



2024
ANNUAL
PLAN

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Executive Summary

Nch'kaý Development Corporation's (Nch'kaý) 2024 Annual Plan is the midway point within the current Nch'kaý five-year Strategic Plan: 2022 to 2026. The current five-year Strategic Plan was our first.

Nch'kaý was established by the Squamish Nation, known as Sk̓wxwú7mesh Úxwumixw (the Nation), in 2018 to pursue and implement economic opportunities that create wealth for the Nation and its People in a way that is consistent with Nation values and cultural teachings.

The 2024 Annual Plan refines and operationalizes our annual priorities and objectives. This Plan builds on the significant growth and transformation the organization has seen over the past two years, as well as reflects the joint work being undertaken with the Nation and Hiýárh Housing.

The 2024 Annual Plan focuses on three key concepts:

- Clearly defining our role in building housing for the Nation and the strategic collaboration required to achieve the Nation's generational goal of housing every Squamish Person in appropriate and affordable housing.
- Building our financial plans/framework with an aim to define Nation value and returns as part of fulfilling our purpose and mission of generating wealth and prosperity for the Nation.
- Focusing on our people and evolving our corporate culture to solidify the foundation on which substantial growth can be built in the coming decade.

Focusing on these areas will guide Nch'kaý in working to fulfill our mandate from Council by leveraging our current opportunities and mitigating inherent risks. This also creates a solid base for building the next Nch'kaý Strategic Plan, the work for which is expected to commence sometime in mid-2024.

Overview

Nch'kaý is currently guided by a five-year Strategic Plan - spanning the period 2022 - 2026. While the goals in the current five-year Strategic Plan are aligned with the Nation, it was created without direct involvement of Council. It was also developed prior to the Council's establishment of their current strategic visions, goals and objectives as outlined in Skwxwú7mesh Úxwumixw 2026.

The 2024 Annual Plan marks the midway point for the Nch'kaý five-year Strategic Plan. This presents a good opportunity to ensure greater alignment with the Nation's overall vision for economic development, as well as its strategic goals and objectives.

Like the process of a carver discovering what shape and story cedar will take on and become when it's carved, this past year has greatly deepened our understanding of what Nch'kaý's future shape and story can be. A closer connection with Council has been critical, as has collaboration with Hiýám Housing leadership.

In 2024, we will continue to advance our goals and objectives in our five-year Strategic Plan while also working to build our relationship with Council to further understand the full potential of what Nch'kaý's work is revealing for our next strategic plan.

The sections in this report are:

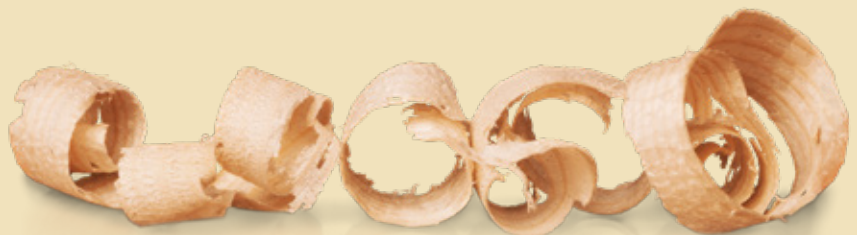
- **Background:** provides information on the Nch'kaý's planning process, our role in economic development, and our approach to creating wealth for the Nation while managing our growth.
- **Expected Outcomes in 2024:** focuses on the nine key areas and expected outcomes in each area.
- **Building for the Long Term - Focus on Real Estate and Development:** outlines our current projects underway and their status, major focuses for the next five years, and the long-term outlook.

Telling a Story with a Thousand Wood Chips

It's been a little over five years since Nch'kaý was created by the Nation. Some of its activities, like leading the Sehákw development, have been bold and highly visible. No less impactful is the work that has gone on behind public view, including the difficult task of building a robust and vibrant economic development organization that also deeply embodies the values and principles of the Nation in every aspect of its work.

In one of the planning sessions for the 2024 Annual Plan, Mindy Wight, CEO of Nch'kaý and a Squamish Person, likened this process to carving. In Western culture, people believe that carvers create a finished product from raw material based on their vision and ability. In Squamish culture, it's understood that a carver's role is to remove pieces of wood to reveal the wood's true form and, through this process, bring the wood back to life. The end result is connected to the land through the tree the wood came from and to the ancestors through the stories the wood chooses to tell.

