

**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.**

SECOND REPORT OF THE RECEIVER

ALVAREZ & MARSAL CANADA INC.

DECEMBER 19, 2019



ALVAREZ & MARSAL

TABLE OF CONTENTS

	<u>Page</u>
1.0 INTRODUCTION	- 2 -
2.0 SALES PROCESS	- 2 -
3.0 RECEIVER'S CONCLUSION	- 4 -

APPENDICES

Appendix A – Confidential Information Memorandum dated July 2019

Appendix B – Kent-Macpherson Appraisal dated September 17, 2019

Appendix C – Checkpoint Developments Ltd. Contract of Purchase and Sale dated December 19, 2019

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 to be heard on December 16, 2019 (the “**December 16 Hearing**”) for an order approving the sale of the Chattels to Able. Subsequently, on December 16, 2019, Checkpoint Developments Ltd. (“**Checkpoint**”) submitted an offer totaling \$2.6 million on the Mervyn Road Property and Chattels (the “**Checkpoint Offer**”), and the December 16 Hearing was adjourned to December 20, 2019 to grant the various stakeholders additional time to review their positions.
- 1.3 The purpose of this report (the “**Second Report**”) is to provide this Honourable Court with further information in respect of the following:
- a) the process undertaken by the Receiver to market the Real Property and Chattels; and
 - b) information in respect of the Checkpoint Offer.
- 1.4 The Second Report should be read in conjunction with the First Report.
- 1.5 Capitalized terms not defined in this Second Report are as defined in the First Report and in the Receivership Order.
- 1.6 Further information regarding the Receivership Proceedings, including a copy of the Receivership Order, is posted on the Receiver’s website at www.alvarezandmarsal.com/waterway.
- 1.7 All references to dollars in the Second Report are in Canadian currency unless otherwise noted.

2.0 SALES PROCESS

Solicitation of Offers for the Real Property and Chattels

- 2.1 In June 2019, Colliers was retained to market the Real Property and Chattels. A data room containing due diligence materials was prepared and a CIM was drafted, a copy of which is attached as **Appendix “A”**.

- 2.2 In preparation of the MLS listings and CIM and launching the data room, the Receiver provided to Colliers due diligence materials including photos of lands and operations, site surveys, development plans, financial statements and environmental reviews, among other things.
- 2.3 The Receiver obtained an appraisal of the Mervyn Road Property completed by Kent-Macpherson (the “**Mervyn Road Appraisal**”) dated September 17, 2019, which suggested a market value of \$2.72 million and forced sale value of \$2.18 million. A copy of this appraisal is attached as **Appendix “B”**.
- 2.4 Combining the appraised value of the Chattels (estimate of \$961,000 to \$1.2 million as prepared by Able Auctions and noted in the First Report) and the Mervyn Road Appraisal would indicate a combined appraised value for this asset package of \$3.14 million to \$3.9 million.
- 2.5 Since the Receivership Date through to December 15, 2019, 64 confidentiality agreements were executed and two (2) bids were received by the Receiver through Colliers for the Chattels and Mervyn Road Property.

Receiver’s Review and Consideration

- 2.7 Following the Receiver’s review of the offers received through Colliers and the parallel process to sell the Chattels, the Receiver intended to seek Court approval of the following two offers:
- a) a conditional offer from the District of Sicamous Development Corporation (the “**District**”) dated November 25, 2019 and totaling \$2 million (the “**District Offer**”) for the Mervyn Road Property that, subject to lifting of conditions by January 9, 2020, was to be presented to Court for approval in early 2020; and
 - b) the Able Offer for a net minimum guarantee of \$575,000 plus sharing of additional net proceeds exceeding \$650,000 to be split between the Receiver (75%) and Able (25%), which was scheduled for Court approval at the December 16 Hearing.
- 2.8 The combined District Offer and Able Offer totaled \$2.575 million (the “**Combined Offer**”) with the potential to share additional net proceeds for the Chattels once realizations exceeded the \$650,000 threshold. Both transactions were anticipated to close on or by February 28, 2020.
- 2.9 On December 13, 2019, Checkpoint contacted the Receiver with a verbal offer for the Mervyn Road Property and Chattels and immediately prior to the December 16 Hearing, the Checkpoint Offer totaling \$2.6 million was submitted to the Receiver. The Checkpoint Offer is unconditional with a closing date of 60 days following Court approval and is irrevocable until 4pm on Friday, December 20, 2019. A deposit of \$250,000 is being held by the counsel for

Checkpoint. Checkpoint submitted a revised offer of \$2.6 million with revised terms on December 19, 2019, which is attached as **Appendix "C"**.

