



No. VLC-S-S-196066
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

CANADIAN IMPERIAL BANK OF COMMERCE

Plaintiff

– and –

VINCO HOLDINGS LTD. AND WATERWAY HOUSEBOATS LTD.

Defendants

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN BANKRUPTCY AND INSOLVENCY

IN THE MATTER OF THE RECEIVERSHIP OF

VINCO HOLDINGS LTD. AND WATERWAY HOUSEBOATS LTD.

FOURTH REPORT OF THE RECEIVER

ALVAREZ & MARSAL CANADA INC.

JANUARY 26, 2021



ALVAREZ & MARSAL

TABLE OF CONTENTS

	<u>Page</u>
1.0 INTRODUCTION	- 2 -
2.0 PURPOSE OF REPORT	- 3 -
3.0 RECEIVER'S ACTIVITIES	- 3 -
4.0 RESIDUAL PROPERTIES.....	- 4 -
5.0 LITIGATION PROCEEDINGS	- 6 -
6.0 RECEIVER'S INTERIM STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS	- 7 -
7.0 INTERIM DISTRIBUTION	- 8 -
8.0 RECEIVER'S RECOMMENDATION	- 9 -

APPENDICES

Appendix A – Appraisal of Kent Macpherson dated September 17, 2019

Appendix B – Letter from Mark Lester of Colliers International dated January 20, 2021

1.0 INTRODUCTION

- 1.1 On June 11, 2019 (the **“Receivership Date”**), upon application of the Canadian Imperial Bank of Commerce (**“CIBC”**), Alvarez & Marsal Canada Inc. was appointed as Receiver (the **“Receiver”**) pursuant to an order (the **“Receivership Order”**) granted by the Honourable Justice Bundrett in respect of all the assets, undertakings and property of Vinco Holdings Ltd. (**“VHL”**) and Waterway Houseboats Ltd. (**“WHL”**) (collectively, **“Vinco”** or the **“Company”**). This matter is hereinafter referred to more generally as, the **“Receivership Proceedings”**.
- 1.2 On December 5, 2019, the Receiver filed an application for an order approving the sale of the movable property of the Company including the houseboats, pleasure and service crafts, equipment, vehicles and portable buildings (collectively, the **“Chattels”**) to Able Solutions Inc., which was to be heard on December 16, 2019 (the **“December 16 Hearing”**). Subsequently, on December 16, 2019, Checkpoint Developments Ltd. (**“Checkpoint”**) submitted an offer totaling \$2.6 million for the 16-acre waterfront property (the **“Mervyn Road Property”**) and Chattels (the **“Checkpoint Offer”**), and the December 16 Hearing was adjourned to December 20, 2019.
- 1.3 On December 20, 2019, this Honourable Court granted an order approving the sale of the Chattels and the Mervyn Road Property to Checkpoint (the **“Checkpoint SAVO”**) for a purchase price totaling \$2.6 million (the **“Checkpoint Transaction”**). On March 11, 2020, the Checkpoint Transaction closed effectively transferring the right, title and interest of the Mervyn Road Property and Chattels to Checkpoint.
- 1.4 On August 18, 2020, upon the application of the Receiver, this Honourable Court granted an order (the **“Interim Distribution Order”**) approving the Receiver’s activities since the first report of the Receiver dated December 4, 2019 (the **“First Report”**) and the Receiver’s fees and disbursements and those of its legal counsel; and an interim distribution of \$1.5 million to CIBC (the **“Interim Distribution”**).
- 1.5 Concurrent with this fourth report of the Receiver (the **“Fourth Report”**), the Receiver is filing an application for an order seeking approval of the following:
 - a) the Receiver’s activities since the third report of the Receiver dated August 4, 2020 (the **“Third Report”**);
 - b) the sale of the two remaining properties located at 1272 Titus Road, Sicamous, B.C. (the **“Titus Property”**) and 1265 Monashee Frontage Road, Sicamous, B.C. (the **“Monashee Property”**) (together, the **“Residual Properties”**) to Maris Management & Consulting Inc. (**“Maris”**) for a purchase price totaling \$350,000; and

- c) an interim distribution of net proceeds from the sale of the Residual Properties, should the sale be approved by this Honourable Court, to the Canadian Imperial Bank of Commerce (“CIBC”).
- 1.6 Further information regarding the Receivership Proceedings including a copy of the Receivership Order, is posted on the Receiver’s website www.alvarezandmarsal.com/waterway (the “Receiver’s Website”).
- 1.7 Capitalized terms not defined in this Fourth Report are as defined in the Receivership Order.
- 1.8 All references to dollars in this Fourth Report are in Canadian currency unless otherwise noted.

2.0 PURPOSE OF REPORT

- 2.1 The purpose of this Fourth Report is to provide this Honourable Court with information with respect to the following:
 - a) an update on the activities of the Receiver since the Third Report;
 - b) an update on the marketing of the Residual Properties and Maris Offer;
 - c) an update on the litigation proceedings and Court of Appeal decision;
 - d) the Receiver’s interim statement of receipts and disbursements for the period June 11, 2019 to December 31, 2020; and
 - e) an update on the interim distribution to CIBC.

3.0 RECEIVER’S ACTIVITIES

- 3.1 Since the Third Report, the Monitor’s activities have included, but have not been limited to, the following:
 - a) conducting ongoing discussions, meetings and communications with CIBC, other key stakeholders and creditors;
 - b) maintaining ongoing communications with the litigation counsel, Rush Ihas Hardwick LLP (“Rush”), regarding the results of the Court of Appeal proceedings further described in the First Report and Third Report, and consulting with the Receiver’s legal counsel, DLA Piper (“DLA”), and updating CIBC of same;
 - c) attending to various communications with Checkpoint and its counsel to discuss storage of purchased inventory located at the Titus Property, among other outstanding matters;

- d) providing direction to Colliers International (“**Colliers**”) on the continued marketing of the Titus Property and the Monashee Property as well as negotiations with Maris on the purchase of the Residual Properties;
- e) collecting rent and communicating with the tenant, 1937 Enterprises Inc. (“**1937**”), who continues to lease the building located on the Monashee Property;
- f) communicating with the Receiver’s independent contractor on various site matters and receiving site monitoring updates on the Residual Properties;
- g) reviewing invoices, making necessary payments and maintaining a ledger of cash receipts and disbursements;
- h) making an interim distribution of \$1.5 million to CIBC pursuant to the Interim Distribution Order; and
- i) communicating with the Canada Revenue Agency, Minister of Finance and other regulatory bodies and fulfilling various statutory regulatory requirements.

4.0 RESIDUAL PROPERTIES

- 4.1 Colliers, under the direction of the Receiver and in consultation with CIBC, commenced marketing of the Titus Property and Monashee Property in July 2019. Solicitation of offers included direct marketing to Colliers’ database of customers as well as posting the Residual Properties on the Multiple Listing Service (“**MLS**”).
- 4.2 On September 19, 2019, Kent Macpherson completed appraisals of the Residual Properties (the “**Kent Macpherson Appraisal**”), which suggested values of \$380,000 and \$490,000 for the Titus Property and Monashee Property, respectively. A copy of the Kent Macpherson Appraisal is attached as Appendix “A”.

- 4.3 The Residual Properties were initially listed on the MLS for a combined sale price of \$995,000. A number of offers were received separately for the Titus Property and Monashee Property as well as on the combined Residual Properties, however, none of the offers were able to move forward to conclusion at prices that appeared reasonable and fair in the circumstances. Subsequently, in January 2020, the Receiver, in consultation with CIBC and Colliers, reduced the MLS listing of the Residual Properties to \$895,000. In December 2020, following nearly one year of limited inquiries and offers well below the combined appraisal values of \$870,000 for both properties, the MLS listing of the Residual Properties to \$895,000. In December 2020, following nearly one year of limited inquiries and offers well below the combined appraisal values of \$870,000 for both properties, the Residual Properties' MLS listing was separated for the Titus Property and Monashee Property at reduced sale prices of \$295,000 and \$395,000, respectively.
- 4.4 On January 14, 2021, a conditional offer of \$350,000 for the Residual Properties (the "**Purchase Price**"), of which \$195,000 is allocated to the Titus Property and \$155,000 is allocated to the Monashee Property, from Maris (the "**Maris Offer**") was accepted by the Receiver following consultation with Colliers and the support of CIBC.
- 4.5 The Receiver is in support of the Maris Offer for the following reasons:
- a) the Maris Offer of \$350,000 represents the highest purchase price received to date out of five total offers received since July 2019;
 - b) Maris has paid a \$20,000 deposit to Colliers, to be held in trust;
 - c) the Maris Offer is conditional. However, the Receiver believes that all conditions can be cleared to permit closing and the Maris Offer is not subject to any financing conditions;
 - d) the sale is anticipated to close 10 days after approval of the Maris Offer, should it be granted, by this Honourable Court;
 - e) the Residual Properties have been listed for sale for 18 months and the demand for real estate in the Sicamous market remains slow and uncertain;
 - f) significant marketing efforts have been performed by Colliers. In addition to posting the Residual Properties on the MLS, Colliers had prepared marketing brochures; listed the Residual Properties on alternative real estate listing websites; prepared and distributed marketing email campaigns to Colliers' database of contacts; prepared print advertising in the Vancouver Sun, Salmon Arm Observer and Kelowna Capital News; and made direct contact with over 100 prospects;

- g) the Residual Properties continue to incur holding costs including utilities, insurance security and weekly monitoring by an independent contractor; and
- h) the secured creditor, CIBC, is supportive of the Maris Offer.

4.6 For the reasons set out above, the Receiver is of the view that approval of the Maris Offer is appropriate in the circumstances and is in the best interests of the Company's stakeholders.

4.7 Attached as Appendix "B" is a copy of the letter from Colliers dated January 20, 2021 outlining the marketing efforts and offers received to date.

5.0 LITIGATION PROCEEDINGS

5.1 As described in the First Report and Third Report, the Receiver, in consultation with CIBC and the Receiver's legal counsel, had retained the Company's former litigation counsel, Rush, to appeal the Judgment (as defined in the First Report) (the "**Appeal**") which had awarded \$2.3 million to Vinco and the Boat Owners for damages resulting from a flood in 2012.

5.2 The Court of Appeal hearing was held via teleconference from June 17 to 19, 2020 and on December 30, 2020, the following decisions to the Appeal were pronounced:

- a) Her Majesty the Queen in Right of the Province of British Columbia was found not liable under s.21(1) of the *Water Act* (the "**Water Act**") and not liable in negligence;
- b) Bryan McLaughlin and Constance McLaughlin (the "**McLaughlins**") and the District of Sicamous (the "**District**") both remain liable under the Water Act and the McLaughlins are additionally liable in negligence;
- c) Vinco's appeal of diminution of property value was dismissed; and
- d) the amount for which the McLaughlins and the District remain liable is not settled and is dependent on the outcome of the contributory negligence being remitted back to the trial judge for re-trial.

5.3 The Receiver, in consultation with CIBC, is working with Rush and DLA to consider the outcome of the Appeal and next steps in this matter.

6.0 RECEIVER'S INTERIM STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS

- 6.1 Since the commencement of the Receivership Proceedings, the Receiver has been primarily focused on marketing the assets of the Company and completing a sales transaction pursuant to the Checkpoint SAVO, as well as preserving and marketing the Residual Properties and managing the Appeal matters.
- 6.2 The Receiver's interim statement of cash receipts and disbursements for the period June 11, 2019 to December 31, 2020 (the "December 2020 R&D") is summarized below:

Venco Holdings Ltd. and Waterway Houseboats Ltd. - In Receivership Receiver's Interim Statement of Cash Receipts and Disbursements For the period June 11, 2019 to December 31, 2020		
Receipts		
Cash on hand	\$	46,071
Receiver borrowings		100,000
Collections of accounts receivable		840
Rent		36,000
Sale of chattels		579,940
Sale of real property		1,821,062
Recovery of extension costs related to sale of real prope		13,086
Litigation proceeds		297,754
GST/PST collected on sales		3,700
GST refunds		9,952
PST refunds		41
Total receipts		2,908,445
Disbursements		
Contractor fees and contract labor		208,198
Insurance		41,495
Utilities and services		37,040
Property taxes		16,841
Receiver borrowings repayment		100,528
Receiver borrowings interest and fees		5,489
Receiver fees and expenses		226,499
Legal fees and expenses - Gowlings and DLA Piper		103,703
Legal fees and expenses - Rush Ihas		257,873
Distributions to CIBC		1,500,000
GST paid on disbursements		42,030
PST remitted		7,284
Other disbursements		26,820
Total disbursements		2,573,800
Net cash flow		334,645
Closing cash balance	\$	334,645

6.3 Significant receipts include:

- a) \$100,000 of Receiver's borrowings that have been subsequently repaid to CIBC;
- b) \$579,940 of net proceeds from the sale of the Chattels;

- c) \$1,821,062 of net proceeds from the sale of the Mervyn Road Property; and
- d) \$297,754 of litigation proceeds awarded to the Company, net of certain legal fees, as a result of the Judgment (as defined in the First Report).

6.4 Significant disbursements in the proceedings include:

- a) \$208,198 of contractor fees and contract labor to maintain and secure the sites as well as satisfy conditions of the insurance policy;
- b) \$100,528 of repayment of the Receiver's borrowings;
- c) \$226,499 of Receiver fees and disbursements incurred to take possession of, preserve and market the assets;
- d) \$103,703 of legal fees and expenses incurred by the Receiver's legal counsel to consult on matters relating to the preservation and marketing of assets, lease issues and collection of rent, and Court of Appeal factums and those proceedings generally, among other things;
- e) \$257,873 of legal fees and expenses incurred by litigation counsel to prepare for the Appeal and related matters; and
- f) a \$1.5 million interim distribution to CIBC pursuant to the Interim Distribution Order;

6.5 The closing cash balance as at December 31, 2020 was \$334,645 and excludes potential recoveries that may be expected from the litigation proceedings and sale of the Residual Properties, which is subject to the approval of this Honorable Court.

7.0 INTERIM DISTRIBUTION

- 7.1 Pursuant to paragraph 12 of the Receivership Order, all funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of the Receivership Order shall be held by the Receiver to be paid in accordance with the terms of the Receivership Order.
- 7.2 Accordingly, pursuant to the Interim Distribution Order granted on August 18, 2020, the Receiver made an interim distribution to CIBC in the amount of \$1.5 million as partial payment of the indebtedness owing to CIBC by the Company.

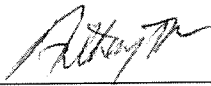
- 7.3 Further, should this Honourable Court approve the Maris Offer, the Receiver is seeking approval to pay out to CIBC the net proceeds from the sale of the Titus Property and Monashee Property (the “**Second Interim Distribution**”) as further partial payment of the indebtedness owing to CIBC by the Company.
- 7.4 Given the current and anticipated cash needs of the Company and these proceedings, the Receiver is of the view that the Second Interim Distribution is appropriate in the circumstances and will not impair the ability for the Receiver to continue this proceeding to its conclusion.

8.0 RECEIVER’S RECOMMENDATION

- 8.1 The Receiver respectfully recommends that this Honourable Court approve the following:
- a) the activities of the Receiver since the Third Report;
 - b) the Maris Offer; and
 - c) the Second Interim Distribution to CIBC.

All of which is respectfully submitted to this Honourable Court this 26th day of January 2021.

**Alvarez & Marsal Canada Inc.,
in its capacity as Receiver and Manager
of Waterway Houseboats Ltd. and Vinco Holdings Ltd.**



Per: Anthony Tillman
Senior Vice President

Appendix A

Appraisal of Kent Macpherson dated September 17, 2019

***Current Market Value Appraisal of the
Two Industrial/Commercial Properties
1265 Monashee Frontage Road & 1272 Titus Road
Sicamous, British Columbia***

PREPARED FOR:

***ALVAREZ & MARSAL CANADA INC
1680 – 400 BURRARD STREET
VANCOUVER, B.C***



Kent Macpherson

Adrian Rizzo, AACI, P. App

September 17, 2019



Kent Macpherson

September 17, 2019

Alvarez & Marsal Canada Inc.
Commerce Place
1680 – 400 Burrard Street
Vancouver, BC V6C 3A6

Attention: Mr. Anthony Tillman

Dear Sir:

**Re: Current Market Value Appraisal
Two Improved Industrial/Commercial Properties located at
1265 Monashee Frontage Road & 1272 Titus Road, Sicamous, British Columbia**

As per your request, I am providing you with a current market value estimate of the fee simple interest of 1265 Monashee Frontage Road & 1272 Titus Road, Sicamous, British Columbia. The purpose of this report is to assist in foreclosure proceedings.

The current market value of 1265 Monashee Frontage Road, Sicamous, an improved industrial/commercial property, at August 28, 2019, inclusive of the land and improvements and conditional to the statement of limiting conditions and critical assumptions contained herein, is estimated at **\$490,000**.

FOUR HUNDRED NINETY THOUSAND (\$490,000) DOLLARS

The current market value of 1272 Titus Road, Sicamous, an improved industrial/commercial property at August 28, 2019, inclusive of the land, improvements and surplus land, and conditional to the statement of limiting conditions and critical assumptions contained herein, is estimated at **\$380,000**.

THREE HUNDRED EIGHTY THOUSAND (\$380,000) DOLLARS

Based on a forced sale or liquidation value assuming a market exposure of three to six months, the estimated discounted market value is **\$400,000**, for 1265 Monashee Frontage Road and **\$310,000** for 1272 Titus Road.

The estimated values are based on various sources including the Multiple Listing Service sales information, BC Assessment records and in discussions various real estate sources. The following pages represent the basis for the opinions expressed herein.

Sincerely,

KENT-MACPHERSON

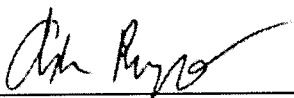
Per: 
Adrian Rizzo, AACI, P. App



Table of Contents

	<u>Page</u>
Title Page	1
Letter of Transmittal	2
Table of Contents	4
 Summary of Salient Facts	 6
 Section 1 - Definition of the Appraisal	 7
1.1 Purpose, Function & Intended Users	7
1.2 Legal Descriptions	7
1.3 Registered Owner	8
1.4 Civic Address	8
1.5 Date of Opinion	8
1.6 Property Rights Appraised	8
1.7 Definition of Market Value	8
1.8 Market Exposure	9
1.9 Scope	10
1.10 Statement of Limiting Conditions	10
1.11 Market History	11
 Section 2 - Subject Photography	 13
2.1 1265 Monashee Frontage Road	13
2.2 1272 Titus Road	16
 Section 3 – Regional Description	 22
3.1 Location	22
3.2 Demographics	22
3.3 Economy	22
3.4 Building Permit Values	23
3.5 Real Estate Overview	24
3.6 Summary	25
 Section 4 – Property Description	 28
4.1 Location	28
4.2 Site Analysis	28
4.3 Access & Services	28
4.4 Property Assessment and Taxes	30
4.5 Zoning	30
4.6 Official Community Plan	31
4.7 Encumbrances	32
4.8 Improvements	33
 Section 5 – Highest and Best Use	 34
5.1 Concept	34
5.2 Criteria	34
5.3 Analysis – As if Vacant	35
5.4 Conclusion – As Improved	35



Page

Section 6 – Valuation Overview	36
6.1 Preferred Methods	36
Section 7 – Valuation	37
7.1 Valuation Overview	37
7.2 Income Approach	37
7.3 Projected Gross Annual Income	38
7.4 Capitalization Rate Derivation	42
7.5 Income Approach Summary – 1265 Monashee Frontage Road	51
7.6 Income Approach Summary – 1272 Titus Road	51
Section 8 – Direct Comparison Approach	54
8.1 Methodology	54
8.2 Analysis & Valuation – 1265 Monashee Frontage Road	54
8.3 Analysis & Valuation – 1272 Titus Road	56
Section 9 – Reconciliation and Final Value Estimate	58
Section 10 – Certification	59

ADDENDA

Exhibit 1	Title Search Printouts
Exhibit 2	Assessment Data
Exhibit 3	I-1; General Industrial Zoning Regulations
Exhibit 4	Lease of 1265 Monashee Frontage Road
Exhibit 5	Appraiser's Qualifications



Summary of Salient Facts and Important Conclusions

TYPE OF PROPERTY:	-	Two older improved industrial/commercial properties.
CIVIC ADDRESSES:	-	1265 Monashee Frontage Road & 1272 Titus Road, Sicamous, BC.
LEGAL DESCRIPTIONS:	-	Lot 1, Plan NEP22615, Section 6, Township 22, Range 7, Meridian W6, KDYD.
	-	Lot 1, Plan NEP68382, Section 6, Township 22, Range 7, Meridian W6, KDYD.
DATE OF OPINION:	-	August 28, 2019.
SITE AREA:	-	.763 acres (1265 Monashee Frontage Road)
	-	1.14 acres (1272 Titus Road)
ZONING:	-	I.1; General Industrial.
HIGHEST AND BEST USE:	-	An industrial or commercial use as permitted within the I1 zoning regulation.
ESTIMATES OF MARKET VALUE:		
1265 MONASHEE FRONTAGE ROAD	-	\$490,000

FOUR HUNDRED NINETY THOUSAND (\$490,000) DOLLARS

1272 TITUS ROAD	-	\$380,000
------------------------	---	------------------

THREE HUNDRED EIGHTY THOUSAND (\$380,000) DOLLARS



Section 1

Definition of the Appraisal

1.1 PURPOSE, FUNCTION AND INTENDED USERS

The purpose of the appraisal is to estimate the current market value of the fee simple interest of the subject properties as described herein. The function of the report is to assist in the sale of the properties through foreclosure proceedings.

This report is prepared for the use of Alvarez & Marsal Canada and Anthony Tillman. This report and its contents are considered confidential between the client and the appraiser and will not be conveyed or disclosed to any other party without the client's permission. No other person or party, other than the identified intended users, should rely on this report for any other purpose or use and liability to all such persons or parties is denied.

This document is for the sole use of the addressee and Kent-Macpherson. The report contains proprietary and confidential information that shall not be reproduced in any manner or disclosed to or discussed with any other parties without the express written permission of Kent-Macpherson. Information in this document is to be considered the intellectual property of Kent-Macpherson in accordance with Canadian copyright law.

This report is not a feasibility study nor is it to be used for insurance purposes. It is intended solely as an estimate of market value in accordance with the following definitions, subject to the underlying critical assumptions, limiting conditions and qualifications.

1.2 LEGAL DESCRIPTIONS

Lot 1, Plan NEP22615, Section 6, Township 22, Range 7, West of the 6th Meridian, Kamloops Division of Yale Land District.

Parcel Identifier No.: 023-231-939 Title Certificate No.: CA1032055

Lot 1, Plan NEP68382, Section 6, Township 22, Range 7, West of the 6th Meridian, Kamloops Division of Yale Land District.

