



## Sweetlife Flora Biotech Division

### MARKET & DEMAND SUPPORT

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

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

#### Purpose of This Document

This document provides market context supporting the revenue assumptions used in underwriting the proposed construction-to-term commercial mortgage.

It is intended to demonstrate that the borrower's operating revenues are supported by established, observable demand, rather than speculative expansion or untested market behavior.

#### Industry Context

The Canadian specialty houseplant market is characterized by:

- Strong consumer demand for indoor plants driven by urban living, wellness trends, and commercial interior design
- Heavy reliance on imported plant supply
- Limited domestic, controlled-environment production capacity

From a credit perspective, this results in supply constraints rather than demand uncertainty, particularly for specialty and higher-quality plant material.

#### Domestic Supply Gap

A significant portion of specialty houseplants sold in Canada are imported from international producers. This import reliance introduces:

- Long lead times
- Supply chain disruption risk
- Variable quality and availability

Sweetlife Flora Inc.'s operating model addresses this gap by producing plant material domestically in a controlled environment, enabling:

- Faster replenishment cycles
- Greater supply consistency
- Reduced dependency on external logistics

This positioning supports steady sell-through rather than speculative market capture.

## Local & Regional Demand Characteristics

The Moncton region functions as both a local consumer market and a logistical hub serving Atlantic Canada.

Demand drivers relevant to underwriting include:

- Consistent retail demand for specialty houseplants
- Commercial demand from offices, institutions, and hospitality environments
- Ongoing maintenance and replacement demand for living wall installations

These demand sources are recurring and operational in nature, rather than discretionary or trend-driven.

## Channel-Specific Demand Support

The borrower's multiple monetization channels are each supported by distinct demand characteristics:

### A. Retail & E-Commerce

- End-consumer demand for indoor plants is well established and repeat-driven
- E-commerce demand supplements, rather than replaces, local sales

### B. Living Wall Installations & Maintenance

- Commercial installations require consistent replacement and maintenance plant supply
- Demand is project-based but supported by recurring service cycles

### C. Wholesale & Trade Supply

- Wholesale buyers prioritize reliability, lead time, and consistency
- Domestic supply is attractive due to reduced shipping risk and predictable availability

The diversification of channels reduces reliance on any single customer segment.

## Demand Stability Considerations

From a credit perspective, demand stability is supported by:

- Non-seasonal, indoor end use
- Replacement and repeat purchasing behavior
- Commercial applications that require ongoing maintenance
- Price points that align with specialty, not luxury, spending

Revenue assumptions do not rely on rapid market expansion or new consumer adoption.

## Relationship to Financial Projections

The financial projections provided separately are based on:

- Conservative penetration assumptions
- Gradual stabilization following renovation
- Existing demand trends rather than step-change growth

This market context supports the reasonableness of those assumptions without requiring aggressive sales targets.

### **Credit Relevance Summary**

The operating revenues supporting debt service are grounded in:

- Demonstrated end-market demand
- A domestic supply gap rather than speculative opportunity
- Multiple revenue channels serving different customer types

This demand profile is consistent with a stabilized, owner-occupied commercial operation suitable for conventional commercial mortgage underwriting.

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