This process of becoming - of creating a story in the here and now that is deeply planted in the lessons and teachings of ancestors - very much reflects the journey that Nch'kaý has been on. As Ray Natraoro, master carver from the Squamish Nation says, "The process of cedar transforming into a carving is the process of telling a story with a thousand wood chips".



Background

Planning Process

Under the Amended and Restated Shareholders' Agreement for Nch'kay - 6.02(1)(a) Strategic Planning:

The Board is responsible for adopting a strategic planning process for the Master LP (Nch'kay Development Limited Partnership [Nch'kay]) in order to support the multi-year and annual planning and budgeting process for Nch'kay under the Governance and Financial Planning Rules (GFPR).

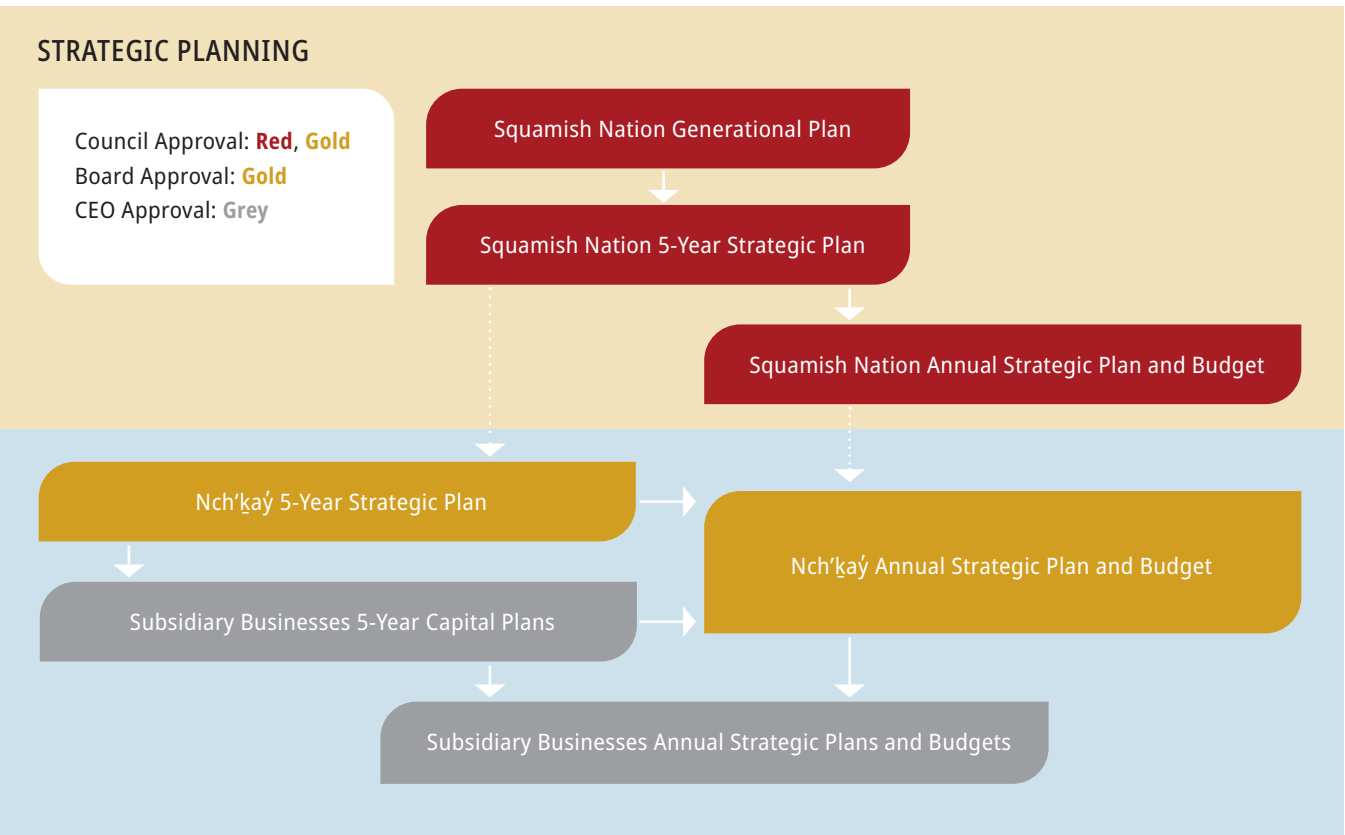
Since 2020, Nch'kay has created budget summaries outlining its annual operational plans and budgets for the upcoming fiscal year; these budget summaries are presented to Council in

