



## Sweetlife Flora Biotech Division

### **OPERATIONAL OVERVIEW – CONTROLLED-ENVIRONMENT MANUFACTURING**

#### **Construction-to-Term Commercial Mortgage Request**

**Subject Property:** 651 Mountain Road, Moncton, New Brunswick

#### **Purpose of This Document**

This document explains how the renovated property functions as a stable, income-producing commercial operation once construction is complete, and how the operating model supports predictable cash flow and long-term debt service.

The focus is on operational stability and revenue support, not growth or expansion.

#### **Operating Model Overview**

Sweetlife Flora Inc. operates a controlled-environment houseplant manufacturing and sales business, utilizing indoor production methods to ensure consistent, year-round output.

The operating model is characterized by:

- Indoor, climate-controlled production
- Predictable production cycles
- Reduced exposure to weather and seasonality
- Direct operational control by the owner-occupier

From a credit perspective, this model more closely resembles light manufacturing with direct sales than traditional agriculture.

#### **Role of the Facility**

The renovated facility serves as:

- The primary production and finishing location
- A direct sales and customer-facing storefront
- A fulfillment and distribution hub

All core business activities are centralized within the owner-occupied property, simplifying operations and reducing reliance on third-party facilities.

## Production & Inventory Flow

Plant production follows a controlled and repeatable workflow, allowing inventory to move through defined stages toward saleable condition.

Key characteristics include:

- Controlled inputs and outputs
- Managed inventory turnover
- Ability to adjust production volumes based on demand

This structure supports efficient use of space and working capital within the facility.

## Monetization Channels

Revenue is generated through multiple complementary monetization channels, all supported by the same production and facility infrastructure:

### A. On-Site Retail Sales

- Direct-to-consumer sales through the owner-occupied storefront
- Captures full retail margin
- Enables rapid inventory turnover

### B. E-Commerce Sales

- Direct online sales shipped to customers
- Extends market reach beyond the local area
- Utilizes existing fulfillment infrastructure within the facility

### C. Living Wall Installations & Maintenance

- Supply of plant material for commercial and residential living wall projects
- Higher per-unit returns on plant material
- Provides recurring service-based revenue alongside product sales

### D. Wholesale & Trade Supply

- Sale of surplus or scaled production to regional and national wholesale customers
- Provides volume-based revenue and predictable cash flow
- Allows production capacity to be utilized efficiently

These channels operate in parallel and provide revenue diversification without requiring additional fixed assets.

## Operational Risk Profile

Operational risk is mitigated through:

- Indoor, controlled production conditions
- Diversified revenue sources
- Owner-operator oversight
- Absence of reliance on a single customer or channel

The business is not dependent on seasonal growing cycles or external agricultural conditions.

## Relevance to Debt Service

The completed facility supports:

- Continuous, year-round operations
- Multiple sources of operating income
- Predictable use of space and infrastructure

These factors contribute to stable operating cash flow, which is intended to support long-term debt service under a conventional commercial mortgage.

## Relationship to Other Credit Documents

- Market credibility is addressed in **Market & Demand Support**
- Revenue scale and margins are addressed in **Financial Projections – Post-Renovation Stabilization**
- Risk considerations are addressed in **Risk Register & Mitigation Strategy**

*Prepared for evaluation by regulated financial institutions in connection with a construction-to-term commercial mortgage facility.*