Parcel Identifier No.: 024-940-917 Title Certificate No.: CA1032054



1.3 REGISTERED OWNER

Vinco Holdings Ltd.
Box 69
Sicamous, British Columbia V0E 2V0

1.4 CIVIC ADDRESSES

1265 Monashee Frontage Road & 1272 Titus Road, Sicamous, British Columbia

1.5 DATE OF OPINION

The date of opinion is August 28, 2019, the date of the physical inspection.

1.6 PROPERTY RIGHTS APPRAISED

The property rights appraised include the **fee simple** interest in the subject property.

The Appraisal Institute of Canada has defined fee simple interest as:

"An absolute fee; a fee without limitations to any particular class of heirs and restrictions, but subject to the limitations of eminent domain, escheat, police power, and taxation. An inheritable estate."

The subject properties are appraised as though free and clear of any and all charges, liens and encumbrances, unless otherwise stated.

1.7 DEFINITION OF MARKET VALUE

One commonly cited definition of market value, adopted by the Appraisal Institute of Canada¹ is:

"The most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer

¹ Canadian Uniform Standards of Professional Appraisal Practice - August 1, 2018 Edition



and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue duress."

Implicit in the definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- the buyer and seller are typically motivated;
- both parties are well informed or well advised, and acting in what they consider their best interests;
- a reasonable time is allowed for exposure in the open market;
- payment is made in terms of cash in Canadian dollars or in terms of financial arrangements comparable thereto; and
- the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

The definition of market value prescribed in Section 32 of the British Columbia Expropriation Act is:

"The market value of an estate or interest in land is the amount that would have been paid for it if it had been sold at the date of expropriation in the open market by a willing seller to a willing buyer."

1.8 MARKET EXPOSURE

In the estimation of market value, the reasonable exposure period on the open market is critically linked to the value conclusion. The exposure period, which is presumed to precede the date of appraisal, is defined as follows:

"The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale, at market value, on the effective date of the appraisal; a retrospective estimate based upon an analysis of past events assuming a competitive and open market."

The concept of reasonable market exposure encompasses adequate, sufficient and reasonable time and effort. The reasonable period is a function of price, time and use, and is not an isolated estimate of time alone. A review of the last ten industrial and commercial properties in Sicamous indicates they required between 31 and 680 days and an average of 221 days to sell. Considering the recent sales data and current demand for this property type in Sicamous, the market exposure period for the subjects, terminating at the date of appraisal, is estimated to be (180 to 365 days), six to twelve months.



1.9 SCOPE

The scope of this appraisal report encompasses the following:

- an overview of geographic and economic factors relating to the District of Sicamous and the Columbia Shuswap Regional District,
- a physical inspection of the subject properties and the comparative sales analyzed herein,
- where necessary, discussions with regulatory offices regarding data and factors pertinent to the assignment,
- the application of the Income & Direct Comparison Approaches to estimate market value. Data sources include:
 - the Kamloops Land Title Office records,
 - BC Assessment information,
 - Okanagan Mainline Real Estate Board,
 - BC Stats & Census Canada,
 - Landcor Data Corp.,
 - District of Sicamous, and
 - appraisal/real estate sources familiar with the Shuswap development land real estate market.

1.10 STATEMENT OF LIMITING CONDITIONS

1. This report is prepared only for the client and authorized users specifically identified in this report and only for the specific use identified herein. No other person may rely on this report or any part of this report without first obtaining consent from the client and written authorization from the authors. Liability is expressly denied to any other person and, accordingly, no responsibility is accepted for any damage suffered by any other person as a result of decisions made or actions taken based on this report. Liability is expressly denied for any unauthorized user or for anyone who uses this report for any use not specifically identified in this report. Payment of the appraisal fee has no effect on liability. Reliance on this report without authorization or for an unauthorized use is unreasonable.
2. Because market conditions, including economic, social and political factors, may change rapidly and, on occasion, without warning, this report cannot be relied upon as of any date other than the effective date specified in this report unless specifically authorized by the author(s).
3. The author will not be responsible for matters of a legal nature that affect either the property being appraised or the title to it. The property is appraised on the basis of it being under responsible ownership. Matters of a legal nature, including confirming who holds legal title to the appraised property or any portion of the appraised property, are outside the scope of work and expertise of the appraiser. Any information regarding the identity of a property's owner or identifying the property owned by the listed client and/or applicant provided by the appraiser is for informational purposes only and any reliance on



such information is unreasonable. Any information provided by the appraiser does not constitute any title confirmation. Any information provided does not negate the need to retain a real estate lawyer, surveyor or other appropriate experts to verify matters of ownership and/or title.

4. Verification of compliance with governmental regulations, bylaws or statutes is outside the scope of work and expertise of the appraiser. Any information provided by the appraiser is for informational purposes only and any reliance is unreasonable. Any information provided by the appraiser does not negate the need to retain an appropriately qualified professional to determine government regulation compliance.
5. No survey of the property has been made. Any sketch in this report shows approximate dimensions and is included only to assist the reader of this report in visualizing the property. It is unreasonable to rely on this report as an alternative to a survey, and an accredited surveyor ought to be retained for such matters.
6. Unless otherwise stated in this report, the author has no knowledge of any hidden or unapparent conditions (including, but not limited to: its soils, physical structure, mechanical or other operating systems, foundation, etc.) of/on the subject property or of/on a neighbouring property that could affect the value of the subject property. It has been assumed that there are no such conditions. Any such conditions that were visibly apparent at the time of inspection or that became apparent during the normal research involved in completing the report have been noted in the report. This report should not be construed as an environmental audit or detailed property condition report, as such reporting is beyond the scope of this report and/or the qualifications of the author. The author makes no guarantees or warranties, express or implied, regarding the condition of the property, and will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. The bearing capacity of the soil is assumed to be adequate.
7. The author is not qualified to comment on detrimental conditions that may affect the market value of the property appraised, including but not limited to pollution or contamination of land, buildings, water, groundwater or air which may include but are not limited to: moulds or mildews or the conditions that might give rise to either. Any such conditions that were visibly apparent at the time of inspection or that became apparent during the normal research involved in completing the report have been noted in the report, and in compliance with all regulatory environmental requirements, government or otherwise, and free of any detrimental condition, past, present or future, that might affect the market value of the property appraised. If a party relying on this report requires information about detrimental conditions, that party is cautioned to retain an expert qualified in such issues.
8. The analyses set out in this report relied on written and verbal information obtained from a variety of sources the author considered reliable. Unless otherwise stated herein, the author did not verify client-supplied information, which the author believed to be correct.
9. The term "inspection" refers to observation only as defined by CUSPAP and reporting of the general material finishing and conditions observed for the purposes of a standard appraisal inspection. The inspection scope of work includes the identification of marketable characteristics/amenities offered for comparison and valuation purposes only.

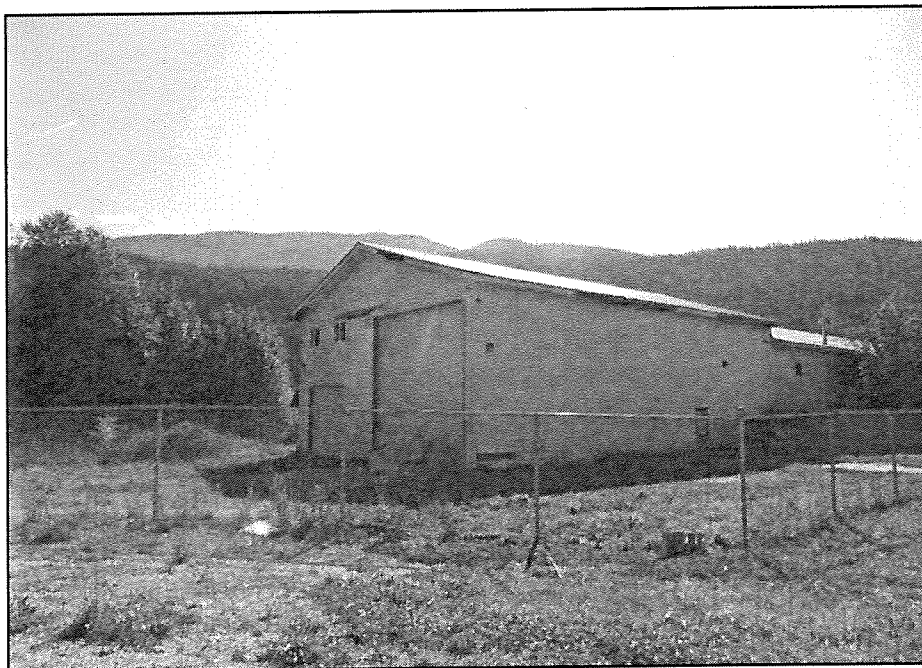


10. The opinions of value and other conclusions contained herein assume satisfactory completion of any work remaining to be completed in a good and workmanlike manner. Further inspection may be required to confirm completion of such work. The author has not confirmed that all mandatory building inspections have been completed to date, nor has the availability/issuance of an occupancy permit been confirmed. The author has not evaluated the quality of construction, workmanship or materials. It should be clearly understood that this visual inspection does not imply compliance with any building code requirements as this is beyond the professional expertise of the author.
11. The contents of this report are confidential and will not be disclosed by the author to any party except as provided for by the provisions of the CUSPAP and/or when properly entered into evidence of a duly qualified judicial or quasi-judicial body. The author acknowledges that the information collected herein is personal and confidential and shall not use or disclose the contents of this report except as provided for in the provisions of the CUSPAP and in accordance with the author's privacy policy. The client agrees that in accepting this report, it shall maintain the confidentiality and privacy of any personal information contained herein and shall comply in all material respects with the contents of the author's privacy policy and in accordance with the PIPEDA.
12. This report, its content and all attachments/addendums and their content are the property of the author. The client, authorized users and any appraisal facilitator are prohibited, strictly forbidden, and no permission is expressly or implicitly granted or deemed to be granted, to modify, alter, merge, publish (in whole or in part) screen scrape, database scrape, exploit, reproduce, decompile, reassemble or participate in any other activity intended to separate, collect, store, reorganize, scan, copy, manipulate electronically, digitally, manually or by any other means whatsoever this appraisal report, addendum, all attachments and the data contained within for any commercial, or other, use.
13. Where the intended use of this report is for financing or mortgage lending or mortgage insurance, it is a condition of reliance on this report that the authorized user has or will conduct lending, underwriting and insurance underwriting and rigorous due diligence in accordance with the standards of a reasonable and prudent lender or insurer, including but not limited to ensuring the borrower's demonstrated willingness and capacity to service his/her debt obligations on a timely basis, and to conduct loan underwriting or insuring due diligence similar to the standards set out by the Office of the Superintendent of Financial Institutions (OSFI), even when not otherwise required by law. Liability is expressly denied to those that do not meet this condition. Any reliance on this report without satisfaction of this condition is unreasonable.

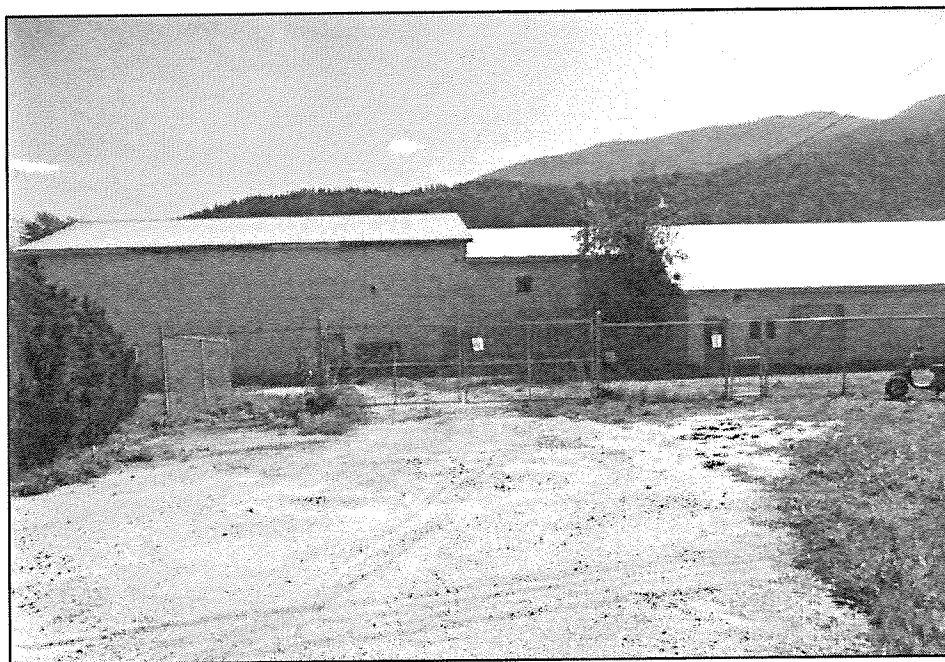
1.11 MARKET HISTORY

The Canadian Uniform Standards of Professional Appraisal Practice require the sales history of the properties to be reported within the most recent three years. The subject properties were listed for sale together on July 11, 2019 at \$995,000. It has been reported that some offers at undisclosed amounts have been presented to the receiver.



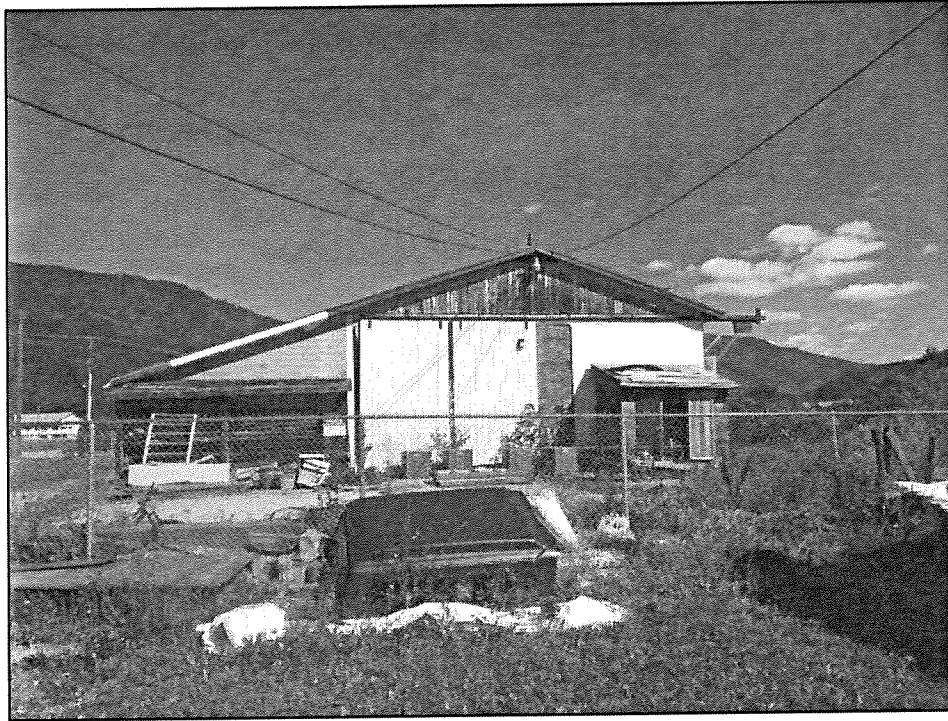
Section 2***Subject Photography*****2.1 1265 MONASHEE FRONTAGE ROAD**

View from Monashee Frontage Road to the west.

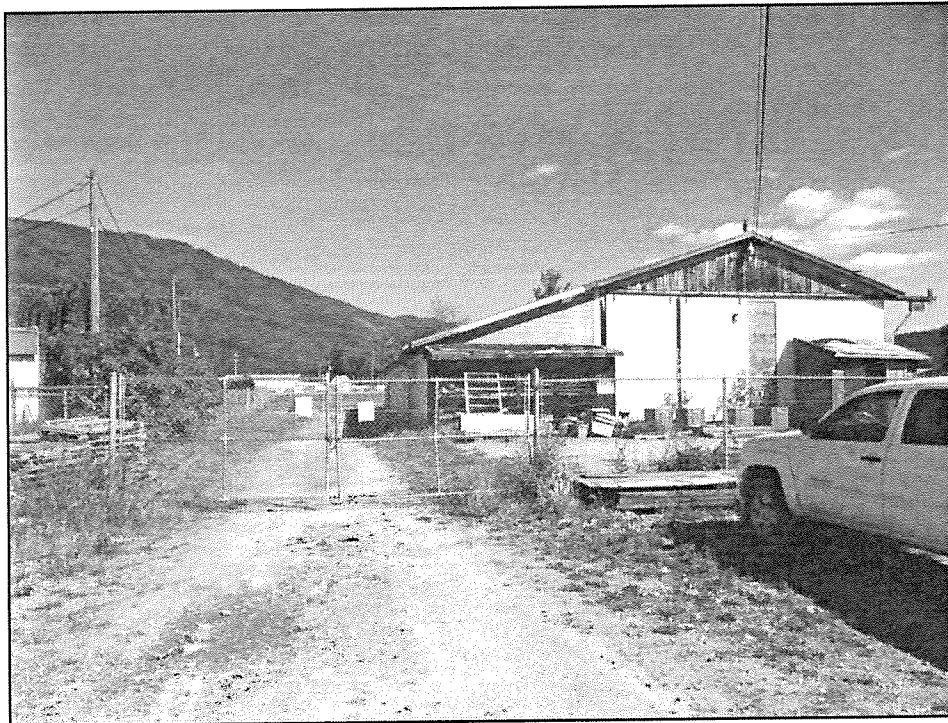


Access from Monashee Frontage Road.

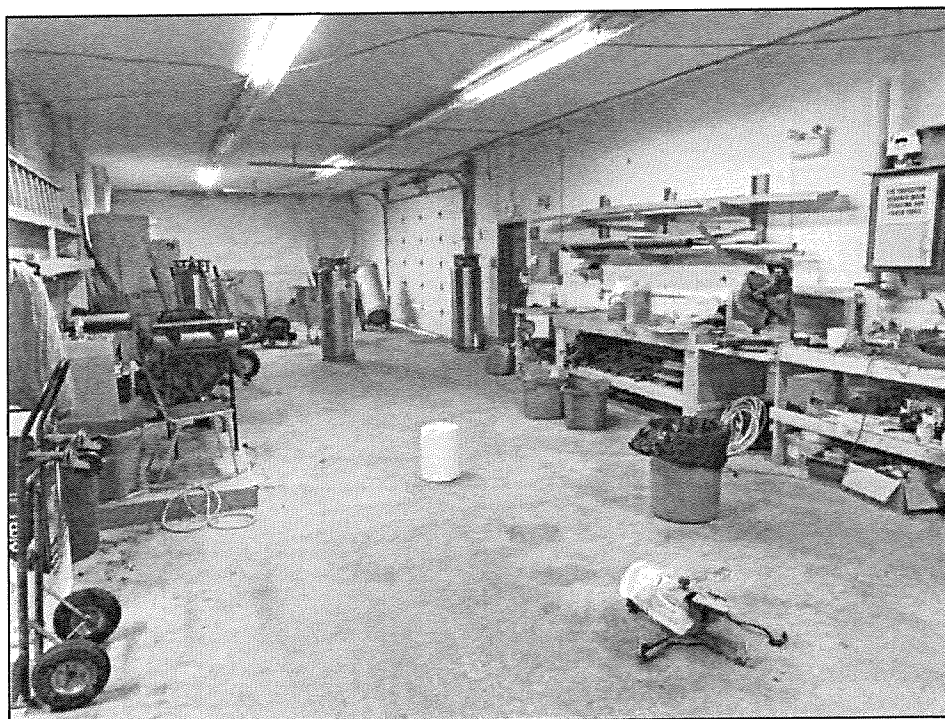




Rear of property from 1272 Titus Road.



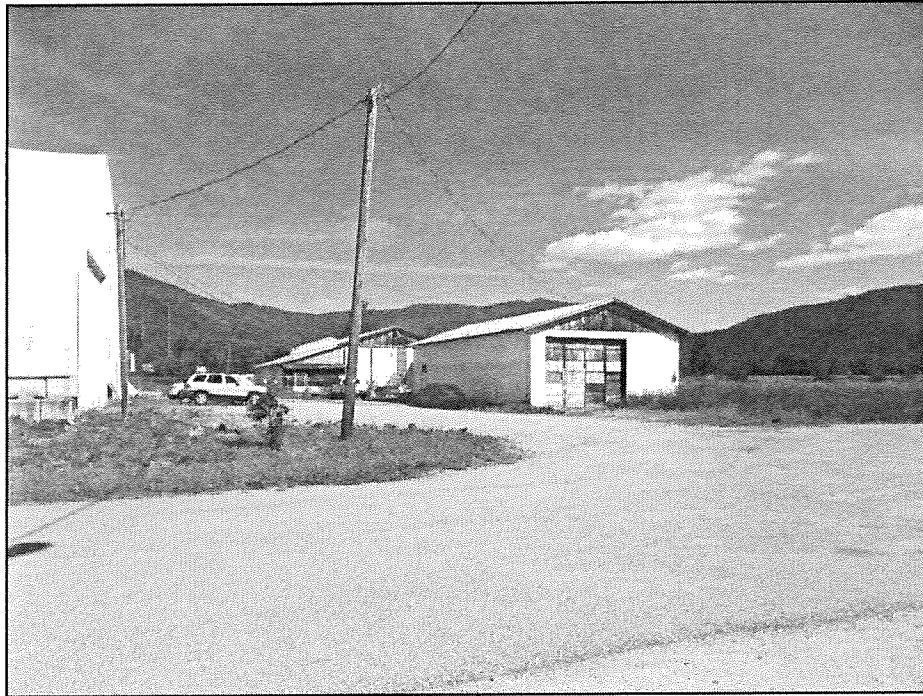
Rear access to property from 1272 Titus Road.



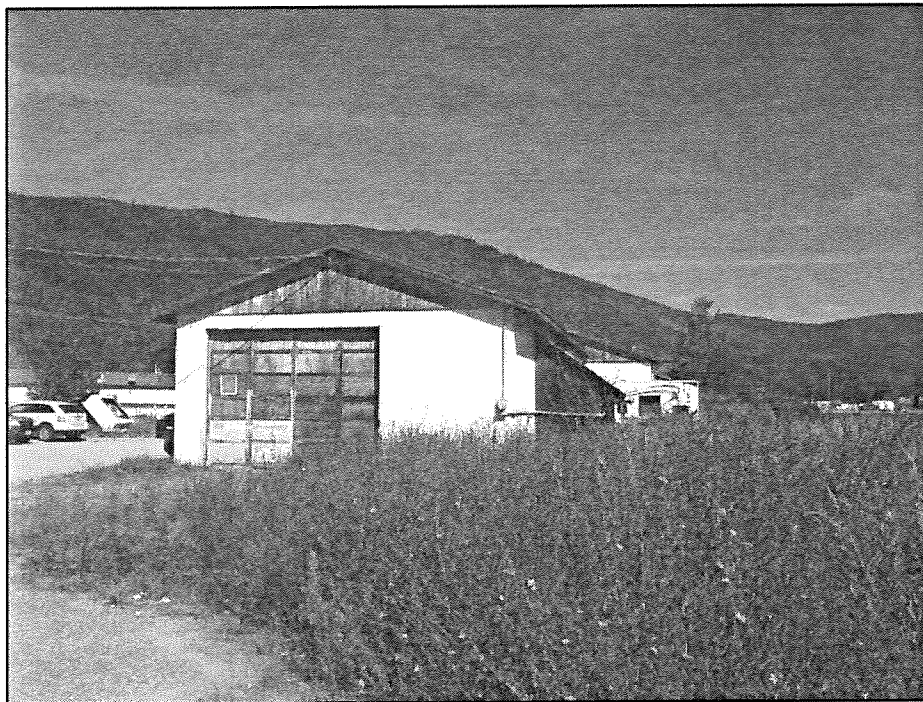
Portion of the warehouse.