accordance with governance policies. In the past, its major focus was on projects mandated to Nch'kay from Council, including Se'ákw and the transfer of commercial entities.

In July 2021, the transfer of commercial entities from the Nation to Nch'kay was completed. Consolidated budgets and more in-depth annual operational plans were created. With the transfer of these businesses, the Nch'kay group of companies had started.

In October 2021, the Board adopted its first five-year Strategic Plan – part of its responsibilities under the GFPR requirements.

Each year, Nch'kay produces an annual strategic plan and budget to operationalize the strategic goals from the five-year Strategic Plan. The Annual Plan is approved by the Board and Council.



Role of Nch'kaý in Economic Development

Purpose

To support the Nation by generating wealth and creating prosperity from economic opportunities for current and future generations of the Nation in a manner that respects the Snewayelh and Nexwniw¹ of the Nation and upholds the spirit and intent of the Amalgamation.

Mission

Pursue successful business opportunities that contribute to the long-term wealth and prosperity of the Nation and Skwxwú7mesh People.

The mandate of Nch'kaý (from 2020) is to pursue and implement economic opportunities that:

- are or will become active businesses;
- are profitable or have a reasonable prospect of becoming profitable, and that provide economic returns to the Nation;
- are operated in a manner consistent with the Nation's vision, values, principles, and strategic direction;
- protect and enhance the Nation's rights, title and culture in all business dealings – and do not engage in projects that the Nation opposes;
- creates room for career opportunities for all of the Nation's People, and business opportunities for all of the Nation's entrepreneurs, both directly and indirectly;
- support healthy Nation communities, language and culture;
- carry out business operations in a sustainable, environmentally, and culturally responsible manner; and
- do not expose the Nation or the Nation's assets to undue liability or risk.

¹ These are two of the six values that are emphasized by the Nation in their current strategic plan. There are many interpretations of these words. Broadly speaking they refer to cultural teachings.



Our Approach to Creating Wealth for the Nation

The main goal of Nch'kay has been increasing the profitability of the existing commercial businesses and development projects. This directly aligns with our purpose and mission to create wealth for the Nation and prosperity for its People. Improved profitability, especially generated from development projects, is a long-term approach, so changes do not happen in the short term. Significant strategizing, coordination and planning are required, intensifying the requirement for upfront costs, resource commitments, and capacity building.

Significant work has been conducted to assess the current state of existing commercial businesses and projects. The assessment was conducted to identify liability and risk, appropriately manage the business, support our employees, and build a foundation for how we work with our partners and approach our projects. Our approach included enhancing governance and oversight to manage and reduce project risk.

Profit is a key focus for Nch'kay. We understand that profit can drive significant change for the Nation in helping to achieve its goals and provide greater support and services to Squamish People. Nch'kay's profit is part of the Nation's own source revenue. We are wholly owned by the Nation, and our financial results are combined in the Nation's financial reporting.

We recognize that significant time and investment are required to grow our businesses and provide a high level of sophisticated management and services to advance our economic development projects as we look to compete with private firms on business opportunities. Our profit is reinvested internally and strategically through business management and opportunities, project assessments and advancements, and capacity building to strengthen and grow the organization.

The Nation's entitlements on projects include compressed time to shovels in the ground (interest savings and decreased cost outlays), less red tape than municipalities, and other advantages, including the strong political capital of the Nation as a key partner. For example, considerations include advancing Indigenous reconciliation and corporate ESG and PST exemption targets. These are the types of values that our partners and industry seek as they look to partner or work with us. Nch'kay supports these advantages. We work to ensure that the Nation is compensated and consulted in development projects, in line with the Nation's values and principles.

