporate division, as each of the business segments would be able to finance its operations through an operating line backed by accounts receivable and inventory.
3. Assets and liabilities of the Corporate, Dominion Citrus Distribution and Country Fresh divisions. The book values of all assets and liabilities have been assumed to be representative of their respective fair market values, unless otherwise noted.
4. Transaction costs relating to both the sale of individual assets and business units have been estimated at 5% of market value.
5. We have assumed that no capital gains will be realized on the disposition of capital property and all proceeds of disposition will be taxed as income at the prevailing Ontario corporate tax rates.
6. Trade liabilities relating to the business unit have been assumed not to be repaid in a liquidation scenario given the liquidation priority of the secured notes. Based on discussions with Management it is our understanding that as at the Valuation Date the intercompany accounts on DCL's balance sheet included approximately $2.73 million in net accrued interest relating to the notes held by Dominion Citrus Income Fund ($4.2 million in accrued interest less $1.47 million in amounts payable by the fund to DCL). This amount, along with the principal balance of approximately $19.3 million have been excluded in our analysis as the Proposed Transaction contemplates the acquisition of both the rights to repayment and the obligations of repayment regarding the debt and accrued interest.
7. Employee notice and severance amounts for the business units being liquidated have been calculated by Management at approximately $767,000 based on the current complement of employees, legal requirements in the Province of Ontario and provisions of the collective bargaining agreement under which the employees are unionized. We have reflected this amount net of a 26.5% income tax recovery.
8. Management estimates future payments on existing property and equipment operating leases to be approximately $1.84 million. We have estimated the cost of termination of these lease agreements to be approximately 25% of future payments and reflected this amount net of a $26.5% tax recovery.
9. Liquidation costs (legal and regulatory) have been estimated to range from $500,000 to $1,000,000 and have been reflected net of a 26.5% tax recovery.
10. It has been assumed that the liquidation would take place in an orderly basis in order to minimize the negative impact on the Dominion Farm and Meschino Banana division, and accordingly the operations of the OFT business could continue to run for up to six months after commencement of the liquidation proceedings. We have assumed that the business would continue to run for six months with a negative operating income (based on 2015 and budgeted 2016 results) of $50,000 / month. We have reflected this loss net of a 26.5% tax recovery.
11. The rights associated with the preferred shares and their ranking relative to the long-term debt are currently the subject of litigation. as we have not been provided with an estimate of the likely outcome of the litigation, we have ranged the value of these shares from nil to $3.05 million, being the sum of $2.3 million in principal and $0.75 million in related accrued interest.

Dominion Citrus Limited | **Schedule 12**
Dominion Farm Business Unit
Valuation Under OFT Liquidation Scenario
$CND

	Note / Reference	Fair Market Value	
		Low	High
Selected Maintainable EBITDA - Including Corporate Costs	Schedule 7.1	**1,760,000**	**1,960,000**
Less: Lost Operating Income Due to Liquidation of Dominion Citrus Limited	Schedule 6.3	(700,000)	-
Adjusted Maintainable EBITDA		**1,060,000**	**1,960,000**
Multiple	Note 1	4.0	4.5
Enterprise Value		**4,240,000**	**8,820,000**
Capital leases	Schedule 7.1	(1,907)	(1,907)
Equity Value		**4,238,093**	**8,818,093**
Equity Value - Rounded		**4,240,000**	**8,820,000**

Notes:

1. Under the liquidation scenario, the EBITDA multiples selected in Schedule 7.1 were reduced by 0.5X on both the high and low ends of the value range. As compared with the going concern approaches, these lower multiples reflect the risks associated with selling through a liquidation process that involves compressed time lines, replacement of sales channels (without OFT) and dislocation regarding certain supplier relationships.

Dominion Citrus Limited **Schedule 13**
Meschino Banana Business Unit
Valuation Under OFT Liquidation Scenario
$CND

	Note / Reference	Fair Market Value	
		Low	High
Selected Maintainable EBITDA - Including Corporate Costs	Schedule 9.1	**205,000**	**305,000**
Less: Lost Operating Income Due to Liquidation of Dominion Citrus Limited	Schedule 6.3	(305,000)	-
Adjusted Maintainable EBITDA		-	**305,000**
Multiple	Note 1	3.5	3.5
Enterprise Value		-	**1,067,500**
Enterprise Value - Rounded		-	**1,070,000**

Notes:

1. Under the liquidation scenario, the EBITDA multiples selected in Schedule 9.1 were reduced by 0.5X on both the high and low ends of the value range. As compared with the going concern approaches, these lower multiples reflect the risks associated with selling through a liquidation process that involves compressed time lines, replacement of sales channels (without OFT) and dislocation regarding certain supplier relationships.

Dominion Citrus Limited
Bo Fruits Business Unit
Valuation Under OFT Liquidation Scenario
$CND

	Note / Reference	Fair Market Value	
		Low	High
Selected Maintainable EBITDA - Including Corporate Costs	Schedule 10.1	**550,000**	**650,000**
Multiple	Note 1	3.5	4.0
Enterprise Value Under OFT Liquidation Scenario		**1,925,000**	**2,600,000**
Enterprise Value Under OFT Liquidation Scenario - Rounded		**1,930,000**	**2,600,000**

Notes:

1. Under the liquidation scenario, the EBITDA multiples selected in Schedule 10.1 were reduced by 0.5X on both the high and low ends of the value range. As compared with the going concern approaches, these lower multiples reflect the risks associated with selling through a liquidation process that involves compressed time lines, replacement of sales channels (without OFT) and dislocation regarding certain supplier relationships.