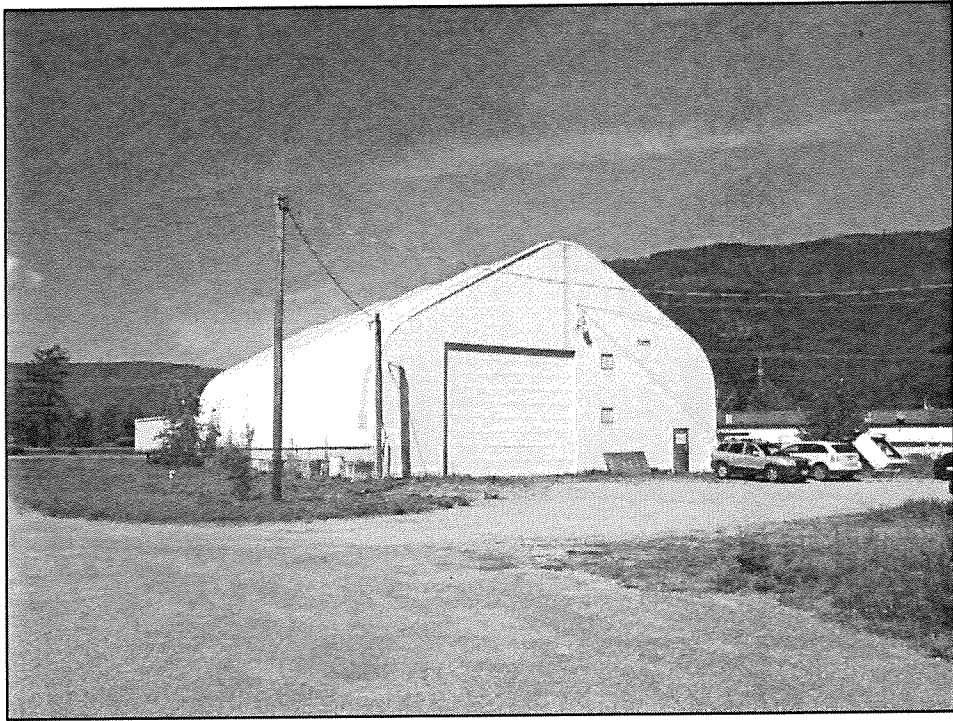


Second floor residential suite.

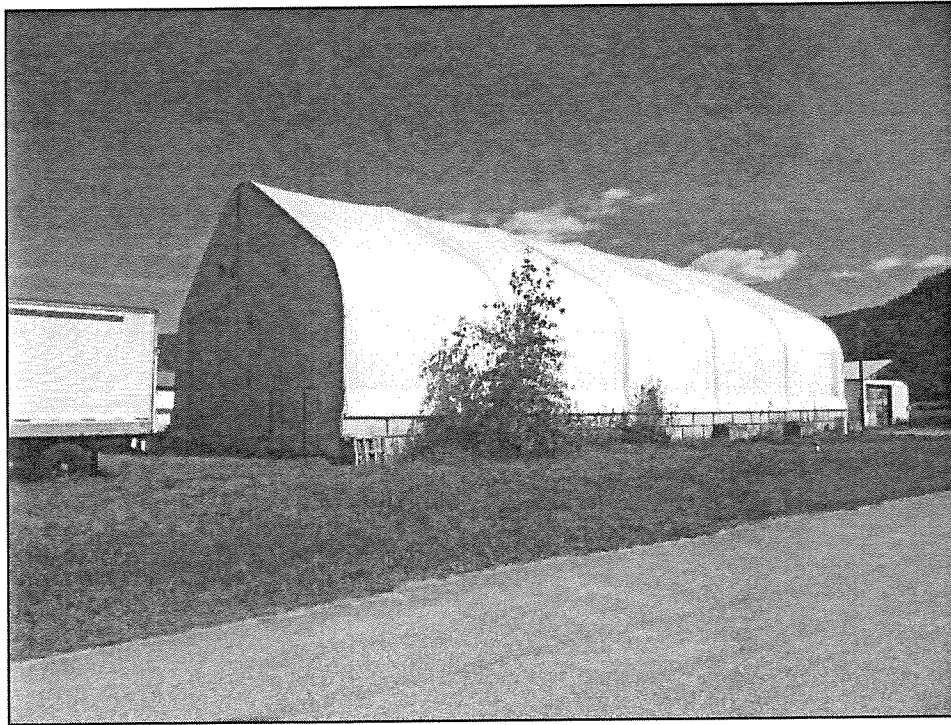
2.2 1272 TITUS ROAD

Old storage building.

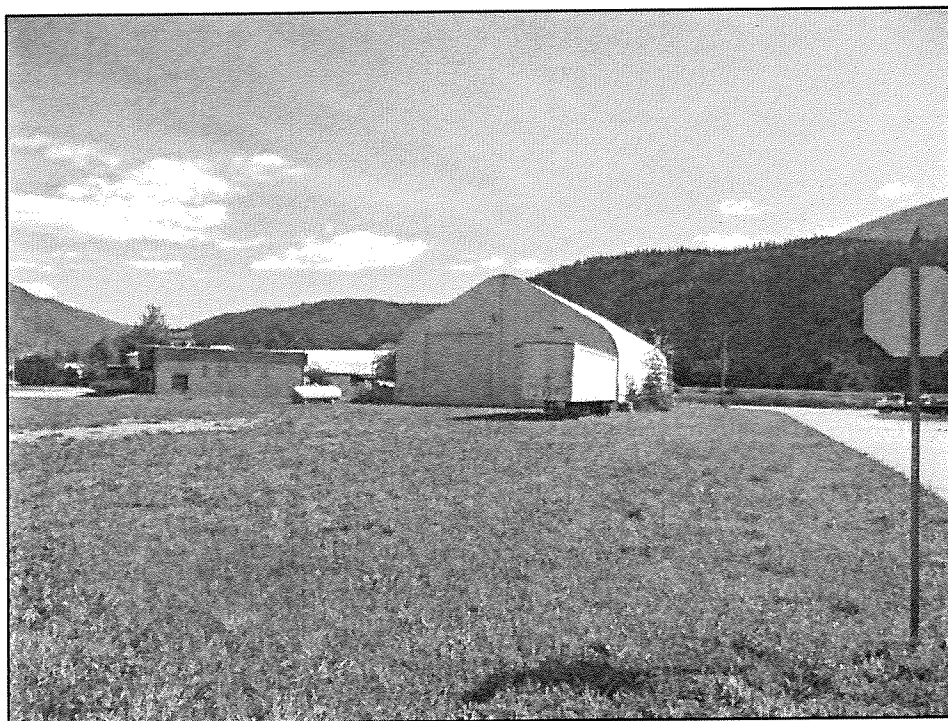




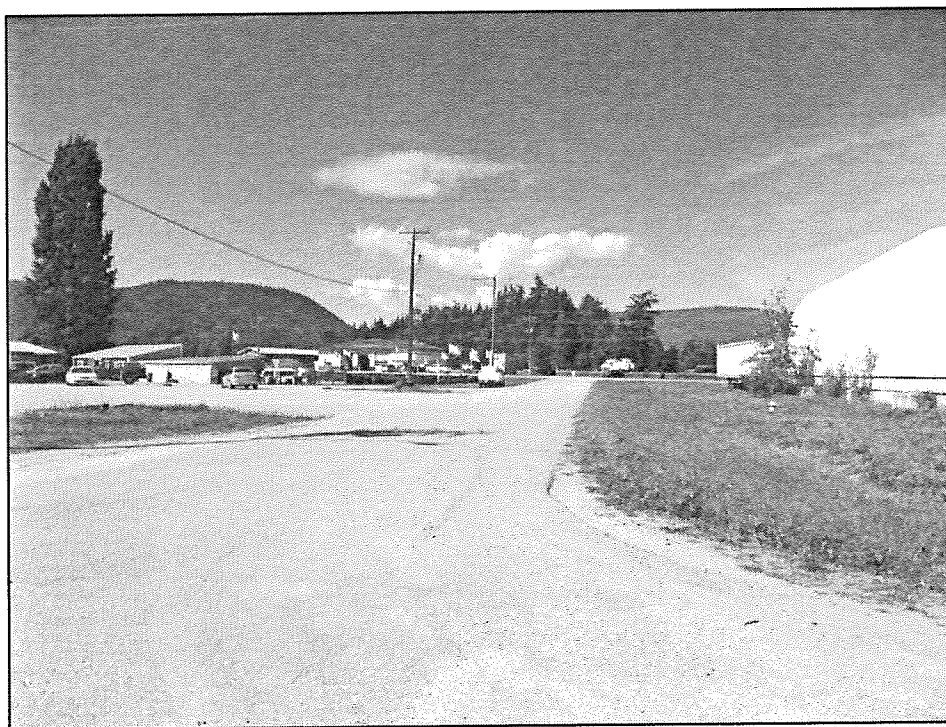
Front of coverall building.



Rear and south side of coverall.

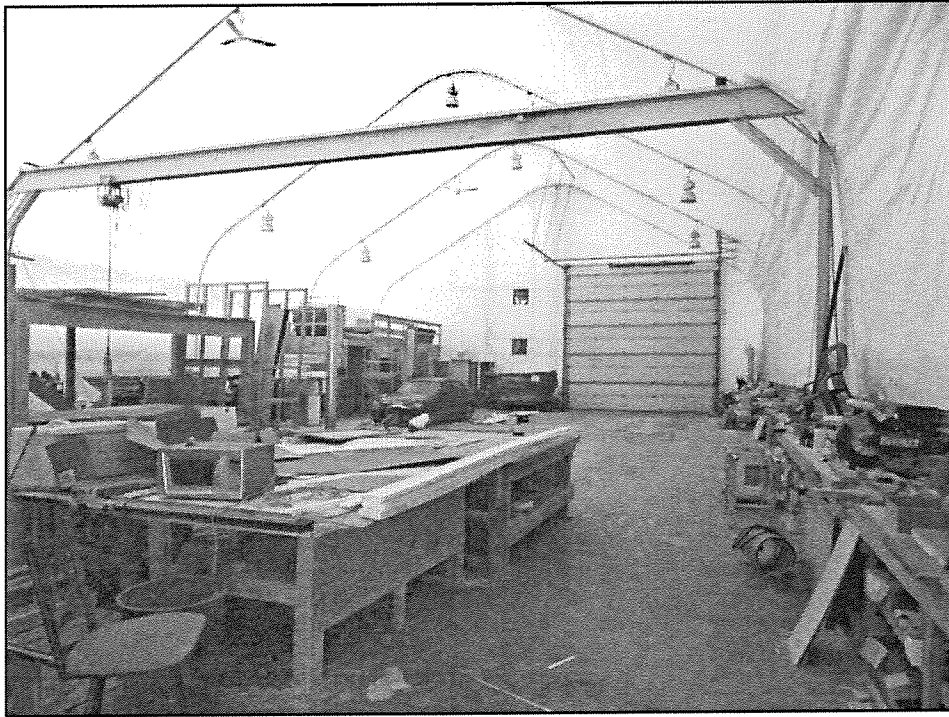


Surplus land.

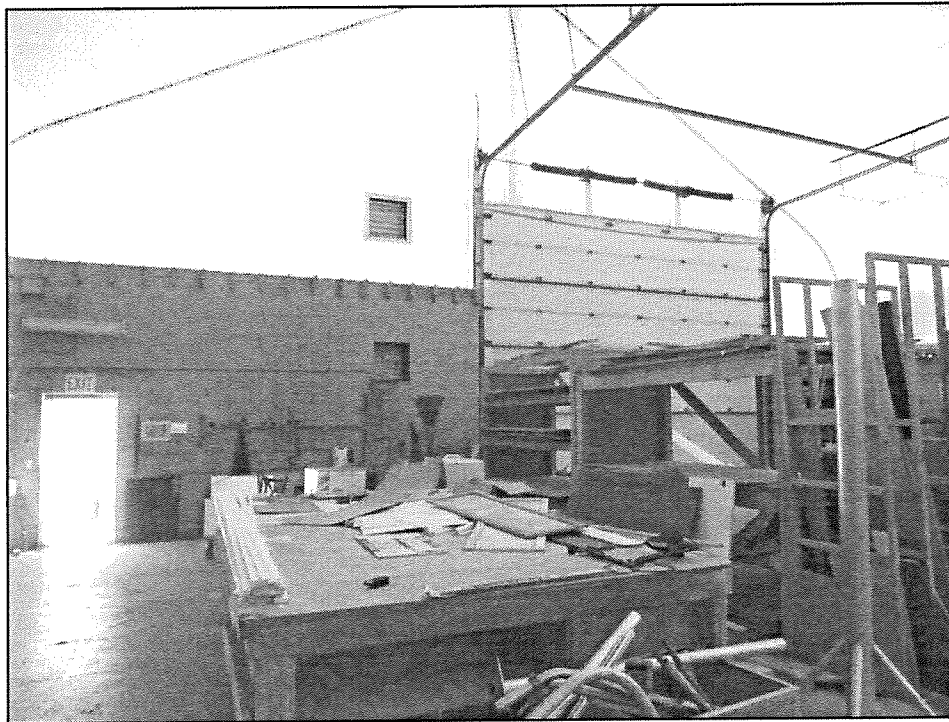


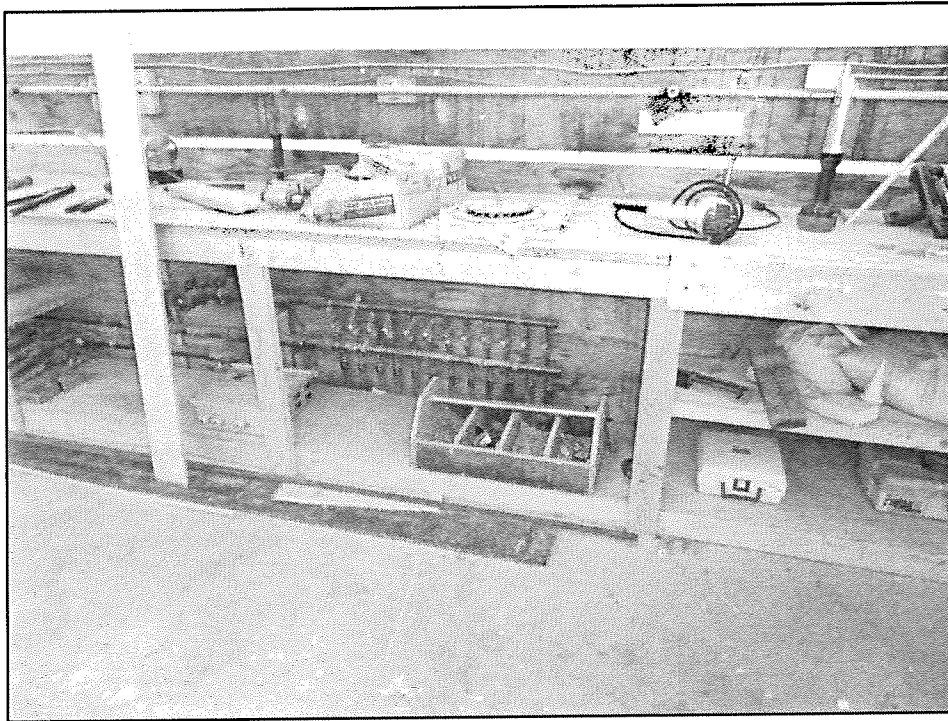
Titus Road.



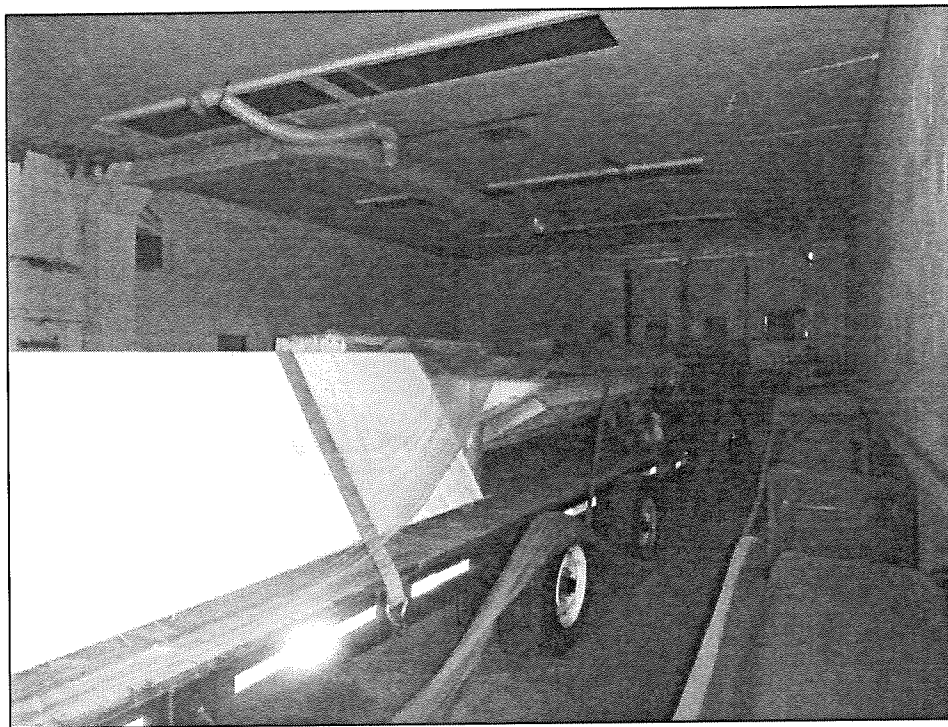


Interior of coverall.



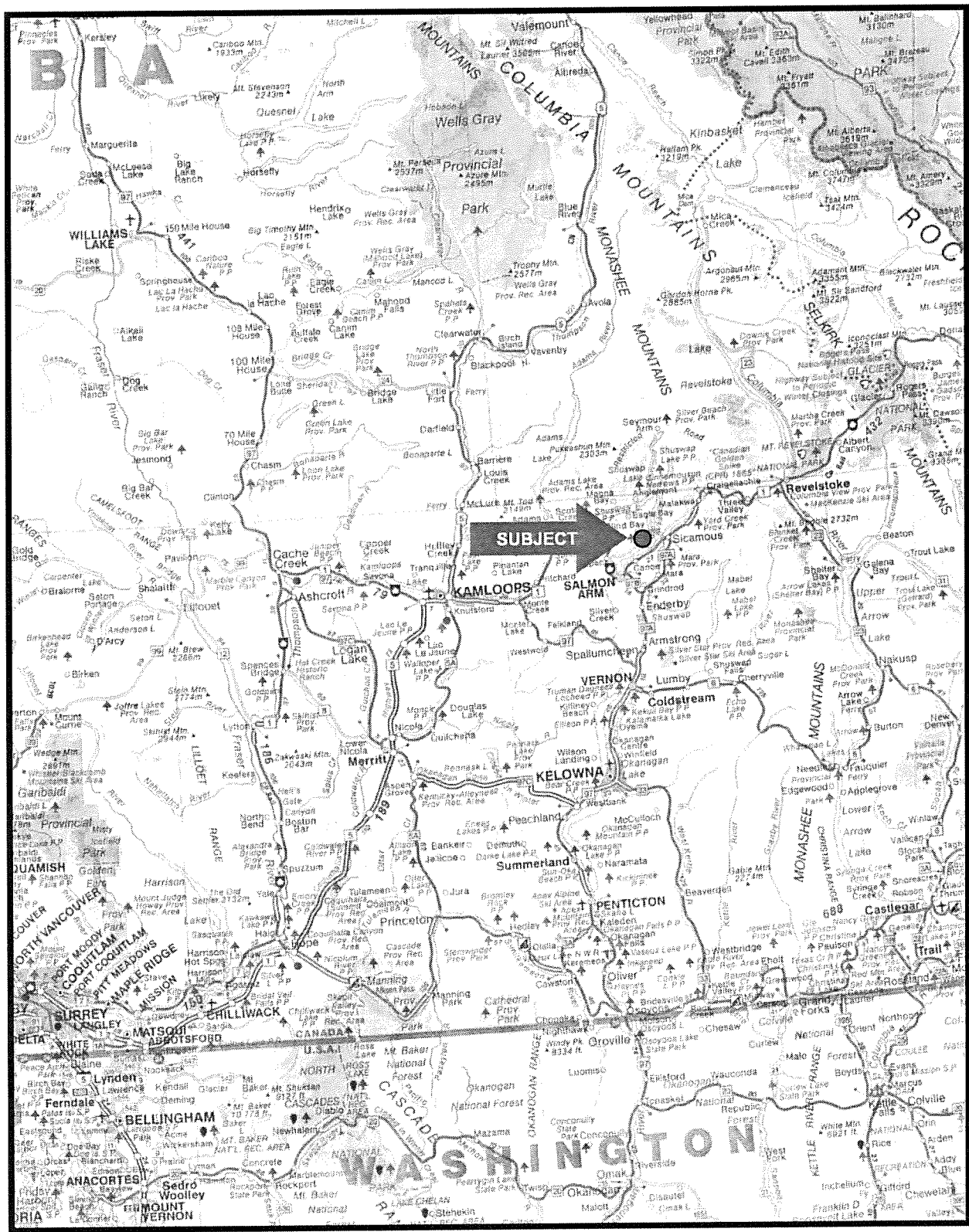


In-floor radiant heating system in coverall.



Interior of storage building.

FIGURE 1 - REGIONAL MAP



Section 3

Regional Description

3.1 LOCATION

The subject properties are located in the District of Sicamous within the Columbia-Shuswap Regional District (CSRD) halfway between Calgary and Vancouver on the Trans Canada Highway. The Columbia-Shuswap Regional District comprises the Town of Golden, the City of Revelstoke, the District of Salmon Arm and the District of Sicamous. The District of Sicamous, commonly described as the “Houseboat Capital of Canada” is a resort community situated on the shores of Shuswap and Mara Lakes and the Eagle River. Sicamous is located 30 km east of downtown Salmon Arm, the largest urban centre in the Columbia Shuswap Regional District, and 75 km west of Revelstoke. Vernon is located 75 km south via Highways 97A and 97.