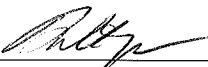
- 2.10 Upon becoming aware of the Checkpoint Offer, the District indicated its intentions to seek an adjournment of the December 16 Hearing in order to provide time for the District to discuss potential opportunities for the Mervyn Road Property with Checkpoint. Upon becoming aware of the District's intentions to speak to the other bidder (Checkpoint) the Receiver immediately sought to have Checkpoint's Offer remain irrevocably in place until 4 pm on Friday, December 20, 2019 with support from a non-refundable \$250,000 deposit.
- 2.11 When considering additional real estate commissions of \$30,000 that will be payable to Colliers on the sale of the Chattels, the Checkpoint Offer of \$2.6 million is not monetarily superior to the Combined Offer of \$2.575 million, which has the potential for additional net proceeds through the liquidation of the Chattels. However, a single purchaser may result in no site clean-up costs being incurred due to any unsold assets that may remain after the liquidation.
- 2.12 As a result of the submission of the Checkpoint Offer and upon agreement by all stakeholders, the December 16 Hearing was adjourned to December 20, 2019 to grant the various stakeholders additional time to review and determine their positions.
- 2.13 The District confirmed to the Receiver on December 19, 2019 that it would not be providing a revised offer to the District Offer and that the District of Sicamous and the District appear to be generally supportive of the development plans for the Mervyn Road Property.

3.0 RECEIVER'S CONCLUSION

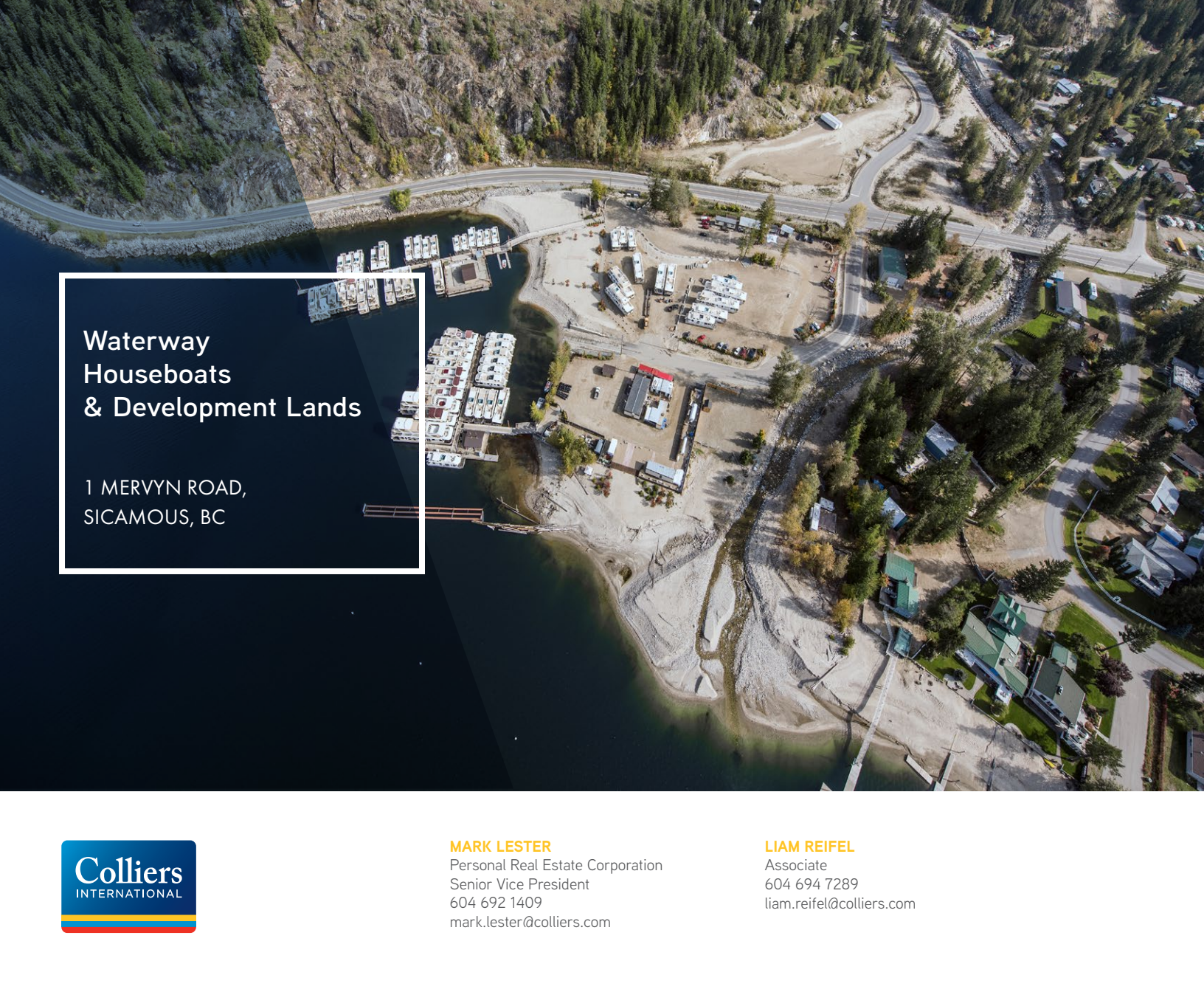
- 3.1 The Receiver is of the view that the Combined Offer and Checkpoint Offer may result in similar net realizable proceeds after taking into consideration various factors considered herein. The Receiver had planned to seek Court approval for the District Offer (assuming that the conditions were lifted to firm up the offer) and Able Offer prior to receiving the Checkpoint Offer; however, subject to the determination of the stakeholders' positions and confirmation of support from CIBC as the prime economic stakeholder, the Receiver is also prepared to accept the Checkpoint Offer.
- 3.2 The Receiver will provide a further update to the Court on the stakeholders' positions at the hearing scheduled for December 20, 2019.