Our Approach to Managing Growth

With the expansion in management of the commercial businesses, increase in the mandates for project work and review and advancement of development projects, Nch'kay has experienced significant growth since the time of its first plan.

With the Nation also experiencing significant growth, Nch'kay has increased its efforts to formalize its reporting, structure, and relationships with the Nation. A renewed focus on strategic collaboration with the Nation to provide thought leadership on broader economic matters impacting real estate and economic development, taxation, and other issues impacting First Nations and the business community is essential for creating an environment for Nch'kay businesses and projects to thrive.

Our Commercial Businesses

- Mosquito Creek Marina & Smoke Shop
- Lynnwood Marina
- Capilano RV Park
- Squamish Valley Gas Bar
- NV Gas (retail only)
- Sqomish Forestry
- Nch'ú7mut Contracting

Expected Outcomes in 2024

1. New real estate and economic development projects
2. Reduce or mitigate existing commercial business, development and corporate risks
3. Improve profitability of existing commercial businesses
4. Defining and strengthening our corporate culture
5. Access to capital and government funding
6. Competitive margins
7. Increase sales volume
8. Managing our costs
9. Aligned corporate, real estate and business planning

Building for the Long Term – Focus on Real Estate and Development

Within the Next Five Years

Since its inception, Nch'káy has been focused on real estate and development, with Sehákw being its first major project, undertaken in partnership with the Nation and Westbank. Capital generated from the commercial entities has been utilized to build the core functions of the organization and hire key team members needed to execute and manage Sehákw, as well as several development projects underway by the Nation and expected to come. The Nation has provided no additional funding to date.

While considerable resources have been expended in 2022 and 2023, we anticipate the organization's financial needs to increase over the next few years to further support predevelopment on a number of real estate projects, along with internal expansion of our team, systems and processes.

We recognize the importance of establishing a strong governance structure to guide and oversee real estate projects and commercial entities. The skill sets and expertise required to operate real estate are unique from those of marinas, forestry, tourism, and retail.

However, the strength of a First Nation economic development group lies in the variety, flexibility, and diversity of the opportunities it can pursue under one umbrella, in collaboration with the political leadership and guidance of the Nation's Council. Over the next year, we will begin a corporate structure review from legal, governance and organizational perspectives to continue to build out the group of companies under the Nch'káy umbrella. A key focus of this project is to segregate our investments and assets from operational and development liabilities while maintaining our tax efficiencies. We will utilize legal, accounting, and other third-party advisors to assist us with restructuring.

We aim to diversify our holdings in multiple industries and utilize the Nation and Nch'káy's ability to create partnerships with experienced industry partners and government. Alongside our ability to access capital through traditional routes and

programs and First Nation routes and programs, we see a significant advantage in keeping options open to pursue lucrative opportunities within real estate and beyond. As such, we will continue to expand our business development team to conduct assessments and perform due diligence on potential acquisitions and investments in accordance with our approved gating process. The gating process is a management tool that outlines the due diligence required on transactions and identifies the approvals required from executives, Board and Council under the GFPR of Nch'káy.

Long-Term Outlook

Real estate and development projects are long-term in nature – developments can take three to eight years (sometimes shorter or longer depending on size and complexity, permitting, financing, etc.). When third-party partnerships and business deal negotiations and terms are included, projects can take over 10 to 15 years from concept to shovels in the ground.

We are still a new development firm — a startup, incorporated in 2018. Our experience and track record in development to date is minimal in number but enormous in scale, with Sehákw being our first major project, which received land designation and business terms approval from a vote by the Squamish People in 2019. Our development pipeline and projected portfolio growth are enviable. We are staged to become one of Canada's largest First Nation-led development firms.

Our potential project timeline for on-reserve assets extends to over 15 to 20 years based on the Nation's current reserve base (not including additions to the reserve underway by the Nation).

We feel that on-reserve projects are a top priority; however, we recognize the importance of portfolio diversification and the variability of project size, scope, and type. Considering the various programs that the Nation and Nch'káy can access to obtain land through federal and provincial processes, developing housing through fee-simple land acquisitions will form part of our approach through partnerships or directly.





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