3.2 DEMOGRAPHICS

3.2.1 Population

The following table contains a summary of population estimates for the Columbia Shuswap Regional District as provided by BC Stats. According to BC Stats, the population of the Regional District increased by 5.23% from 2014 to 2018. The City of Salmon Arm, which is the largest municipality in the area, grew by 7.6%, while Revelstoke, the next largest municipality grew by 5.7% over the five-year period. The District of Sicamous has had between 2,450 and 2,571 permanent residents since 2011. The population of the general Sicamous area dramatically increases during the summer months as there are many seasonal residents.

JURISDICTION	BC STATS POPULATION ESTIMATES				
	2014	2015	2016	2017	2018
Golden	3,809	3,826	3,873	3,884	3,934
Revelstoke	7,694	7,760	7,882	7,996	8,129
Salmon Arm	17,943	18,131	18,492	18,814	19,299
Sicamous	2,489	2,500	2,537	2,551	2,571
Unincorporated Areas	20,775	20,622	20,861	21,146	21,532
Columbia-Shuswap	52,710	52,839	53,645	54,391	55,465

3.3 ECONOMY

The region's economic base is centred on forestry related industries, mining, oil and gas as well as construction. Employment within these sectors provides the economic base of the Columbia-Shuswap region. Secondary employment industries include the public sector, agriculture and food and tourism. The forest industry



is anticipated to continue to be the most important sector in the region's economy while tourism and retirement living are other areas of potential economic growth.

Salmon Arm is the centre of economic and business activity in the Columbia-Shuswap area. The economy is reasonably diverse with primary employment sources including tourism, manufacturing, construction, health and social services and retail trade.

Sicamous's economy is dependant on the resort industry with co-dependence on the fluctuations in the Alberta energy sector. A large segment of housing in Sicamous, particularly with respect to stratified condominiums located on or near the Mara Lake shoreline, involve absentee ownership and seasonal occupancy. Marine-based industries cater to houseboat and pleasure craft users between May and September and there is an evolving tourism market based around snowmobiling during the winter months.

3.4 BUILDING PERMIT VALUES

The following table summarizes the number of new single-family starts and building permit construction values in the District of Sicamous for the five-year period, January 1, 2014 – December 31, 2018, as reported by BC Stats. This information is provided to provide an insight into the amount of new construction occurring in Sicamous in recent years.

YEAR	SINGLE FAMILY STARTS	TOTAL VALUE
2014	9	\$10,860,000
2015	9	\$ 4,127,000
2016	9	\$ 5,201,000
2017	10	\$ 3,310,000
2018	14	\$10,305,000
2018 Y-T-D	6	\$ 5,782,000
2019 Y-T-D	6	\$ 2,996,000

Construction values during the post recession period, 2010-2013, averaged \$3.74 million and six single family residential starts annually. During the last five full years, 2014-2018, the average annual construction value was nearly double at \$6.76 million. Residential housing starts, which typically account for 50% to 55% of the total construction value, averaged ten units annually between 2014 and 2018, double the production between 2010 and 2013. In addition to 14 residential starts in 2018, new commercial construction exceeded \$5.0 million. The year-to-date building permit construction value to June 30, 2019 is down \$2.786 million, or 48.2% over the same period last year.



3.5 REAL ESTATE OVERVIEW

Sicamous is in the Shuswap/Revelstoke Division of the Okanagan Mainline Real Estate Board. The Shuswap/Revelstoke Division MLS sales statistics for the six-year period, 2013-2018, and a year-to-date 2018 and 2019 comparison, are summarized on the following table.

Total Sales – All Categories

YEAR ENDING DECEMBER 31	TOTAL MLS LISTINGS	SOLD UNITS	DOLLAR VOLUME	UNIT PRICE
2013	2,471	864	\$246,704,614	\$285,538
2014	2,291	1,114	\$332,852,668	\$297,791
2015	2,262	1,151	\$361,331,439	\$313,928
2016	2,365	1,376	\$449,678,727	\$326,801
2017	2,284	1,382	\$484,817,734	\$350,809
2018	2,275	1,227	\$454,314,777	\$370,265
2018 y-t-d	1,432	607	\$219,577,006	\$361,741
2019 y-t-d	1,320	523	\$214,110,070	\$409,388

y-t-d is June 30th.

Market activity peaked in 2007 at 1,485 sold units, \$480.2 million sales revenue and an average unit price of \$323,384, 66% of all listings sold in 2007, a record sale to listing ratio. The 2007 record lasted until 2017 when after five years of volume increases a new record high of \$484 million in sales volume was set. Although 2018 had fewer sales and less sales volume than 2017 and 2016, it was still a historically strong year. This represented the sixth year in row with an increase to the average price. To-date in 2019, there have been fewer listings and fewer sales, but the total sales volume has not decreased by the same degree. As a result, the average price is almost \$50,000 higher than the same period in 2018. The average price has also increased each year over the last five years.

Single Family Sales

YEAR	DOLLAR VALUE	DWELLINGS SOLD	AVERAGE UNIT PRICE	PERCENT CHANGE
2013	\$122,928,026	403	\$305,032	- 2.5%
2014	\$163,210,311	506	\$322,550	+ 5.7%
2015	\$188,010,699	554	\$339,369	+ 5.2%
2016	\$221,876,958	600	\$369,795	+ 9.0%
2017	\$251,396,838	614	\$409,441	+ 10.7%
2018	\$247,474,513	567	\$436,463	+ 6.6%
2018 y-t-d	\$118,522,221	276	\$429,428	---
2019 y-t-d	\$106,132,143	233	\$455,502	+6.1%

y-t-d is June 30th.

The region experienced year-over-year increases in total sales volume and number of single-family units sold from 2013 to 2017. 2018 was slightly lower than 2017, but much higher than 2016 in terms of sales



volume and average price. To-date in 2019, the total sales volume and number of sales are trending downward compared to the same period in 2018. The average price however has continued to increase, which illustrates the continued strong demand for residential housing in this region.

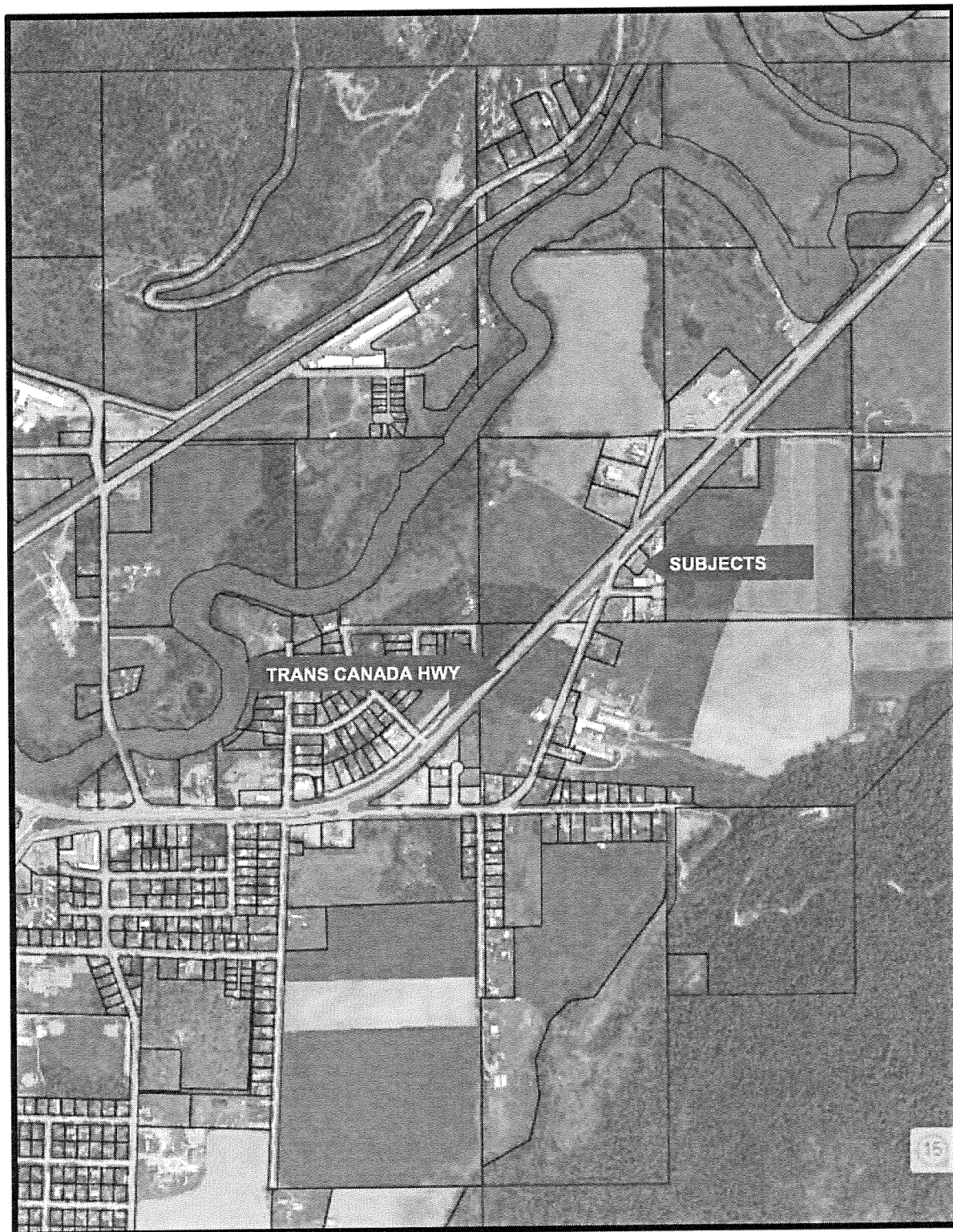
Sales of vacant land experienced an increase of \$6.5 million and a significant 18.9% increase in the average price in 2014 over 2013. 2015 saw similar sales volume with slightly fewer sales resulting a 7.6% increase to the average lot price. 2016 and 2017 were banner years with double the previous years sales volume and a continued increase in the average price up to \$153,000. Sales volume declined in 2018 by \$15 million with 72 fewer sales. Year-to-date data shows a surprising increase in the sales volume and average price with only three more sales than recorded during the first half of 2018.

3.6 SUMMARY

The building permit statistics show a slight decline each year from 2011 to 2013, then a strong year in 2014 before returning to more historical levels from 2015 to 2017. 2018 was also a very good with \$5.1 million in residential permits, year-to-date data shows 2019 is trending to be a much slower year. The same declining trend has is evident in the number of MLS sales and total sales volume, but surprisingly, the average price of single-family dwellings has continued to increase. Vacant land sales have shown higher volume to-date this year and a large increase in the average price.



FIGURE 3 – NEIGHBOURHOOD AERIAL PHOTO



Section 4

Property Description

4.1 LOCATION

The subject properties are located adjacent to the Trans Canada Highway in the northeastern corner of the District of Sicamous, ± 2.4 km northeast of the downtown urban core.

Surrounding land uses include:

- | | | |
|---------------|---|--|
| North: | - | Several commercial and industrial properties, the Eagle River Golf Course and agricultural properties. |
| East: | - | Agricultural properties. |
| South: | - | Several commercial and industrial properties and a go kart track. |
| West: | - | Agricultural properties. |

4.2 SITE ANALYSIS

1265 Monashee Frontage Road: The level slightly triangular property has a land area of .763 acres. With reference to Figures 4, the property fronts Monashee Road.

1272 Titus Road: The very irregularly shaped and level property has a land area of 1.4 acres. With reference to Figures 4, the property runs the entire length of Titus Road to the south and has approximately 366 feet of Titus Road frontage. With both of the building located on the east portion of the property, there is approximately 12,700 square feet of surplus land that is not required to support the two buildings.

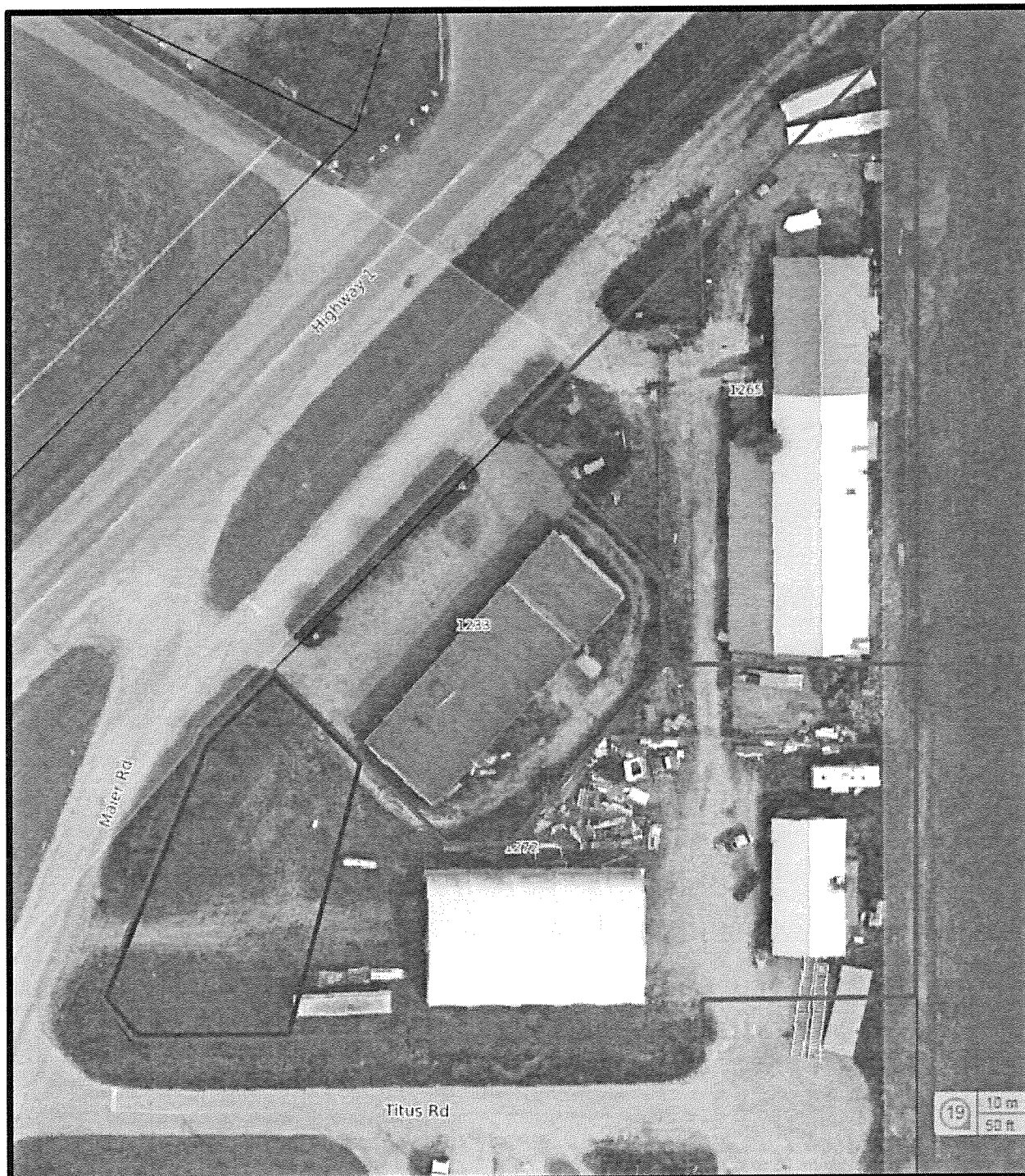
4.3 ACCESS & SERVICES

Vehicular access to and from the subjects from the adjacent Trans Canada Highway is excellent. Services to the property include municipal water and sanitary sewer and above ground hydro and telecommunications. Monashee Frontage and Titus Road are two-lane paved right of ways with gravel shoulders and no curbing or sidewalks.



FIGURE 4 – SUBJECT AERIAL PHOTO

SURPLUS LAND SUBJECT PROPERTIES



4.4 PROPERTY ASSESSMENT AND TAXES

Properties in British Columbia are assessed annually by BC Assessment for use by taxation jurisdictions. The assessments are legislated to reflect (actual value) which is synonymous with current market value, effective July 1st, of the year prior to the issuance of the assessment notice. Property taxes are administered by the District of Sicamous.

The subjects' assessed value for 2019 and 2018 and 2019 property taxes are as follows:

1265 Monashee Frontage Road

	2019	2018
Land	\$170,000	\$170,000
Improvements	<u>\$339,000</u>	<u>\$321,000</u>
Total	\$509,000	\$491,000
Property Taxes	\$ 8,476	n/a

1272 Titus Road

	2019	2018
Land	\$222,600	\$222,600
Improvements	<u>\$112,100</u>	<u>\$100,100</u>
Total	\$334,700	\$322,700
Property Taxes	\$ 7,020	n/a

A cursory review of the subjects' assessment and the assessed values of neighbouring properties suggests that the current total assessed values appear to be reasonable.

4.5 ZONING

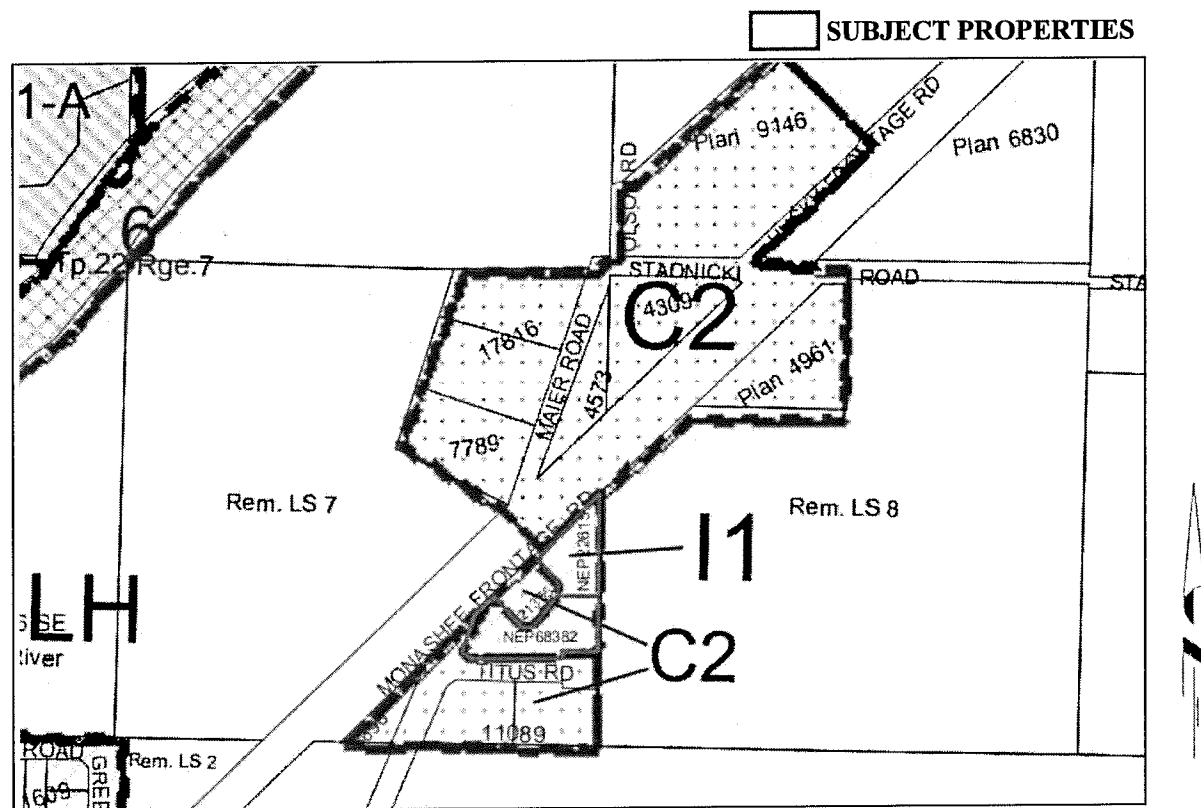
The subject properties are zoned I.1; General Industrial pursuant the District of Sicamous Zoning Bylaw No. 101, 1993, with subsequent revisions. Permitted uses within the I.1 zone are limited to:

- Accessory industrial buildings and structures,
- Manufacturing and processing,
- Storage: heavy equipment and machinery, auto wrecking, mini storage, bulk storage plants and storage yards accessory to an industrial use.
- Service and repair establishments including fibreglassing and paint operations,
- Retail Sales accessory to an industrial use,
- Transportation establishments, and
- Licensed medical marijuana production facility.



The maximum number of buildings, maximum height, setbacks, minimum lot area and maximum lot coverage are contained within the entire I.1 zoning bylaw included as Exhibit C in the Addenda.

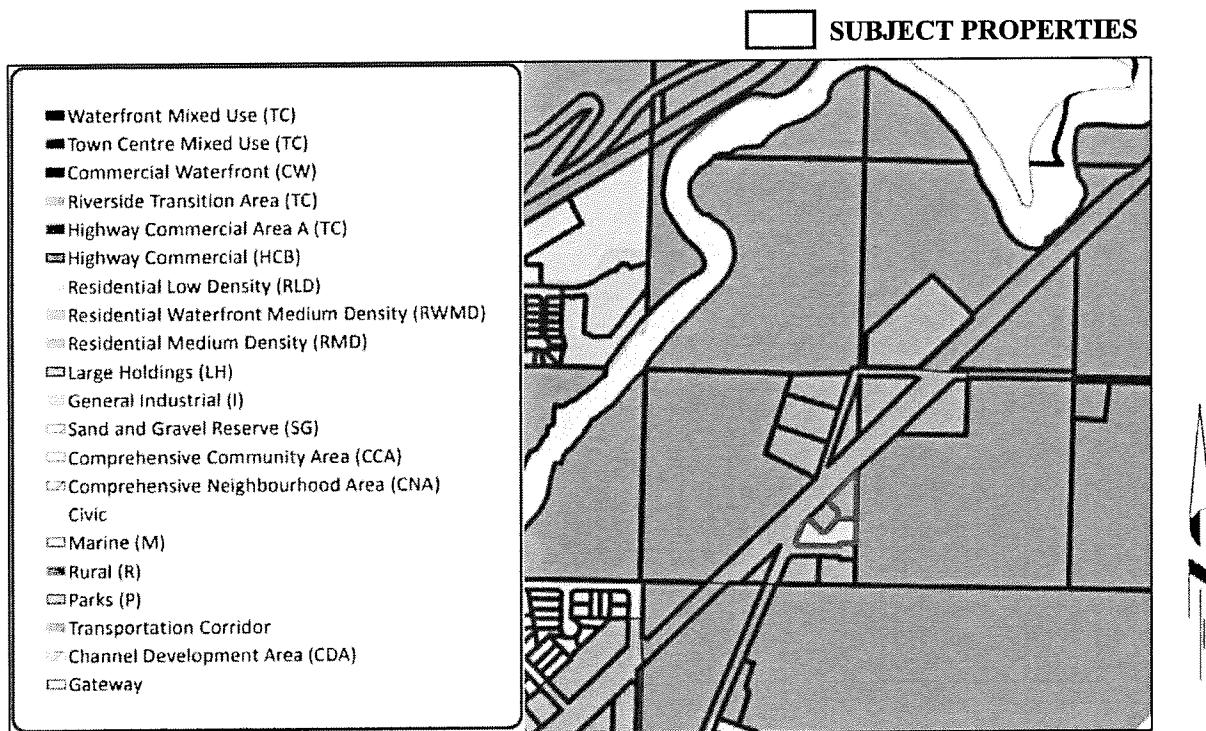
FIGURE 5 – ZONING MAP



4.6 OFFICIAL COMMUNITY PLAN (OCP)

The Official Community Plan identifies the land use of 1265 Monashee Frontage Road as HCB; Highway Commercial and 1272 Titus Road as GI; General Industrial.

A future land use map is included as Figure 6 on the next page.

FIGURE 6 – OFFICIAL COMMUNITY PLAN LAND USE MAP

4.7 ENCUMBRANCES

1265 Monashee Frontage Road:

There are a number of non-financial encumbrances registered against the subject property. The most notable one is an easement over 1272 Titus Road that permits access to the rear of the property. There are also two rights of way held by two utility companies. Both are very typical and are assumed to not have any significant effect on the property's marketability or use and subsequent market value. For greater certainty a legal opinion should be solicited for a full explanation of the effects of all encumbrances.

1272 Titus Road: Easement XJ30365 permits access over the property to 1265 Monashee Frontage Road. There are also two rights of way held by two utility companies. Both are very typical and are assumed to not have any significant effect on the property's marketability or use and subsequent market value. For greater certainty a legal opinion should be solicited for a full explanation of the effects of all encumbrances.

4.8 IMPROVEMENTS

4.8.1 1265 Monashee Frontage Road

The property contains an average quality concrete block and wood-framed building with a total floor area of 10,328 square feet (BC Assessment records). The 1975 constructed building has a main floor area of 9,080 and a mezzanine level of 1,248 square feet. The former houseboat manufacturing building is presently leased for use as a legal marijuana growing operation and was not available for inspection. It is reported however that the main floor is entirely utilized for the grow operation and second floor level contains a two-bedroom residential suite with an approximate floor area of 1,000 square feet, with the remainder used as storage.

The building has some deferred maintenance and is not very attractive. Siding is a mixture of painted and unpainted concrete blocks and weathered cedar siding. There are two overhead doors at the north end and one large sliding door at the south end. It is reported that the current tenant has spent a significant amount of money to upgrade the building's electrical system to accommodate the grow-op requirements. The gable roof has sheet metal cover. The entire property is secured with a five foot high chain link fence. Overall, the exterior of the building is in fair to poor condition. The interior was not inspected; however it is reported that it is in fair to average condition. The building has an actual age of 44 years and an estimated remaining economic life of ten to twenty years, assuming a regular maintenance plan is initiated.

4.8.2 1272 Titus Road

This property contains two buildings that were also used for houseboat manufacturing. The largest and by far the best of the two buildings is a 2001 constructed coverall structure that has a floor area of 6,000 square feet. The building has a concrete slab floor with in-floor radiant heat and one overhead door at each end. Cooling is provided four ceiling fans. A 1-ton crane is located in the center of the building. The building is in average condition for its age and has an estimated remaining economic life of 15 years or more if adequately maintained.

The second is a 1975 constructed concrete block storage building that is not connected to hydro. The 1,800 square foot building is in poor condition but is suitable for storage purposes. It has an actual age of 44 years and a remaining effective life of up to ten years.



Section 5

Highest and Best Use

5.1 CONCEPT

The Appraisal Institute of Canada's *The Appraisal of Real Estate - Third Edition, 2010*, defines the concept of highest and best use as:

"The reasonably probable and legal use of vacant land or an improved property that is physically possible appropriately supported, and financially feasible that results in the highest value."

With reference to the "Concept of Highest and Best Use" authored by Lincoln W. North and published by the Appraisal Institute of Canada, highest and best use is influenced by nine important factors.

- Marketability.
- Profitability.
- Financial constraints.
- Managerial constraints.
- Societal constraints.
- Statutory limitations.
- Regulatory controls.
- Titular restrictions.
- Physical and functional limitations.

5.2 CRITERIA

The subject property's highest and best use is influenced by the following criteria:

- The use must be legal and must comply with land use classifications or zoning regulations or probable zoning and with building regulations applicable to the land.
- The use must be within the realm of probability and not speculative or conjectural.
- There must be a demand for the use selected and economic conditions which make it probable that such use will take place.
- The use must be profitable and provide the highest net return to the owner of the land.



5.3 ANALYSIS – As if Vacant

Legal Permissibility

The subject properties are zoned I.1 General Industrial which permits a wide variety of common industrial related uses.

Physically Possible

The sites are irregularly shaped but level and sufficiently sized to accommodate all of the permitted uses. Both properties are also easily accessible.

Financial Feasibility

The subjects' location is ideal for all of the permitted uses and with the excellent access and exposure to the Trans Canada Highway suggesting the most financially feasible use would be some form of manufacturing or transportation establishment.

Maximum Productivity

This is the fourth and final test of the highest and best use of a property and is applied when a use passes the first three tests. Based upon the preceding discussion, the most productive use of the subject properties would be some form of manufacturing or transportation establishment that requires an easily accessible and affordable location.

Conclusion – As if Vacant

To summarize, the current zoning, future land use designation, as well as the size and shape of the subject properties, suggest that the highest and best use would be one of the permitted industrial uses that maximizes the convenient location adjacent to the Trans Canada Highway.

5.4 CONCLUSION – As Improved

The subject properties were utilized for many years for houseboat manufacturing. 1265 Monashee Frontage Road has been improved for its current use as a legal marijuana growing facility and given the improvements to the buildings electrical system and power supply, the current use is considered the highest and best use as improved. 1272 Titus Road is ideally suited for a manufacturing business that requires a high ceiling and extra yard area. The coverall building is fully equipped and well-located for a manufacturing business; therefore, this would be the highest and best use of the property as improved.



To arrive at the current market value estimate for the subject property as of August 28, 2019, all three conventional appraisal techniques were considered, namely the Cost Approach, Income Approach and the Direct Comparison Approach.

6.1 PREFERRED METHODS

The Cost Approach is based upon the cost of reproduction and is best for new or proposed construction when it represents the highest and best use of the site. It is also applicable to estimating the market value of unique or special purpose properties or when the improvements represent a small percentage of the total value. The Cost Approach considers land and buildings as separate elements and assumes that overall property value is a sum of land acquisition costs and the replacement cost of improvements. Considering the value of the existing improvements on both properties are substantial and accurately estimating all forms of depreciation is very difficult, the cost approach was not considered a viable valuation method.

The Income Approach is the preferred method of valuing income producing properties as it best reflects typical market behaviour of purchasers. Employment of the Income Approach to estimate market value requires the discounting of the subject property's projected net rental income by an appropriate overall capitalization rate extracted from current sales of income producing investment properties. The capitalization rate or price/earnings ratio relates the subject property's net operating income to its most probable selling price. This approach is most relevant since purchasers of this property type would be largely motivated by this technique in determining an acquisition price.

The Direct Comparison Approach (DCA) requires the comparison of similar properties to the subject that have sold at times concurrent to the date of appraisal and under similar economic conditions. The main weakness of the DCA is adequately adjusting the comparable sales for differences in location, land value, building quality, size, and site coverage. With the availability of recent sales of reasonably similar properties this approach was also utilized; however, given the mentioned challenges, this method is best utilized to test the reasonableness of the Income Approach estimates.

In summary, considering the existing development scenario, two of the three primary techniques will be utilized, namely the Income and DCA, to estimate the current market value of the subject properties.



7.1 VALUATION OVERVIEW

As previously discussed, 1265 Monashee Frontage Road is presently leased for use as a legal marijuana growing facility and 1272 Titus Road is vacant. When a property is leased, or has the potential to be leased, the Income Approach is usually the preferred method of valuation as it best reflects typical market behaviour of purchasers. The employment of the Income Approach to estimating market value requires the discounting of the projected net operating income by an appropriate overall capitalization rate extracted from current sales of similar properties. The Direct Comparison Approach will also be utilized as a secondary approach.

7.2 INCOME APPROACH

The Income Approach is often the preferred method of valuing income producing properties as it best reflects typical market behaviour of purchasers. The employment of the Income Approach to estimating market value requires the discounting of the projected net operating income by an appropriate overall capitalization rate extracted from current sales of similar income producing investment properties. The capitalization rate or price-earnings ratio relates the subject property's net operating income to its most probable selling price. Important factors influencing the overall capitalization rate selection include:

- existing or proposed tenant covenant strengths,
- the relationship between contract rent and current market levels,
- the income security,
- the income growth/capital appreciation potential,
- the improvement scope and adaptability to alternate uses,
- the management requirement,
- the ratio of land value to total value,
- the current inflation rates,
- the general level of interest rates, and
- the general level of investor confidence.



7.3 PROJECTED GROSS ANNUAL INCOME

The first step in the valuation of a revenue producing property is to estimate the actual or potential gross annual income. This includes revenues from all sources associated with the operation of the real estate but excludes, for appraisal purposes, revenues such as interest income, dividends on reinvested earnings or other revenues which are not produced directly by the operation of the property and/or business entity.

1265 Monashee Frontage Road is presently leased at an annual rate of \$24,000 per year. The lease agreement is summarized as follows:

Lessee:	-	1937 Ent. Ltd.
Leasable Area:	-	10,000 square feet
Lease Term:	-	September 1, 2018 to August 31, 2021.
Base Rent:	-	\$2,000 per month; \$24,000 per annum.
Rent Per Sq. Ft.	-	\$2.40.
Type of Lease:	-	Triple net – tenant is responsible for all operating costs.

7.3.1 Market Rent Survey & Lease Schedule

To determine if the current lease of 1265 Monashee Frontage Road is at market levels, and to establish a market rent estimate for 1272 Titus Road, a rental survey of negotiated leases and current listings of similar properties was completed. The Sicamous commercial rental market is very small and a search of MLS data revealed no recent sold leases or active listings of industrial properties. It was therefore necessary to expand the search for comparable market data to include the neighbouring communities of Lumby, Salmon Arm, Kamloops and Vernon.

The following leases represent a variety of triple net lease scenarios where the tenant is responsible for all operating costs, including property taxes. The landlord is responsible for management and structural maintenance.



Comparable Lease Schedule with Adjusted Rents

INDEX NO.	CIVIC ADDRESS	SALE DATE	LEASE AREA (SF)	RATE PER SQ. FT.	COMMENTS
1	1233 Monashee Frontage Road, Sicamous	2019	1,300	\$6.65	Units within a 1977 constructed multi-tenant concrete block building with minimal interior finish.
2	1415 Dyffryn Road, Lumby	Aug-19	4,585	\$8.50	Average quality warehouse and shop space
3	1015 Fairweather Road, Vernon	Aug-17	12,000	\$7.87	Large average quality warehouse on a 1.7-acre site.
4	B & C 4600 – 29 th Street, Vernon	Apr-18	2,800	\$9.20	Centrally located, average to good quality commercial or light manufacturing space.
5	2001 43 Street, Vernon	Jan-18	5,880	\$9.25	Light industrial building with an 18' ceiling and covered outside storage.
6	B – 6255 Okanagan Landing Road, Vernon	Listing	6,395	\$8.00	Warehouse located near the Vernon airport.
7	4609 23 Street, Vernon	Listing	5,480	\$8.50	Light industrial warehouse with loading dock.
8	5101 48 Avenue SE, Salmon Arm	Exp. Listing	13,600	\$9.00	Good quality 2005 constructed warehouse with a lunchroom, reception area and 3.2-ton overhead crane.
9	D-961 Laval Cres, Kamloops	Jan-18	4,000	\$7.00	Average quality warehouse with a front office and two overhead doors.
10	453 Victoria Street, West, Kamloops	Exp. Listing	6,950	\$7.00	Older warehouse/distribution building with two loading docks.

7.3.2 Gross Potential Annual Income – 1265 Monashee Frontage Road

A discussion with a Sicamous based commercial realtor revealed that very little leasing activity is completed through realtors as most landlords advertise availability with a sign on their property. He mentioned it is not uncommon for leases to be in the \$4.00 to \$5.00 per sq. ft. range for larger buildings given the lack of demand. Commercial buildings with a retail use are more popular and command higher rents. He also stated a very limited demand exists for industrial properties given the lack of natural gas service in Sicamous. This results in higher than typical heating costs and overall operating costs for tenants.

The available market data indicates a triple net market rental range of \$6.65 to \$9.25 per square foot. The lowest rate is for a four-tenant concrete block service commercial building located next to the subject. The property is also for sale and the listing realtor commented that the landlords were getting less than \$6.65 per sq. ft. from some tenants as they just wanted to have the unit occupied rather than collect no rent. The subject is slightly inferior in quality and much larger than the units within this property.



The next lowest rates are from two properties in Kamloops. Both are average quality light industrial spaces that sold or were listed at \$7.00 per square foot. Kamloops is a superior market and the buildings are superior to the subject which suggest a maximum rate lower than \$7.00 per sq. ft. for the subject.

The remaining leases are of better quality properties that sold or are listed for between \$7.87 and \$9.25 per square foot.

In conclusion, after comparing the limited market data to the current lease rate of \$2.40 per sq. ft., it appears the current rent is well below market levels even after considering the age and condition of the building. The lease has two years remaining in the term and there is no renewal clause so a higher rate closer to or at market levels can be negotiated upon expiration of the lease. The market data suggests a rent of between \$4.50 and \$5.50 would be more reasonable. With the mid-point of the range selected, the gross potential annual rent is estimated at **\$5.00 per square foot**, equating to **\$50,000 per annum**. The present value of the income loss incurred over the remaining two years of the current lease will be considered in **Section 7.5.1**.

7.3.3 Gross Potential Annual Income – 1272 Titus Road

This property is improved with a 2001 coverall structure with a floor area of 6,000 sq. ft. and older 1,800 sq. ft. concrete block storage building without a power supply. The coverall building has high ceiling with a one-ton crane and in-floor radiant heat. Overall, it is in average condition and very suitable for light industrial use. Because of the lower cost of a coverall building compared to a concrete or steel frame structure, when available for lease they are often at lower rates than better quality and more secure buildings. With the lack of insulation, they are costly to heat, and this increases the total cost to the tenant.

Considering the foregoing discussion and the size and quality of the building, a rate between what is achieved at the two adjacent properties is deemed reasonable for this property. Index 1 shows a rate of \$6.65 per sq. ft. for a 1,000 sq. ft. unit in an older concrete block building facing the Trans Canada Highway and the other subject property is leased at a very low \$2.40 per sq. ft.

After carefully reviewing the limited data and from information gathered from a local commercial realtor, a rate of \$4.50 per sq. foot (\$27,000 per annum) is considered reasonable for the coverall building. The second, and much older building, is only suitable for storage and would likely be rented on a monthly basis for approximately \$400 gross. This equates to approximately \$3,600, triple net, or \$2.00 per sq. ft. and \$3,600 per annum.



The gross potential annual rent 1272 Titus Road is therefore: $\$27,000 + \$3,600 = \$30,600$.

7.3.4 Vacancy and Collection Loss Allowance - 1265 Monashee Frontage Road

A cruise of the Sicamous commercial market revealed very few vacant units offered for lease and none in advertised for lease on MLS. There is also very limited demand for industrial properties given the reasons previously mentioned. Even though there are presently very few vacant units, most investment properties will experience income loss due to vacancy and collections at some point during their economic life. Considering the current marketability of the subject premises, the property's location and the age and quality of the improvements, the annual vacancy and collection loss allowance is estimated at 7.5%. The vacancy loss is therefore calculated as follows: $\$50,000 \times .075 = \$3,750$.

7.3.5 Non-Recoverable Expense Allowance - 1265 Monashee Frontage Road

The estimated market rents for the commercial units are based on a triple net arrangement whereby the tenant is responsible for premise utilities and expenses including property taxes, insurance, building maintenance and repairs and property management. Non-recoverable expenses include an allowance for structural repairs and the non-recovery of operating costs and property taxes due to vacancy.

For the purpose of this analysis, a non-recoverable expense allowance of 7.0% is considered reasonable given the age and condition of the building. The allowance is calculated as follow: $\$50,000 - \$3,750 = \$46,250 \times .07 = \$3,238$, rounded to **\$3,250**.

7.3.6 Projected Net Operating Income Summary - 1265 Monashee Frontage Road

•	Projected Potential Gross Annual Income	=	\$50,000
•	Vacancy & Collection Loss Allowance of 7.5%	=	<u>\$ 3,750</u>
•	Effective Gross Annual Income	=	\$46,250
•	Non-recoverable Expense Allowance of 7.0%	=	<u>\$ 3,250</u>
•	Projected Net Annual Operating Income	=	\$43,000

7.3.7 Vacancy and Collection Loss Allowance - 1272 Titus Road

Considering the quality of the two buildings and current marketability of the subject premises, as well as the location, the annual vacancy and collection loss allowance is estimated at 7.5%. The vacancy loss is therefore calculated as follow: $\$30,600 \times .075 = \$2,295$, rounded to **\$2,300**.



7.3.8 Non-Recoverable Expense Allowance - 1272 Titus Road

The estimated market rents for the commercial units are based on a triple net arrangement whereby the tenant is responsible for premise utilities and expenses including property taxes, insurance, building maintenance and repairs and property management. Non-recoverable expenses include an allowance for structural repairs and the non-recovery of operating costs and property taxes due to vacancy.

For the purpose of this analysis, a non-recoverable expense allowance of 7.0% is considered reasonable given the age and condition of the building. The allowance is calculated as follow: $\$30,600 - \$2,300 = \$28,300 \times .07 = \$1,981$, rounded to **\$2,000**.

7.3.9 Projected Net Operating Income Summary - 1272 Titus Road

•	Projected Potential Gross Annual Income	=	\$30,600
•	Vacancy & Collection Loss Allowance of 7.5%	=	<u>\$ 2,300</u>
•	Effective Gross Annual Income	=	\$28,300
•	Non-recoverable Expense Allowance of 7.0%	=	<u>\$ 2,000</u>
•	Projected Net Annual Operating Income	=	\$26,300

7.4 CAPITALIZATION RATE DERIVATION

The valuation of investment real estate is essentially a process of converting net earnings into an indication of present capital value. Capitalization rates constitute a common market-based form of current earnings ratio. They are typically used in the appraisal of real estate valued based on net operating income, in contrast to using gross income or cash flow indications.

A capitalization rate is broadly defined as a percentage rate relating the net operating income of a property to its most probable selling price, or market value. This relationship does not imply that the current earnings are expected to remain the same throughout the tenure of ownership, for in fact they will rise and fall with changing market conditions. What is significant is that the current or projected earnings are used as a unit of comparison simply because they are known amounts or can be estimated with relative certainty. If the future performance of the property is expected to rise or fall below the norm, the capitalization rate will be modified accordingly and when applied to the amount of income produced by the subject, it provides an indication of value.



Two major factors affecting capitalization rates are **risk** and the **capital appreciation potential** of the property. Modern, functional, good quality, well located multi-tenanted developments, typically command lower rates compared to lower quality investment properties and most service commercial or light industrial developments.

To derive an overall capitalization rate or current-earnings ratio applicable to the subjects' projected net income, sales and listings of comparative income producing, and investment properties have been researched and analysed. The following sales and listings represent market related overall capitalization rates occurring in Sicamous and nearby Salmon Arm between September 2017 and April 2019.

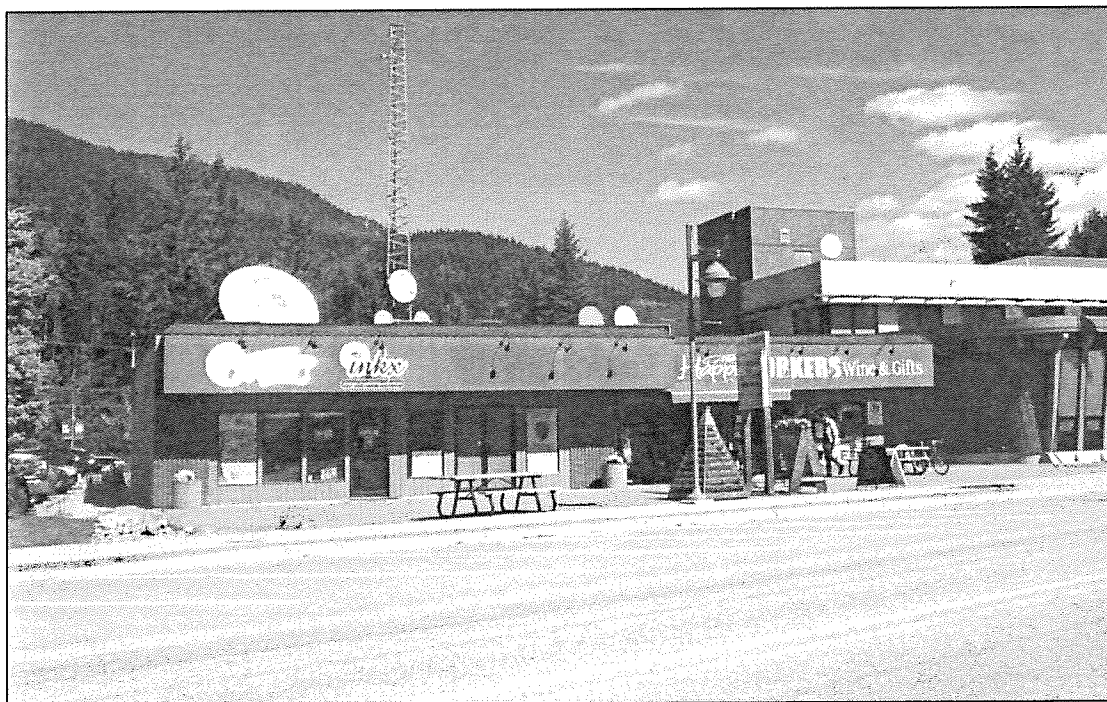


7.4.1 Comparable Sales & Listings

Index 1

Civic Address:	-	444 Main Street, Sicamous
Lot Area:	-	0.25 acres; 10,890 square feet.
Gross Building Area:	-	3,618 square feet.
Net Income Projection:	-	\$32,650
Sale Date:	-	December 2018
Sale Price:	-	\$450,000
Capitalization Rate:	-	7.3%
Rate/Sq. Ft. (GBA):	-	\$124

Index 1 is well-located on Main Street in downtown Sicamous. The small 1979 constructed, multi-tenant property has good exposure and access. The average quality building sold privately in late 2018. The 7.3% cap rate was developed with a \$10.00 rent and allowances for vacancy and non-recoverable expenses.



Index 2

Civic Address:	-	329 Main Street, Sicamous.
Lot Area:	-	0.22 acres; 9,500 square feet.
Gross Building Area:	-	1,108 square feet.
Net Income Projection:	-	\$13,534
Sale Date:	-	April 2019
Sale Price:	-	\$215,000
Capitalization Rate:	-	6.3%
Rate/Sq. Ft. (GBA):	-	\$194

Index 2 is also located in downtown Sicamous. The very small retail building has a main floor area of 1,108 square feet. The wood-frame building was originally constructed in 1966 and has been renovated several times. The one-storey single tenant, stand-alone building also has 850 sq. ft. of basement storage. The site has excellent street exposure and access. The property was initially listed for sale in 2016 and was most recently listed at \$225,000 before selling privately at \$215,000. The 6.3% capitalization rate was developed with an estimated market rent of \$12.00 per square foot on the main floor and \$2.00 for the basement and with allowances for vacancy and non-recoverable expenses.



Index 3

Civic Address:	-	1133 Riverside Avenue, Sicamous.
Lot Area:	-	0.28 acres; 12,197 square feet.
Gross Building Area:	-	3,488 square feet.
Net Income Projection:	-	\$25,180
Sale Date:	-	March 2018
Sale Price:	-	\$400,000
Less: Manufactured Home:	-	<u>\$ 40,000 (assessed value)</u>
Adjusted Sale Price:	-	\$360,000
Capitalization Rate:	-	7.1%
Rate/Sq. Ft. (GBA):	-	\$103

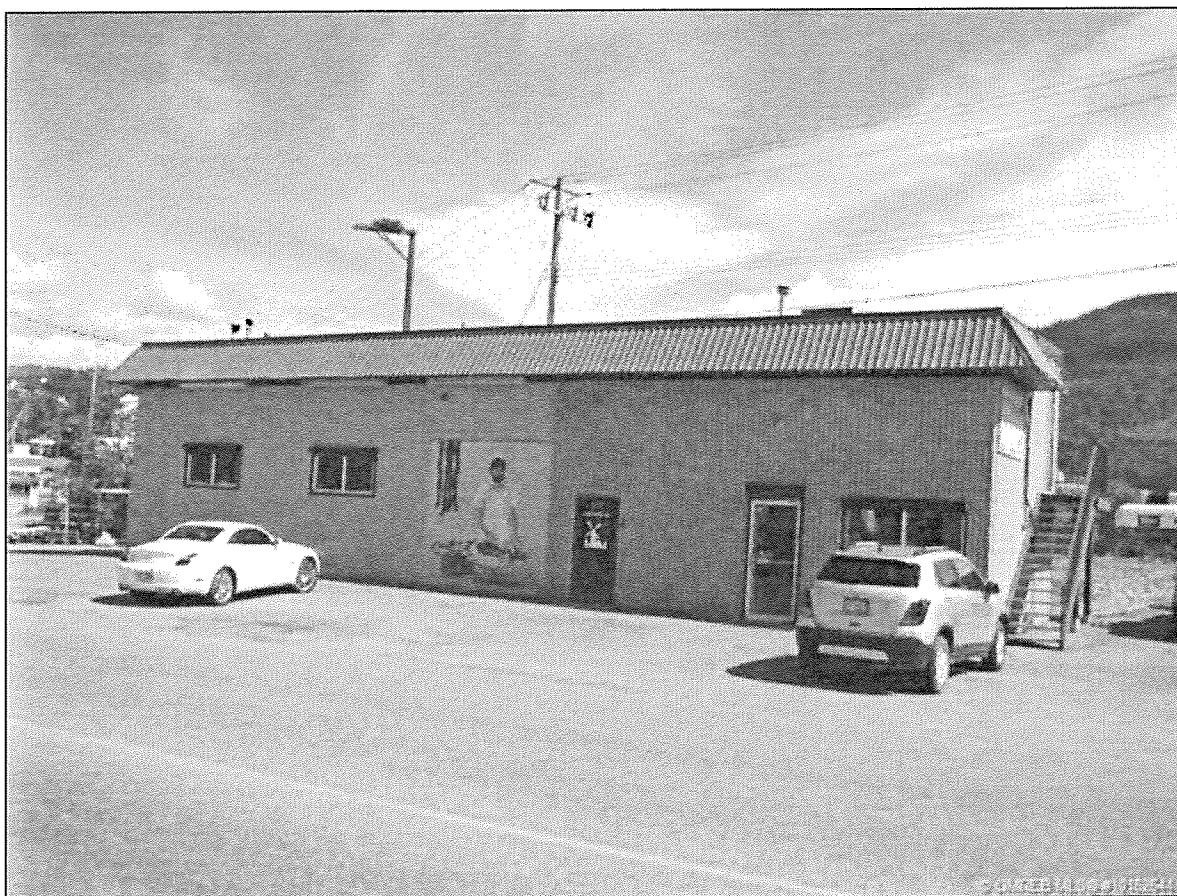
1133 Riverside Avenue is located at the corner of Main Street and Riverside Avenue in downtown Sicamous. The 1987 constructed one-storey industrial building has a high ceiling and one very large sliding garage door at the front. The metal clad building was in average condition when selling. Also included in the sale was an older manufactured home with an assessed value of \$40,000. The property sold through a private sale, so no data is available. Based on a projected net income of \$28,330 developed with an estimated market rent of \$8.00 per square foot and allowances of 5.0% for vacancy and 5.0% for non-recoverable operating expenses, the indicated cap rate is 7.1%.



Index 4

Civic Address:	-	470 Lakeshore Drive West, Salmon Arm
Lot Area:	-	.16 acres; 6,970 square feet.
Gross Building Area:	-	2,562 square feet.
Net Income Projection:	-	\$32,940
Sale Date:	-	August 2018.
Sale Price:	-	\$515,000
Capitalization Rate:	-	6.4%
Rate/Sq. Ft. (GBA):	-	\$201

Index 4 is a leased retail/service commercial property located adjacent to the Trans Canada Highway in Salmon Arm. The property is leased to meat store at \$3,000 per month, triple net. The 1988 constructed concrete building includes a gated yard storage area. The capitalization rate developed from the actual lease in place, a market vacancy rate, and a non-recoverable expense allowance, is 6.3%.



Index 5

Civic Address:	-	120 – 5 th Street, SW, Salmon Arm.
Lot Area:	-	0.48 acres; 20,909 square feet.
Gross Building Area:	-	11,691 square feet.
Net Income Projection:	-	\$93,400
Sale Date:	-	September 2017.
Sale Price:	-	\$1,230,000
Capitalization Rate:	-	7.6%
Rate/Sq. Ft. (GBA):	-	\$105

Index 5 is an average quality retail/service commercial building located just off the Trans Canada Highway in Salmon Arm. The one storey nicely finished concrete block building is leased to a long-established furniture and appliance retail store. The central Salmon Arm location contains many other commercial establishments. Utilizing the actual contract rent of \$103,500 per annum and allowances for vacancy and non-recoverable expenses, the indicated capitalization is 7.6%.



Index 6

Civic Address:	-	1233 Monashee Frontage Road, Sicamous.
Lot Area:	-	0.46 acres; 20,038 square feet.
Gross Building Area:	-	5,200 square feet.
Net Income Projection:	-	\$34,500
List Date:	-	October 2018
List Price:	-	\$449,000
Capitalization Rate:	-	7.3%
Rate/Sq. Ft. (GBA):	-	\$86

Index 6 is a current listing of a multi-tenant commercial building located adjacent to the two subject properties. The basic quality, 1977 constructed concrete block building has very little interior finish. The listing realtor stated that one offer was received and rejected and that some of the rents were very low when the property was first listed but have since been increased. The building has four 1,300 sq. ft. units and is in average condition for its age. With the actual rents in-place, and allowances for vacancy and non-recoverable expenses, the indicated capitalization rate is 7.3%. The listing realtor advised that if the list price was lowered to closer to \$400,000 the property would sell. This lower list price would produce a capitalization rate of around 8.0%.



7.4.2 Comparative Sales Summary

INDEX NO.	CIVIC ADDRESS	SALE DATE	SALE PRICE	INDICATED CAP. RATE	RATE PER SQUARE FOOT
1	444 Main Street, Sicamous	Dec-18	\$ 450,000	7.3%	\$124
2	329 Main Street, Sicamous	Apr-19	\$ 215,000	6.4%	\$194
3	1133 Riverside Avenue, Sicamous	Mar-18	\$ 360,000 ¹	7.1%	\$103
4	470 Lakeshore Dr. W., Salmon Arm	Aug-18	\$ 515,000	6.3%	\$201
5	120 – 5 th Street, SW, Salmon Arm	Sep-17	\$1,230,000	7.6%	\$105
6	1233 Monashee Frontage Rd, Sicamous	Listing	\$ 449,000	7.3%	\$186

¹Adjusted sale price for contributory value of a manufactured home included.

7.4.3 Analysis and Conclusion

Capitalization in the valuation of income producing investment real estate is the process of converting forecast net earnings into an indication of capital value. The capitalization rate is a percentage rate relating the net operating income of a property to its most probable selling price or market value. Factors affecting capitalization rates are risk and capital appreciation potential.

As mentioned, there has been very little commercial activity in Sicamous in recent years so the search for comparable properties was expanded to include the nearby community of Salmon Arm.

Indices 1, 2, 3 and 6 are located in Sicamous and represent three sales and one listing of smaller commercial and industrial properties. Indices 1 to 3 sold at cap rates of 6.4% to 7.3%. Index 3, a light industrial property located one block from the Mara Lake channel and in the heart of the downtown business district, sold at an adjusted rate of 7.1%. This is the most similar property to the subject of the three sales. Index 6 is an active listing of an older and very basic quality multi-tenant property situated adjacent to both subject properties. The property is listed at a 7.3% cap rate and has been on the market at \$449,000 since October 2018. The listing realtor feels a lower list price closer \$400,000 would facilitate a sale. The lower price would indicate a capitalization rate close to 8.0%.

Indices 4 and 5 are located in nearby Salmon Arm, a larger and superior market. Index 4 is a small retail/service commercial property on the Trans Canada Highway. The leased property sold at 6.3% cap rate. Index 5 is a larger service commercial/retail property also on the Trans Canada Highway. The sale occurred in September 2017 and is the most dated of the comparable sales. The average quality and fully leased property sold at a 7.6% cap rate.



After carefully reviewing all the available comparable sales, and with further consideration to the current the age and condition of the subject properties, it is concluded that the appropriate overall capitalization rate for the subjects properties is higher than the 7.6% indicated by Index 5 and close to the 8.0% that Index 6 would produce if selling at a price the listing realtor feels is more applicable than the property's current price.

In conclusion, a capitalization rate of **8.0%** is deemed reasonable for each subject property. This rate is at the top end of the range indicated by the best comparables.

7.5 INCOME APPROACH SUMMARY - 1265 Monashee Frontage Road

•	Projected Potential Gross Annual Income	=	\$ 50,000
•	Vacancy & Collection Loss Allowance of 7.5%	=	<u>\$ 3,750</u>
•	Effective Gross Annual Income	=	\$ 46,250
•	Non-recoverable Expense Allowance of 7.0%	=	<u>\$ 3,250</u>
•	Projected Net Annual Operating Income	=	\$ 43,000
•	Capitalized at 8.0%	=	<u>÷ 0.08</u>
•	Income Approach Estimate	=	\$537,500
•	Rounded to	=	\$540,000

7.5.1 Present Value of Annual Rental Income Loss - 1265 Monashee Frontage Road

As discussed in **Section 7.2.2**, the property is presently leased at below market rent. The current lease rate of \$2.40 per square foot (\$24,000 per annum), is well below the estimated market rent of \$5.00 per square foot (\$50,000 per annum). With two years remaining on the current term and no renewal clause in place, the loss of rental income is \$52,000 over the two-year period. With an annual deferment rate of 4.0%, the present value of the \$26,000 in lost annual rental income is calculated at: $\$26,000 \times 1.886095 = \$49,038$, rounded to **\$50,000**.

7.6 FINAL VALUE ESTIMATE - 1265 Monashee Frontage Road

With consideration of the lost annual rental income created by the below market lease of the property, the final value estimate is: $\$540,000 - \$50,000 = \$490,000$.

FOUR HUNDRED NINETY THOUSAND (\$490,000) DOLLARS



7.7 INCOME APPROACH SUMMARY – 1272 Titus Road

•	Projected Potential Gross Annual Income	=	\$ 30,600
•	Vacancy & Collection Loss Allowance of 7.5%	=	<u>\$ 2,300</u>
•	Effective Gross Annual Income	=	\$ 28,300
•	Non-recoverable Expense Allowance of 7.0%	=	<u>\$ 2,000</u>
•	Projected Net Annual Operating Income	=	\$ 26,300
•	Capitalized at 8.0%	=	<u>÷ 0.08</u>
•	Income Approach Estimate	=	\$328,750
•	Rounded to	=	\$330,000

THREE HUNDRED THIRTY THOUSAND (\$330,000) DOLLARS

7.6.1 1272 Titus Road Surplus Land Valuation

As discussed in Section 4.2, 1272 Titus Road has approximately 12,700 square feet of surplus land on the west side of the property that is not required to support or service the two buildings so it could be further developed or leased. The Appraisal Institute of Canada prescribes six approaches to estimate the market value of vacant land of which the Direct Comparison Approach is the most commonly used method. This approach requires the analysis and comparison of similar development tracts with the subject, which have sold at times concurrent to the date of appraisal under similar economic conditions.

7.6.2 Direct Comparison Preamble

To establish the estimated value of approximately 12,700 square feet of surplus land, recent sales and current listings of vacant commercial properties in Sicamous were reviewed. The following sales and current listings represent the best comparative data available.

7.6.3 Comparative Sales & Listing Summary

INDEX NO.	ADDRESS	SALE DATE	SALE PRICE	ZONING	AREA (SQ. FT.)	PRICE PER SQ. FT.	COMMENTS
1	1310 Trans Canada Highway	Oct-17	\$150,000	C2	33,977	\$4.41	Small, level triangular parcel with excellent exposure. Has a useable area of approximately 27,500 sq. ft.



INDEX NO.	ADDRESS	SALE DATE	SALE PRICE	ZONING	AREA (SQ. FT.)	PRICE PER SQ. FT.	COMMENTS
2	1302 Nordin Court	Jun-19	\$253,000	C2	19,166	\$13.20	Very small, level and rectangular Tourist Commercial zoned lot one half block from the Trans Canada Hwy.
3	626 Trans Canada Highway	Listing	\$525,000	C2	82,764	\$ 6.34	Centrally located lot with excellent high-way exposure.
4	907 Trans Canada Highway	Listing	\$469,000	C2	33,977	\$13.80	Centrally located lot with excellent high-way exposure.
5	997 Riverside Avenue	Feb-18	\$287,000	C4	40,946	\$ 7.01	Fenced commercial lot with a 100' x 22' and 108' x 24' older pole barns with an estimated value of \$30,000

7.6.4 Analysis & Conclusion

The five comparable Indices indicate a value range of \$4.41 to \$13.80 per square foot for parcels ranging from 19,166 to 82,764 square feet in area. All five Indices are on or near the Trans Canada Highway in Sicamous and all have a superior commercial zoning.

Of the six comparables, Index 1 is considered to be the most similar to the subject. It located 100 metres east of the subject and has slightly superior visibility and access. The triangular property has water and sewer to the lot line, but the useable area is negatively impacted by the extreme triangular shape that leaves only about 80% as useable. The indicated rate per sq. ft. on useable area is approximately \$5.50.

In conclusion, after examining comparable market evidence, and with most weight given to Index 1, an overall superior property, the subject's surplus land has an estimated value of \$4.00 per square foot:

12,700 square feet x \$4.00 per square foot:	=	\$50,800
Rounded to:	=	\$50,000

7.6.5 Valuation Summary – 1272 Titus Road

• Income Approach Estimate	=	\$330,000
• Surplus Land Value	=	\$ 50,000
• Total	=	\$380,000

THREE HUNDRED EIGHTY THOUSAND (\$380,000) DOLLARS



Section 8

Direct Comparison Approach

8.1 METHODOLOGY

This approach is based on a direct comparison of the subject property to other commercial properties which have recently sold or are presently listed for sale. The most common unit comparison is sale price per square foot of gross or leasable building area. The accuracy or dependability of this approach, however, is directly related to the quality of comparable sales, i.e., the degree to which they compare to the subject property.

Depending on the differences between the subject and comparable sales, primarily due to;

- building size and condition,
- floor area ratio,
- location,
- varying income producing levels and growth potential, and
- tenant mix and quality,

the Direct Comparison Approach can be given equal weight to the Income Approach or used as supporting evidence only.

8.2 ANALYSIS & VALUATION - 1265 MONASHEE FRONTAGE ROAD

The following table details the pertinent unit of comparison, the price per square foot, from the six comparables utilized in the Income Approach. The net income per square foot that a property can generate is generally reflective of its location, floor size, building's age and condition, as well as the amount of main floor area versus second floor area, if applicable. What this analysis does not consider is those factors that are typically accounted for in the Income Approach by a property's capitalization rate. This would include the contemplated risk with the property, the buildings' remaining economic life and the site coverage ratio.

Within the Income Approach, after allowances for vacancy and non-recoverable expenses, it was determined the subject property has a projected net operating income of **\$4.30 per square foot**. This figure will establish the base for adjusting between the subject and comparable properties' net income per square foot.



8.2.1 Comparable Sales Schedule

As a property's value is primarily a function of its income producing potential, *the value of the subject must be adjusted in direct proportion to any increase or decrease in its income producing compared to the sales analyzed.*

INDEX NO.	CIVIC ADDRESS	SALE DATE	SALE/LIST PRICE	LEASABLE AREA	RATE/ SQ. FT.	NET INCOME/ SQ. FT.	NOI ADJ.	ADJ. RATE/ SQ. FT.
1	444 Main Street, Sicamous	Dec-18	\$ 450,000	3,618	\$124	\$ 9.02	0.48	\$59
2	329 Main Street, Sicamous	Apr-19	\$ 215,000	1,108	\$194	\$12.21	0.35	\$68
3	1133 Riverside Avenue, Sicamous	Mar-18	\$ 360,000 ¹	3,488	\$103	\$ 7.22	0.60	\$61
4	470 Lakeshore Dr. W., Salmon Arm	Aug-18	\$ 515,000	2,562	\$201	\$12.86	0.33	\$67
5	120 – 5 th Street, SW, Salmon Arm	Sep-17	\$1,230,000	11,691	\$105	\$ 7.99	0.54	\$57
6	1233 Monashee Frontage Rd, Sicamous	Listing	\$ 449,000	5,200	\$ 86	\$ 6.63	0.65	\$56
Subject	1265 Monashee Frontage Rd, Sicamous			10,000	–	\$ 4.30		

¹Sale price less estimated value of manufactured home included.

8.2.2 Conclusion

The six comparables indicate a very wide unadjusted rate per square foot of \$86 to \$201 and a much narrower adjusted rate of \$56 to \$68 per square foot. The two properties with the smallest building sold for the highest rate per square foot. The indicated total adjusted value range is \$560,000 to \$683,000.

As mentioned, the Direct Comparison Approach (DCA) is most reliable when the comparable sales relied upon are current and physically similar to the subject. Although the sales provide a good indication of capitalization rates within the income approach, none of the sales are truly physically similar to the subject. This negatively impacts the reliability of this approach, but nevertheless, the low end of the indicated value range is only 3.7% higher than the value derived in the Income Approach.

Within the Income Approach, Indices 5 and 6 were selected as the best comparables. These two sales have the lowest adjusted rate per square foot at \$57 and \$56. The subject's physical condition is inferior to each of them and it has an inferior location than Index 5 which is in Salmon Arm. Even though the income difference between the subject and the comparables is accounted for, these factors suggest a rate of less than \$56 per square foot. In conclusion, based on the foregoing analysis and discussion, a rate of \$55 per square foot is deemed reasonable.



The estimated value of the 1265 Monashee Frontage Road, inclusive the income loss over the last two years of the existing below market lease, is therefore calculated as follows:

10,000 square feet x \$55/square foot	=	\$550,000.
Less Present Value of Income Loss	=	<u>\$ 50,000</u>
Final Value	=	\$500,000.

FIVE HUNDRED THOUSAND (\$500,000) DOLLARS

8.3 ANALYSIS & VALUATION – 1272 TITUS ROAD

The following table details the pertinent unit of comparison, the price per square foot, from the six comparables utilized in the Income Approach. The net income per square foot that a property can generate is generally reflective of its location, floor size, building's age and condition, as well as the amount of main floor area versus second floor area, if applicable. What this analysis does not consider is those factors that are typically accounted for in the Income Approach by a property's capitalization rate. This would include the contemplated risk with the property, the buildings' remaining economic life and the site coverage ratio.

Within the Income Approach, after allowances for vacancy and non-recoverable expenses, it was determined the subject property has a projected net operating income of **\$3.37 per square foot**. This figure will establish the base for adjusting between the subject and comparable properties' net income per sq. ft.

8.3.1 Comparable Sales Schedule

As a property's value is primarily a function of its income producing potential, *the value of the subject must be adjusted in direct proportion to any increase or decrease in its income producing compared to the sales analyzed.*

INDEX NO.	CIVIC ADDRESS	SALE DATE	SALE/LIST PRICE	LEASABLE AREA	RATE/ SQ. FT.	NET INCOME/ SQ. FT.	NOI ADJ.	ADJ. RATE/ SQ. FT.
1	444 Main Street, Sicamous	Dec-18	\$450,000	3,618	\$124	\$ 9.02	0.37	\$46
2	329 Main Street, Sicamous	Apr-19	\$215,000	1,108	\$194	\$12.21	0.28	\$54
3	1133 Riverside Avenue, Sicamous	Mar-18	\$360,000 ¹	3,488	\$103	\$ 7.22	0.47	\$48
4	470 Lakeshore Dr. W., Salmon Arm	Aug-18	\$515,000	2,562	\$201	\$12.86	0.26	\$53



INDEX NO.	CIVIC ADDRESS	SALE DATE	SALE/LIST PRICE	LEASABLE AREA	RATE/ SQ. FT.	NET INCOME/ SQ. FT.	NOI ADJ.	ADJ. RATE/ SQ. FT.
5	120 – 5 th Street, SW, Salmon Arm	Sep-17	\$1,230,000	11,691	\$105	\$ 7.99	0.42	\$44
6	1233 Monashee Frontage Rd, Sicamous	Listing	\$ 449,000	5,200	\$ 86	\$ 6.63	0.51	\$44
Subject	1272 Titus Road, Sicamous			7,800	–	\$ 3.37		

¹Sale price less estimated value of manufactured home included.

8.3.2 Conclusion

The six comparables indicate a very wide unadjusted rate per square foot of \$86 to \$201 and a much narrower adjusted rate of \$62 to \$75 per square foot. The two properties with the smallest building sold for the highest rate per square foot. The indicated total adjusted value range is \$342,000 to \$418,000.

As mentioned, the Direct Comparison Approach (DCA) is most reliable when the comparable sales relied upon are current and physically similar to the subject. Although the sales provide a good indication of capitalization rates within the income approach, none of the sales are truly physically similar to the subject. This negatively impacts the reliability of this approach, but nevertheless, the low end of the indicated value range is only 3.6% higher than the value derived in the Income Approach.

Within the Income Approach, Indices 5 and 6 were selected as the best comparables. These two sales have the lowest adjusted rate per square foot at \$44. The subject's physical condition is inferior to each of them, especially the older storage building and it has an inferior location than Index 5 which is in Salmon Arm. Even though the income difference between the subject and the comparables is accounted for, these additional factors suggest a rate of less than \$44 per square foot.

Based on the foregoing analysis and discussion, an average rate of \$40 per square foot is deemed reasonable to be applied against the total floor area of the two subject buildings. The estimated value of the 1272 Road is therefore calculated as follows:

7,800 square feet x \$40/square foot	= \$312,000
Add Surplus Land	= \$ 50,000
Total	= \$362,000
Rounded to	= \$360,000

THREE HUNDRED SIXTY THOUSAND (\$360,000) DOLLARS



Section 9

Reconciliation and Final Value Estimate

The estimated market values of the subject properties, as indicated by the Income and Direct Comparison Approaches are:

1265 Monashee Frontage Road:

The Income Approach	=	\$490,000
The Direct Comparison Approach	=	\$500,000

1272 Titus Road:

The Income Approach	=	\$380,000
The Direct Comparison Approach	=	\$360,000

The Income Approach considers projected income and expense levels in relation to overall capitalization rates derived from recent sales of comparable investment properties, sold at times reasonably concurrent to the date of appraisal, and more accurately replicates purchaser investment decisions. An investor is seeking a return on and of invested capital through rental income and, as such, the cost of development is of little consequence. As there were sufficient lease comparables and recent sales of somewhat similar investment opportunities, this approach is given the most weight in the final valuation of the subject property.

The Direct Comparison Approach is most reliable when the sales require minimal adjustments for location, income security and building age and quality. Although the comparables offer many of the same attributes as the subject, no two properties are identical; therefore, this approach is given less weight in the final value conclusion.

After carefully considering the merits of each approach, the Income Approach estimate is considered to be the most reliable and is selected as the preferred valuation method for the subject properties. Therefore, the market value of the subject properties as at August 28, 2019, based predominantly on the Income Approach, is **\$490,000**, for 1265 Monashee Frontage Road, and **\$380,000** for 1272 Titus Road.

Based on a forced sale or liquidation value assuming a market exposure of three to six months, the estimated discounted market value is **\$400,000**, for 1265 Monashee Frontage Road and **\$310,000** for 1272 Titus Road.




Section 10**Certification**

I hereby certify that:

- To the best of my knowledge and belief, all facts and information presented in the report are accurate and have been verified where possible.
- The report was completed in its entirety by the writer and complies with the Uniform Standards Professional Appraisal Practice required of the members of the APPRAISAL INSTITUTE OF CANADA.
- The reported analyses, opinions, and conclusions are limited only by the reported critical assumptions, contingent and limiting conditions, and is our personal, unbiased professional analyses, opinions and conclusions.
- I have no present or prospective interest in the affected properties which are the subject of this report, and I have no personal interest or bias with respect to the parties involved.
- I have the knowledge and experience to complete this assignment competently.
- The client for whom this appraisal report has been prepared, and any third parties, are advised that the Appraisal Institute of Canada retains the right to review this report.
- My engagement in and compensation for this assignment were not contingent upon the reporting of a predetermined value.
- Analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute of Canada.
- I made a personal inspection of the subject properties on August 28, 2019.
- No one provided significant professional assistance to the person signing this report.

I have, at the date of the report, fulfilled the mandatory requirements of the Appraisal Institute of Canada Recertification Program. It is my opinion that the current market value of the fee simple interest of the subject properties, as of August 28, 2019, subject to the Statement of Limiting Conditions contained herein, is estimated at: \$490,000 1265 Monashee Frontage Road, Sicamous and \$380,000 for 1272 Titus Road, Sicamous.

Certified this 17th day of September 2019.


 Adrian Rizzo, AACI, P. App



A D D E N D A



EXHIBIT 1

TITLE SEARCH PRINTOUTS



TITLE SEARCH PRINT

File Reference: ar
Declared Value \$495000

2019-08-27, 17:24:50

Requestor: Adrian Rizzo

****CURRENT INFORMATION ONLY - NO CANCELLED INFORMATION SHOWN****

Land Title District

Land Title Office

NELSON

NELSON

Title Number

From Title Number

CA1032055

XJ30361

Application Received

2009-02-02

Application Entered

2009-02-04

Registered Owner in Fee Simple

Registered Owner/Mailing Address:

VINCO HOLDINGS LTD., INC.NO. BC0823825

PO BOX 69

SICAMOUS, BC

V0E 2V0

Taxation Authority

Sicamous, District of

Description of Land

Parcel Identifier:

023-231-939

Legal Description:

LOT 1 SECTION 6 TOWNSHIP 22 RANGE 7 W6M MERIDIAN

KAMLOOPS DIVISION YALE DISTRICT PLAN NEP22615

Legal Notations

THIS TITLE MAY BE AFFECTED BY A PERMIT UNDER PART 29 OF THE MUNICIPAL
ACT SEE XH12725

THIS TITLE MAY BE AFFECTED BY A PERMIT UNDER PART 29 OF THE MUNICIPAL
ACT, SEE KL136485

HERETO IS ANNEXED EASEMENT XJ30365 OVER LOT 2 SEC 6 TP 22 RANGE 7
W6M KAMLOOPS DIVISION YALE DISTRICT PLAN NEP22615

Charges, Liens and Interests

Nature:

STATUTORY RIGHT OF WAY

Registration Number:

XJ30367

Registration Date and Time:

1995-11-01 09:08

Registered Owner:

BRITISH COLUMBIA HYDRO AND POWER AUTHORITY

Remarks:

INTER ALIA

TITLE SEARCH PRINT

File Reference: ar
Declared Value \$495000

2019-08-27, 17:24:50
Requestor: Adrian Rizzo

Nature:	STATUTORY RIGHT OF WAY
Registration Number:	XJ30368
Registration Date and Time:	1995-11-01 09:08
Registered Owner:	BC TEL INCORPORATION NO. A1801
Remarks:	INTER ALIA

Nature:	MORTGAGE
Registration Number:	CA7449030
Registration Date and Time:	2019-04-16 10:18
Registered Owner:	CANADIAN IMPERIAL BANK OF COMMERCE

Nature:	ASSIGNMENT OF RENTS
Registration Number:	CA7449031
Registration Date and Time:	2019-04-16 10:18
Registered Owner:	CANADIAN IMPERIAL BANK OF COMMERCE

Duplicate Indefeasible Title	NONE OUTSTANDING
-------------------------------------	------------------

Transfers	NONE
------------------	------

Pending Applications	NONE
-----------------------------	------

TITLE SEARCH PRINT

File Reference: ar
Declared Value \$317800

2019-08-27, 17:26:12
Requestor: Adrian Rizzo

****CURRENT INFORMATION ONLY - NO CANCELLED INFORMATION SHOWN****

Land Title District

Land Title Office

NELSON

NELSON

Title Number

From Title Number

CA1032054

KR9389

Application Received

2009-02-02

Application Entered

2009-02-04

Registered Owner in Fee Simple

Registered Owner/Mailing Address:

VINCO HOLDINGS LTD., INC.NO. BC0823825
PO BOX 69
SICAMOUS, BC
V0E 2V0

Taxation Authority

Sicamous, District of

Description of Land

Parcel Identifier:

024-940-917

Legal Description:

LOT 1 SECTION 6 TOWNSHIP 22 RANGE 7 WEST OF THE 6TH MERIDIAN
KAMLOOPS DIVISION YALE DISTRICT PLAN NEP68382

Legal Notations

THIS TITLE MAY BE AFFECTED BY A PERMIT UNDER PART 29 OF THE MUNICIPAL
ACT SEE XH12725

THIS TITLE MAY BE AFFECTED BY A PERMIT UNDER PART 26 OF THE LOCAL
GOVERNMENT ACT, SEE KR7976 EXPIRES 2003/01/22
PART FORMER LOT 1 PLAN NEP67975

Charges, Liens and Interests

Nature:

EASEMENT

Registration Number:

XJ30365

Registration Date and Time:

1995-11-01 09:08

Remarks:

APPURTENANT TO LOT 1 SEC 6 TP 22 RANGE 7 W6M KDYD
PLAN NEP22615
PART FORMER LOT 2 PLAN NEP22615

TITLE SEARCH PRINT

File Reference: ar

Declared Value \$317800

2019-08-27, 17:26:12

Requestor: Adrian Rizzo

Nature: STATUTORY RIGHT OF WAY
Registration Number: XJ30367
Registration Date and Time: 1995-11-01 09:08
Registered Owner: BRITISH COLUMBIA HYDRO AND POWER AUTHORITY
Remarks: INTER ALIA
PART FORMER LOT 1 PLAN NEP67975

Nature: STATUTORY RIGHT OF WAY
Registration Number: XJ30368
Registration Date and Time: 1995-11-01 09:08
Registered Owner: BC TEL
INCORPORATION NO. A1801
Remarks: INTER ALIA
PART FORMER LOT 1 PLAN NEP67975

Nature: MORTGAGE
Registration Number: CA7449028
Registration Date and Time: 2019-04-16 10:18
Registered Owner: CANADIAN IMPERIAL BANK OF COMMERCE

Nature: ASSIGNMENT OF RENTS
Registration Number: CA7449029
Registration Date and Time: 2019-04-16 10:18
Registered Owner: CANADIAN IMPERIAL BANK OF COMMERCE

Duplicate Infeasible Title

NONE OUTSTANDING

Transfers

NONE

Pending Applications

NONE

EXHIBIT 2
ASSESSMENT DATA





Real Estate Professional
THE POWER OF INFORMATION

Not to be used for borrowing or lending purposes. This Landcor report is provided to members of the real estate industry "as is" for informational purposes only. For lending or borrowing purposes purchase an official Property Valuator or Adjusted Value Profiler report form Landcor.com

Subject Property: 1265 MONASHEE FRTG RD

Valuation Data

BC Assessment Data

Year:	2019	%Chg	2018	%Chg	2017	%Chg	2016
Land:	\$170,000	0	\$170,000	0	\$170,000	0.33	\$128,000
Improv.:	\$339,000	0.06	\$321,000	0.21	\$265,000	-0.14	\$307,000
Total:	\$509,000	0.04	\$491,000	0.13	\$435,000	0	\$435,000
Land/Total:	0.33		0.35		0.39		0.29

Landcor Monthly Adjusted Value: \$509,000

There has been a: 0.00% market shift

Landcor's monthly adjusted value is a jurisdiction indexed property value. The value is intended to update the annual assessed value (determined as of July last year) with the current market trend of the jurisdiction for properties with the same people type. The value is updated monthly.

Property Data

Lot Data

Owner Address:	N/A
Legal:	Narrative: Lot 1, Plan NEP22615, Section 6, Township 22, Range 7, Meridian W6, Kamloops Div of Yale Land District
Property Type:	AUTOMOBILE PAINT SHOP, PID: 023-231-939 GARAGES, ETC.
Taxation Type:	Commercial Additional PIDs: N/A
ALR:	No Lot Size: 33105.60 sq.ft/0.76 acres
Co-op:	No Lot Dimension: N/A X N/A feet
Equity Type:	REGISTERED OWNER Lot Characteristic: N/A

Commercial Property Data

Year Built:	1975	Effective Year:	1986
Stories:	N/A	Gross Leasable Area:	10328.00
Net Leasable Area:	N/A	Parking Underground:	N/A
Parking Surface:	N/A	Parking Structure:	N/A
Manual Class:	Industrial, Manufacturing (Obsolete)	Gross Building Area:	9080.00
Num of Unit Apartment:	N/A	Num of Bachelor Unit Apartment:	N/A
Num of 1 Bedroom Unit Apartment:	N/A	Num of 2 Bedroom Unit Apartment:	N/A
Num of 3 Bedroom Unit Apartment:	N/A	Num of 4 Bedroom Unit Apartment:	N/A
Num of House Keeping Room Unit Apartment:	N/A	Num of Hotel Unit Apartment:	N/A
Num of Motel Unit Apartment:	N/A	Heating Type:	Space Heater
Type of Construction:	Masonry or Concrete Load Bearing Walls		

Improvement Data

Year Built:	N/A	Stories:	N/A
Effective Year:	N/A	Fireplace:	0
Foundation:	N/A	Manual Class:	INDUSTRIAL, MANUFACTURING (OBSOLETE)

Interior Improvements

Living Area	Bedrooms:	N/A
Main Floor:	Bathroom(s):	0
Basement:	0 4 Pc:	0
Unfinished Basement:	0 3 Pc:	0
Total Area:	N/A 2 Pc:	0

Exterior Improvements:

Uncovered Deck Area:	Single Garage:	
Covered Deck Area:	0 Multiple Garage:	0
Other Buildings:	No Carport:	0
	Pool:	No

Sales History

Date:	Amount:	Title Certificate:	Sale Type:
Feb-2-2009	\$00	CA1032055	REJECT - NOT SUITABLE FOR SALES ANALYSIS
Nov-3-1995	\$00	XJ30361	REJECT - NOT SUITABLE FOR SALES ANALYSIS

Permit History (Since 1993)

Date:	Number:	Demolition Permit:
Jul-25-2000	00-105-BP	N

BC Assessment Data

Assessment Area:	Vernon	Neighbourhood:	SICAMOUS
Jurisdiction:	Sicamous, District of	Roll Number:	000000000000535050

Neighbourhood

SICAMOUS

Total number of properties:	10	Sales in the last 6 months:	0
Average assessed value:	\$00	Average sale price (last 6 months):	\$00
Average building age:	N/A	Average effective building age:	N/A

Recent Sales

Sicamous, District of	SICAMOUS
-----------------------	----------

Most Recent Sales

Address	Sale date	Price	Sale Type
---------	-----------	-------	-----------



Real Estate Professional
THE POWER OF INFORMATION

Not to be used for borrowing or lending purposes. This Landcor report is provided to members of the real estate industry "as is" for informational purposes only. For lending or borrowing purposes purchase an official Property Valuator or Adjusted Value Profiler report form Landcor.com

Subject Property: 1272 TITUS RD

Valuation Data

BC Assessment Data

Year:	2019	%Chg	2018	%Chg	2017	%Chg	2016
Land:	\$222,600	0	\$222,600	0	\$222,800	0.07	\$208,400
Improv.:	\$112,100	0.12	\$100,100	0.47	\$68,000	-0.18	\$82,900
Total:	\$334,700	0.04	\$322,700	0.11	\$290,800	0	\$291,300
Land/Total:	0.67		0.69		0.77		0.72

Landcor Monthly Adjusted Value: \$334,700

There has been a: 0.00% market shift

Landcor's monthly adjusted value is a jurisdiction indexed property value. The value is intended to update the annual assessed value (determined as of July last year) with the current market trend of the jurisdiction for properties with the same people type. The value is updated monthly.

Property Data

Lot Data

Owner Address:	N/A
Legal:	Narrative: Lot 1, Plan NEP68382, Section 6, Township 22, Range 7, Meridian W6, Kamloops Div of Yale Land District
Property Type:	AUTOMOBILE PAINT SHOP, PID: 024-940-917 GARAGES, ETC.
Taxation Type:	Commercial Additional PIDs: N/A
ALR:	No Lot Size: 49658.40 sq.ft/1.14 acres
Co-op:	No Lot Dimension: N/A X N/A feet
Equity Type:	REGISTERED OWNER Lot Characteristic: N/A

Commercial Property Data

Year Built:	1975	Effective Year:	1975
Stories:	N/A	Gross Leasable Area:	7800.00
Net Leasable Area:	N/A	Parking Underground:	N/A
Parking Surface:	N/A	Parking Structure:	N/A
Manual Class:	Material Storage	Gross Building Area:	7800.00
Num of Unit Apartment:	N/A	Num of Bachelor Unit Apartment:	N/A
Num of 1 Bedroom Unit Apartment:	N/A	Num of 2 Bedroom Unit Apartment:	N/A
Num of 3 Bedroom Unit Apartment:	N/A	Num of 4 Bedroom Unit Apartment:	N/A
Num of House Keeping Room Unit Apartment:	N/A	Num of Hotel Unit Apartment:	N/A
Num of Motel Unit Apartment:	N/A	Heating Type:	N/A
Type of Construction:	Metal Frame & Walls		

Improvement Data

Year Built:	N/A	Stories:	N/A
Effective Year:	N/A	Fireplace:	0

Foundation: N/A Manual Class: MATERIAL STORAGE

Interior Improvements

Living Area	Bedrooms:	N/A
Main Floor:	N/A Bathroom(s):	0
Basement:	0 4 Pc:	0
Unfinished Basement:	0 3 Pc:	0
Total Area:	N/A 2 Pc:	0

Exterior Improvements:

Uncovered Deck Area:	Single Garage:	
Covered Deck Area:	0 Multiple Garage:	0
Other Buildings:	No Carport:	0
	Pool:	No

Sales History

Date:	Amount:	Title Certificate:	Sale Type:
Feb-2-2009	\$317,800	CA1032054	REJECT - NOT SUITABLE FOR SALES ANALYSIS
Feb-2-2001	\$00	KR9389	REJECT - NOT SUITABLE FOR SALES ANALYSIS
Nov-3-1995	\$00	XJ30362	REJECT - NOT SUITABLE FOR SALES ANALYSIS

Permit History (Since 1993)

Date:	Number:	Demolition Permit:
Jan-7-2016	16-001-P	N
Feb-6-2001	00-181	N

BC Assessment Data

Assessment Area:	Vernon	Neighbourhood:	SICAMOUS
Jurisdiction:	Sicamous, District of	Roll Number:	00000000000535052

Neighbourhood

SICAMOUS

Total number of properties:	10	Sales in the last 6 months:	0
Average assessed value:	\$00	Average sale price (last 6 months):	\$00
Average building age:	N/A	Average effective building age:	N/A

Recent Sales

Sicamous, District of	SICAMOUS
-----------------------	----------

Most Recent Sales

Address	Sale date	Price	Sale Type
---------	-----------	-------	-----------



EXHIBIT 3

***I.1 – GENERAL INDUSTRIAL
ZONING REGULATIONS***



DIVISION FIVE - INDUSTRIAL ZONES**501 - I.1 - GENERAL INDUSTRIAL****501(1) - Permitted Uses**

Subject to the General Regulations of this bylaw, the following uses and no others are permitted within the I.1 - General Industrial Zone:

- (a) Accessory industrial buildings and structures;
- (b) Accommodation Use: one (1) dwelling unit for the owner, operator, or employee of the principal use;
- (c) Manufacturing and Processing;
- (d) Storage: heavy equipment and machinery, auto wrecking; mini storage, bulk storage plants and storage yards accessory to an Industrial Use;
- (e) Service and Repair Establishments including fibreglassing and paint operations
- (f) Retail Sales accessory to an Industrial Use;
- (g) Transportation Establishments;
- (h) Licensed Medical Marihuana Production Facility; (*Amending Bylaw No. 874, 2014*)

501(2) - Buildings**(a) Maximum number of buildings permitted on each lot:**

- (i) Four (4) Industrial Buildings;
- (ii) Four (4) Accessory Industrial Buildings;
- (iii) One Single Family Dwelling

(b) Maximum height of buildings and structures:

18 m (59.05 feet)

(c) Setbacks for Industrial Buildings and Structures

- (i) Front: 6 m
- (ii) Rear: 6 m
- (iii) Sides: 6 m
- (iv) Exterior Side: 6 m
- (v) Fuel Pumps: 35 m (114.83 feet) from centerline of controlled access highway.

(d) Floor Area

- (i) minimum floor area for dwelling unit - 40 m² (430.6 square feet);

501(3) - Lots**(a) Minimum Lot Area***

- (i) 2024 m² (21780 square feet) where serviced with community water and septic tank
- (ii) 700 m² (7,535 square feet) where serviced with community water and sewer
- (iii) 4047 m² (43560 square feet) where serviced with a well and septic tank

*Notwithstanding lot sizes listed within this zoning category, newly subdivided properties without sewer must conform to the 1.0 hectare minimum lot size as per Section 315 of this Bylaw.
(*Amending Bylaw No. 764, 2009*)

(b) Maximum Lot Coverage

60% of lot for all buildings and structures

(c) Minimum Frontage

- (i) 20 m where serviced with community water and septic tank
- (ii) 18 m where serviced with community water and sewer
- (iii) 30 m where serviced with a well and septic tank

501(4) - Other Regulations**(a) Business License**

No business shall be undertaken until a valid business license has been issued under authority of the Business License Bylaw of the District of Sicamous.

(b) Off-Street Parking

No business shall be undertaken nor shall any permit be issued unless off-street parking is provided in accordance with the requirements of Schedule B attached to and forming part of this bylaw.

(c) Screening and Landscaping

No business shall be undertaken nor shall any permit be issued unless screening and landscaping is provided in accordance with Section 309 of this bylaw.

(d) Dwelling Unit

A dwelling unit for the owner, operator or employee of the principal use may be located at the second storey level or rear of the industrial building or may be a separate detached dwelling.

502 – I.1A – LIGHT INDUSTRIAL *(Amending Bylaw No. 686, 2007)***502(1) – Permitted Uses**

Subject to the General Regulations of this bylaw, the following uses and no others are permitted within the I.1A – Light Industrial Zone:

- (a) Accessory buildings and structures;
- (b) Accommodation Use: one (1) mobile home unit for the owner, operator, or employee of the principle use, and dwelling units above the main floor of the building;
- (c) Manufacturing or processing;
- (d) Service and Repair Establishments;
- (e) Transportation Establishments;
- (f) Storage for mini-storage, motor vehicles, marine vessels and recreation vehicles, except that the storage of houseboats is prohibited;
- (g) Food and Beverage Service Establishments;
- (h) Retail Sales accessory to a Light Industrial Use, and
- (i) Home Occupation located within a dwelling unit.

502(2) – Buildings**(a) Maximum number of buildings permitted on each lot:**

- (i) Seven (7) Light Industrial buildings;
- (ii) One (1) Single Family Dwelling Unit or One (1) Mobile Home Dwelling Unit.

(b) Maximum height of buildings and structures:

12 m (39.37 feet) or three storeys.

(c) Setbacks for Light Industrial Building and Structures:

- (i) Front: 6 m
- (ii) Rear: 6 m
- (iii) Side: 2 m
- (iv) Exterior side: 5 m
- (v) Fuel pumps: 35 m (114.83 feet) from controlled access highway.

(d) Floor Area:

Minimum area for dwelling unit – 40 m² (430.6 square feet)

502(3) – Lots**(a) Minimum Lot Area:***

- (i) 700 m² (7,535 square feet) where serviced with community water and sewer;
- (ii) 2024 m² (21,780 square feet) where serviced with community water and septic tank;
- (iii) 4,047 m² (43,560 square feet) where serviced with a well and septic tank.

*Notwithstanding lot sizes listed within this zoning category, newly subdivided properties without sewer must conform to the 1.0 hectare minimum lot size as per Section 315 of this Bylaw.
(Amending Bylaw No. 764, 2009)

(b) Maximum Lot Coverage:

60% of lot for all buildings and structures.

(c) Minimum Frontage:

- (i) 18 m where serviced with community water and sewer;
- (ii) 20 m where serviced with community water and septic tank;
- (iii) 30 m where serviced with a well and septic tank.

502(4) – Other Regulations:**(a) Business License:**

No business shall be undertaken until a valid business license has been issued under the authority of the Business License Bylaw of the District of Sicamous.

(b) Off-Street Parking:

No business shall be undertaken nor shall any permit be issued unless off-street parking is provided in accordance with the requirements of Schedule B attached to and forming part of this bylaw.

(c) Screening and Landscaping:

No business shall be undertaken nor shall any permit be issued unless screening and landscaping is provided in accordance with Section 309 of this bylaw.

(d) Dwelling Unit:

A dwelling unit for the owner, operator or employee of the principal use, in the form of a mobile home may be located at the rear of the industrial building. Other Residential units may be located only above the main floor of the Industrial Building

(e) Limitations on Use

The uses listed in Section 502(1) must be contained within the Industrial Building except off street parking and Section 502(1)(f).

Manufacturing and processing provided that they do not create fire, explosion, or safety hazards; noise in excess of average intensity of street and traffic noise in the area of question; emit smoke, dust, dirt, toxic, or offensive odours or gas; and there is no production of heat or glare perceptible from any lot line of the site on which the use is located.

503 - I.2 - AGRICULTURAL INDUSTRIAL**503(1) - Permitted Uses**

Subject to approval of the Provincial Agricultural Land Commission, and the General Regulations of this bylaw, the following uses and no others are permitted within the I.2 - Agricultural Industrial Zone:

- (a) Accessory buildings and structures;
- (b) Accommodation Use: one (1) single family dwelling or mobile home for the owner, operator, or employee of the principal use;
- (c) Agricultural Related Manufacturing, Processing and Retail Sales;
- (d) Agricultural Related Storage Facilities;
- (e) Livestock and Farm Equipment Auctions;
- (f) Agricultural Related Tourist Attractions;
- (g) Agricultural Related Cottage Industries.

503(2) - Buildings**(a) Maximum number of buildings permitted on each lot:**

- (i) One (1) Agricultural Industrial Building;
- (ii) Two (2) Accessory Industrial Buildings;
- (iii) One (1) Single Family Dwelling or One (1) Mobile Home

(b) Maximum height of buildings and structures:

18 m (59.05 feet)

(c) Setbacks for all Buildings and Structures

- (i) Front: 8 m
- (ii) Rear: 8 m
- (iii) Sides: 8 m
- (iv) Exterior Side: 8 m

(d) Floor Area

- (i) minimum floor area for dwelling unit - 60 m² (645.8 square feet);

503(3) - Lots**(a) Minimum Lot Area***

- (i) 0.8 hectares (2 acres)

EXHIBIT 4

LEASE OF

1265 MONASHEE FRONTAGE ROAD



TRIPLE NET LEASE

Dated the 01 of September 2018

BETWEEN:

Vinco Holdings Ltd.
PO Box 69, 01 Mervyn Road
Sicamous, BC
VOE 2V0

(the "Landlord")

AND:

1937 Ent. Ltd.
PO Box 69, 01 Mervyn Road
Sicamous, BC
VOE 2V0

(the "Tenant")

AND:

Ben Dewes
1414 Amhurst Road
Sicamous, BC
VOE 2V0

(the "Indemnifier")

1. DEFINITIONS

1.1 In this Lease:

- (a) "Building" means the building which is located on the Lands and is referred to as the "1937A Building";
- (b) "Common Areas" means all those parts of the Lands and Building not set aside by the Landlord for the exclusive use by a tenant;
- (c) "Lands" means the property legally described as: 1265 Monashee Frontage Road, Sicamous, BC.
- (d) "Leased Premises" means that part of the Building shown on the plan attached hereto;

PUSHOR MITCHELL LLP

- (e) "Proportionate Share" shall be calculated by dividing the area of the Leased Premises by the total rentable area of the Building, which total rentable area is Approximately 10,000 square feet;
- (f) "Rent" means the rental described in paragraph 5 herein;
- (g) "Triple Net Costs" means all costs and expenses in connection with the operation, leasing, maintenance and repair of, or in any way pertaining to, the Building or the Lands, including, without limiting the generality of the foregoing, the following operating costs:
 - (i) all costs and expenses from time to time incurred by or levied on the Landlord in respect of repairing, maintaining, cleaning, heating, lighting, air conditioning and ventilating the Building (or: any building located on the Lands including, without limitation, the Building) and any fixtures and appurtenances thereof and any improvements thereto;
 - (ii) all premiums from time to time paid by the Landlord for fire, casualty, liability, loss of rental revenue, plate glass and other insurance in respect of the Building, the Lands and all fixtures and appurtenances thereof and improvements thereto;
 - (iii) all costs and expenses from time to time incurred by or levied on the Landlord in respect of janitorial services and garbage disposal for the Building and the said Lands;
 - (iv) all taxes from time to time levied by any taxing authority on the Building and the Lands or either of them or on the Landlord in respect of the Building and the Lands or either of them;
 - (v) all utility charges from time to time levied on the Building and the Lands or either of them or on the Landlord in respect of the Building and the Lands or either of them;
 - (vi) all costs of landscaping and maintaining the Lands and of cleaning and snow and ice removal in the parking areas; and,

2. NET LEASE

2.1 The Tenant agrees that this Lease shall be a completely carefree net lease for the Landlord, except as expressly hereinafter set out, and the Tenant shall pay all costs and expenses relating to the Leased Premises and the Tenant's Proportionate Share of the Triple Net Costs.

3. DEMISE

3.1 In consideration of the rents, covenants, warranties and representations herein contained, the Landlord does lease to the Tenant the Leased Premises, containing a rentable area of approximately 10,000 square feet, together with the non-exclusive right to use the Common Areas.

4. TERM

4.1 The Tenant may occupy the Leased Premises for the term (the "Term") of three Year (3) year commencing September 1, 2018,

5. RENT

5.1 The Rent shall be the total sum of Twenty-Four Thousand Dollars \$24,000.00, in lawful money of Canada, payable in consecutive monthly installments of \$2000 commencing on the first day of September 2018 and subsequent instalments on the first day of each month thereafter during the Term.

5.2 The Tenant shall, upon execution of this Lease, pay to the Landlord the sum of \$4,000.00 which sum shall be applied by the Landlord towards payment of the first and last month's Rent of the Term.

6. TENANT'S COVENANTS

6.1 The Tenant covenants with the Landlord as follows:

- (a) To pay the Rent without deduction or set-off;
- (b) To pay immediately that they become due any taxes levied on the Tenant including, without limitation, any Goods and Services Tax or Harmonized Sales Tax levied on the Rent, the Triple Net Costs and all utility charges billed to the Tenant and all Corporation Capital Tax that may be payable by the Tenant;
- (c) To pay immediately on demand by the Landlord as additional rent the Tenant's Proportionate Share of all Triple Net Costs including, without limitation, the Tenant's Proportionate Share of all taxes levied on the Lands. The Landlord may estimate for any lease year the amount payable by the Tenant as Triple Net Costs and the Tenant shall, upon notice by the Landlord, pay to the Landlord on the first day of each month, one-twelfth of the Landlord's estimate.
- (d) Not to cause a nuisance or disturbance to the Landlord or other tenants of the Building;
- (e) To keep the Leased Premises in a neat and tidy condition and free from pests, insects and vermin and to provide the Tenant's own janitorial services for maintaining the condition of the Leased Premises;

EXHIBIT 5

APPRAISER'S QUALIFICATIONS



Statement of Qualifications

Adrian Rizzo, AACI, P. App

EDUCATION

Accredited Appraiser – Canadian Institute (AACI), Appraisal Institute of Canada.

Diploma in Realty Appraisal – Vancouver Community College- Langara.

EMPLOYMENT HISTORY

Associate/Consultant – Kent-Macpherson, Kelowna, BC (2007 to present).

Senior Appraiser – BC Assessment, Kelowna, BC (2001 - 2007).

Senior Appraiser – BC Assessment, Terrace, BC (1998 - 2001).

Appraiser – BC Assessment, Williams Lake and North Vancouver, BC (1990 - 1998).

DESIGNATIONS

AACI, (Accredited Appraiser Canadian Institute) Appraisal Institute of Canada.).

P. App., Professional Appraiser.

MEMBERSHIPS AND AFFILIATIONS

Member in Good Standing Appraisal Institute of Canada

Chapter Chair Okanagan Chapter of the Appraisal Institute of Canada (2004 to present)

Corporate Member – National Golf Course Owners Association of Canada

PRACTICAL EXPERIENCE

- Appraisal and Assessment Consulting on a wide variety of commercial properties throughout the Thompson-Okanagan and Kootenay regions specializing in, hotel/motels, seniors and care homes, golf courses, neighbourhood pubs and liquor stores (2007 to present).
- Appraisal of a wide variety of commercial properties throughout the Okanagan for assessment purposes, specializing in golf courses, hotel/motels, care homes, multi-family apartments, development land and shopping centres (2001 to 2007).
- Appraisal of a wide variety of residential and commercial properties throughout South, Central and North-Western BC for assessment purposes (1990 to 2001).
- Qualified as an Expert Witness before the BC Property Assessment Appeal Board and the Supreme Court of British Columbia.

RECENT PRESENTATION HISTORY

Commercial Property Valuation & Assessments – Kelowna Chamber of Commerce, 2017.

Golf Course Valuation – National Golf Course Owners Association of BC, 2016

Commercial Property Valuation – Calgary Assessment Review Board, 2013

Hotel & Shopping Centre Valuation - Alberta Municipal Government Board, 2012

Valuing Tenant Improvements – Appraisal Institute of Canada BC Provincial Conference, 2011

Golf Course Valuation - Alberta Assessors Association Conference, 2011

Property Assessment Overview - Chartered Accountants of BC - Kelowna Chapter, 2010



Appendix B

Letter from Colliers International dated January 20, 2021



January 20th, 2021

Alvarez & Marsal Canada ULC
Commerce Place
Suite 1680, 400 Burrard Street
Vancouver, B.C. V6C 3A6

Attention: Anthony Tillman

Dear Mr. Tillman:

Re: Sale of 1265 Monashee Frontage Road and 1272 Titus Road, Sicamous, BC – Marketing Summary

Further to your request, we are pleased to provide you with a summary of our marketing efforts with respect to the potential sale of the properties noted above.

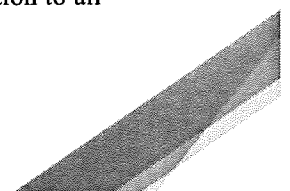
First established in 1898 in Vancouver as Macaulay & Nicolls, Colliers has grown to become Canada's largest Canadian-owned commercial real estate services company. In 2018 alone, Colliers Vancouver concluded 1,068 sales and lease transactions in 2018, totaling \$5.16 billion in transaction dollar value on behalf of investors, landlords and occupiers. Colliers Canada concluded 116 billion in sales and lease transactions in 2018. The company has offices in all the major centres in Canada and in 68 countries worldwide.

Colliers is the only national commercial real estate organization to have a dedicated practice group specializing in valuation, marketing, and transactional advisory services in unique real estate assets. The Unique Properties Group has a proven and successful track record in the marketing and sales of unique assets such as hotels and resorts, marinas, waterfront and coastal estates, private islands, ranches, golf courses and other unique assets.

Mark Lester has represented numerous clients in the sale of distressed properties and has, on several occasions, been recognized by the Court and those in the legal community, as an expert witness with respect to the valuation of unique real estate assets in British Columbia.

Mark Lester in Colliers' Vancouver office and Stephen Miller in Colliers' Kelowna office have been marketing the properties located at 1265 Monashee Frontage Road and 1272 Titus Road in Sicamous B.C. since July 9th, 2019 on behalf of Alvarez & Marsal Canada Inc pursuant to Order No. VLC-S-S-196066, Vancouver Registry. Prior to listing the Property, we undertook due diligence, viewed the site and reviewed materials pertaining to the property. The asking price on these two properties on a combined basis was initially set at \$995,000.

We have now been marketing the Property continuously for over 18 months. During our marketing process, we have received numerous inquiries, made direct calls to prospects, and have supplied information to all





parties that requested it from us. We have also arranged for numerous inspections and have received and responded to several offers on the individual properties and on the properties on a combined basis.

MARKETING

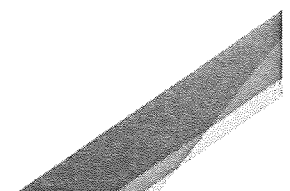
In addition to placing the listing on the Multiple Listing Service, we took a proactive approach to marketing the property. Our approach included a combination of direct contact with potential and likely purchasers, directed email information distribution, Internet advertising and third-party print advertising. Specifically, our marketing efforts have included the following:

1. **Multiple Listing Service:** The listing of 1265 Monashee Frontage Road and 1272 Titus Road was placed on the Multiple Listing Service (MLS.ca) on the Okanagan Mainline Board (10187421). The MLS is available to the public as well as to all Realtors in the province. The property has received over 500 views on the MLS during the term of the listing and listing renewals.

The initial listing for both properties commenced on July 9th, 2019. The listing was renewed on January 7th, 2020 at a reduced asking price of \$895,000. During this period of the listing, we advised interested parties that the properties could be sold together or separately.

In December 2020, the listing was renewed again at a reduced asking price. At this time, the listings of the two properties were separated with the asking price on Titus Road established at \$295,000 and the asking price on Monashee Frontage Road established at \$395,000.

2. **Marketing Brochure:** We prepared a marketing brochure providing prospects with detailed information on each of the components of the property. The package includes location maps, legal information, improvement details, zoning information and more. This package was made available to all interested parties via email or hardcopy.
3. **Additional Information:** In addition to the Colliers Information Package, we also made additional information pertaining to the properties available to interested parties upon request. This included the lease on the Monashee property as well as the easement information that provided access across The Titus property in favour of the Monashee property. This easement is now redundant and will be removed from the title to Titus property. The information brochure has been provided to over 70 prospects during the term of the listing.
4. **Internet:** We placed the listing on the Unique Properties Group website (uniqueproperties.ca), as well as collierscanada.com (#CAN2003159). The web listings provide detailed information on the Property and allow visitors to contact us for further information. Over the course of the listing, we have received over 400 original page views from the listing.
5. **Electronic Marketing:** We prepared and distributed a marketing email campaign to our database of over 2,400 contacts and included a direct link to the Unique Properties and Colliers Canada





websites.

- The email sent on August 14th, 2019 to announce the listing generated a 40.69% open rate and approximately 11.81% of those recipients read further information on the Property. This is considered to be a very good response to an email marketing campaign.
6. **Direct Contact:** We have been in personal and direct correspondence with over 100 prospects via phone, email, or in person. Many of these parties were contacted directly by our team but did not express a further interest in the opportunity or expressed interest in the chattels only. Those that expressed more serious interest executed the NDA and were provided access to the additional information in the data room. Of those we have spoken with, 34 were provided with the NDA but only 30 executed and returned the NDA. Those prospects were provided access to the information contained in the data room. We subsequently arranged 7 site visits; however, we are aware of many more site visits that had not been managed through our office. Communication with all interested parties has been maintained to date and several parties have expressed an interest in submitting competing offers to the court when a hearing is scheduled.
7. **Print Advertising:** We advertised the Waterway Houseboats & Development Lands sale opportunity in the following print publications.
- Vancouver Sun – September 4th, 2019

Accelerating success.

Premium Street Front Retail Units in Surrey for Lease

5629 132 STREET, SURREY

- Grand new Highway frontage retail space at Ridge Centre
- Up to 10,000 SF Available

www.collierscanada.com/28094

Mark Lester | +1 604 692 1409 | mark.lester@colliers.com

Waterway Houseboats & Development Lands

1 MERVYN ROAD, SICHAMOUS

- 15.23 acres of land with 700 ft of private frontage on Mainland, gas, sewer, water, light, power
- Ability to re-establish a new view, professional landscaped natural operation with houseboat facilities
- Offer subject to approval by the Supreme Court of British Columbia

www.collierscanada.com/28186

Mark Lester | +1 604 692 1409 | mark.lester@colliers.com

Liam Butler | +1 604 692 1409 | liam.butler@colliers.com

For Sale

1.90 Acres Commercial Site with Hwy Frontage

1265 Monashee Frontage Road & 1272 Titus Road, Sicamous

- Two separate titles totaling 1,903 acres
- Monashee property is improved with a 10,040 SF building and a newly renovated 960 SF residential suite

Subject to approval by the Supreme Court of British Columbia

UNIQUE PROPERTIES



Mark Lester, Personal Real Estate Corporation
Senior Vice President | 604 692 1409

Stephen Webber
Associate Vice President | 250 258 0258


collierscanada.com/28130



- Black Press - Kelowna Capital News - August 16th

	For Sale	Waterway Houseboats & Development Lands 1 Mervyn Road, Sicamous	UNIQUE PROPERTIES 
	<ul style="list-style-type: none"> • 16.33 acres of land with 700 FT of private frontage on Mara Lake, plus developable upland portion • Ability to re-establish a turn-key, profitable houseboat rental operation with foreshore licenses <p>Subject to approval by the Supreme Court of British Columbia</p>		
Mark Lester , Personal Real Estate Corporation Senior Vice President 604 692 1409		Liam Reifel Associate 604 694 7289 collierscanada.com/28186	

- Black Press – Salmon Arm Observer - August 21st/23rd

	For Sale	UNIQUE PROPERTIES 
	Waterway Houseboats & Development Lands 1 Mervyn Road, Sicamous	
<ul style="list-style-type: none"> • 16.33 acres of land with 700 FT of private frontage on Mara Lake, plus developable upland portion • Ability to re-establish a turn-key, profitable houseboat rental operation with foreshore licenses <p>collierscanada.com/28186</p>		
Mark Lester , Personal Real Estate Corporation Senior Vice President 604 692 1409		
Liam Reifel Associate 604 694 7289		
<hr/> 1.90 Acres Commercial Site with Highway Frontage 1265 Monashee Frontage Road & 1272 Titus Road, Sicamous		
	<ul style="list-style-type: none"> • Two separate titles totaling 1903 acres • Monashee property is improved with a 10,040 SF building and a newly renovated 960 SF residential suite <p>collierscanada.com/28130</p>	
Mark Lester , Personal Real Estate Corporation Senior Vice President 604 692 1409		
Stephen Webber Associate Vice President 250 258 0258		
<small>All properties subject to approval by the Supreme Court of British Columbia</small>		

MARKET FEEDBACK

When we commenced marketing the property in July 2019, there was significant interest due to the media attention surrounding the initial Order for Receivership. Much of the activity also included the property at 1 Mervyn Road, which was the water-based hub for the Waterway Houseboats operation. The Mervyn Road property sold by Court Order in January 2020. The Monashee and Titus properties were part of the same Receivership Order. Many prospects contacted the Receiver and we followed up on all of those inquiries. Many of the prospects expressed interest in re-establishing the houseboat rental business and were eager to acquire the land, together with the equipment, chattels, and vessels.



The sale of 1 Mervyn Road also included the sale of the equipment and chattels that had been used as part of the Waterway Houseboat operation. Much of these materials were, and still are, stored in the Titus Road structure and that sale also included the tent enclosure that covers the Titus Road structure. The potential absence of the moveable cover to the Titus Road building complicated the sale by impacting the ultimate and immediate uses of the property.

We had numerous parties' express interest in Titus Road, and we even had offers that contained provisions that the tent enclosure on Titus would be included in the sale. Ultimately, we were able to secure an offer that does not include the tent enclosure.

Over the marketing period, feedback to the offering has consistently been moderate. While there has, indeed, been interest, potential purchasers consistently communicated to us that the asking price was overly aggressive and that complications with each of the properties made them less attractive and therefore, a sale was more challenging. We received feedback that the lease rate on the Monashee building was below market. The lease rate on the building is set at \$24,000 per year for a building that is approximately 10,000 square feet, which works out to about \$2.40 per square foot. This lease rate is below market where rates for similar buildings would typically be, in excess of \$5 to \$6 per square foot.

We also had challenges with the sale of the Titus property since the sale would not include the "tent" enclosure. This would essentially leave a vacant site.

Finally, the market in Sicamous has been sluggish during the marketing period.

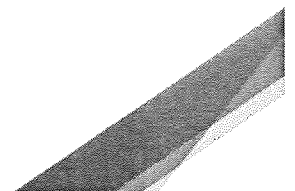
OFFERS

Despite the concerns from interested parties, a total of 5 offers were presented during the marketing period. All the offers were well below the asking price.

The first offer was received in November 2019 on the Monashee property alone. The offer was from a Surrey investor interested in the medical Marijuana operation, even though the operation was owned and operated by a third party. This offer was at a price of \$510,000. Before the offer was countered, however, the purchaser lost interest in the property and withdrew the offer.

A second offer was presented on December 4th, 2019 at a price of \$150,000 for the Titus Road property. This offer was from a Surrey-based investor. This offer was countered at \$375,000. An agreement was not ultimately reached between the parties as the gap between the Buyer and the Seller was too wide at the time.

The third offer was received on December 10th, 2019 at \$110,000 for the Titus Road property. This offer was also countered at \$375,000. The purchaser moved the offer to \$140,000 and the parties were not able to reach an agreement.





In May 2020, a fourth offer was presented at a purchase price of \$150,000 for the Titus Road property. This offer specifically made provision for the Receiver to include the tent enclosure on the Titus property in the deal. The offer was countered at \$325,000 excluding the tent. Without the tent in the deal, the Buyer lost interest and the parties did not reach an agreement.

On October 6th, 2020, another offer was presented on Titus Road. This offer was at \$190,000 and did not include the tent. The offer was countered at \$230,000 and was ultimately agreed to at \$195,000. This offer collapsed that same month as the purchaser was not comfortable with the access easement that encumbered the property in favour of the Monashee property.

On January 13th of this year, a new offer was presented by the same party that had offered on Titus in October 2020. This new offer was for both the Titus and the Monashee properties at a combined price of \$350,000. This was a non-conditional offer, and it was accepted at the offering price on January 14th, 2021.

SUMMARY

The marketing of the Monashee and Titus Road properties has been underway for over 18 months. During this time, the properties were marketed extensively – first in conjunction with the property located at 1 Mervyn Road and then independently after the Mervyn Road property was sold in early 2020. Both the Titus Road and the Monashee Frontage Road properties pose their own unique challenges for marketing. The initial asking price was determined to be aggressive as the market in Sicamous was sluggish, and each property posed its own unique challenges for marketing.

The offer that has been accepted by the Receiver is for both properties at a combined price that reflects what the market is willing to bear. I recommend acceptance of the current offer.

Sincerely,

COLLIERS INTERNATIONAL

A handwritten signature in black ink, appearing to read "Mark Lester", written over a light blue horizontal line.

Mark Lester*
Senior Vice President
Unique Properties Group
Dir: 604 692 1409
mark.lester@colliers.com
**Personal Real Estate Corporation*