All of which is respectfully submitted to this Honourable Court this 19th day of December 2019.

**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

An aerial photograph of a waterfront property. On the left, a dark blue body of water contains several white houseboats moored at a wooden dock. To the right of the dock is a sandy beach area with some buildings and parked vehicles. Further right, a paved road curves through a residential area with houses and trees. The background shows a steep, forested hillside.

Waterway Houseboats & Development Lands

1 MERVYN ROAD,
SICAMOUS, BC



MARK LESTER

Personal Real Estate Corporation
Senior Vice President
604 692 1409
mark.lester@colliers.com

LIAM REIFEL

Associate
604 694 7289
liam.reifel@colliers.com

DISCLAIMER

The information in this Confidential Information Memorandum (the "CIM") and the electronic data room is intended solely for use by parties who have executed and delivered a confidentiality agreement (the "Confidentiality Agreement") to Alvarez & Marsal Canada Inc. as the Court Appointed Receiver (the "Receiver") of Vinco Holdings Ltd. and Waterway Houseboats Ltd. (collectively, "Vinco"), and not in its personal capacity.

The use of the CIM is governed by the terms of the Confidentiality Agreement between the Receiver, Colliers International and the recipient and any person in possession of the CIM and/or provided access to the electronic data room should familiarize themselves with the Confidentiality Agreement before reading, circulating or using the CIM. The CIM may not be distributed, reproduced or used for any purpose other than evaluating a potential transaction by a person permitted to do so pursuant to the Confidentiality Agreement. By accepting the CIM, the recipient agrees that it will cause its directors, officers, employees and representatives to use the CIM and such additional information only to evaluate their interest in entering into a potential transaction for some or all of the assets and real property of Vinco (the "Authorized Purpose") and for no other purpose.

This CIM and/or electronic data room may contain confidential information regarding the assets of Vinco. All information included in the CIM is confidential information that must be held in strict confidence and used only for the Authorized Purpose.

No representation, warranty or guarantee, expressed or implied, is made by the Receiver, Colliers International or Vinco or any of its representatives with respect to the accuracy or completeness of any information provided in this CIM or in any oral or written or electronic or other communications transmitted to the recipient in the course of its evaluation of the Company. No person is entitled to rely on the accuracy or completeness of this information. The only information concerning Vinco that shall have any legal effect will be that which is specifically represented or warranted in a definitive agreement relating to a specific transaction affecting the Company. Information in the CIM has not been independently verified by the Receiver. Vinco and the Receiver disclaim any intention or obligation to update any information, estimates, projections, forecasts, plans, budgets and similar materials and information regarding or relating to the past, current or future operating and financial performance of Vinco, whether as a result of new information, future events or otherwise, and we do not expect to update or otherwise revise the CIM.

The CIM does not purport to contain all the information that may be required to evaluate a transaction involving Vinco, and any recipient hereof should conduct its own independent analysis of Vinco and the information contained or referred to herein. The Receiver and Vinco reserves the right to take any action, whether in or out of the

ordinary course of business, which it deems necessary or advisable in the conduct of its business and the Receivership proceedings.

This CIM does not constitute an offer or solicitation in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation. This CIM is not, and under no circumstances is to be construed as, a prospectus, a public offering, or an offering memorandum as defined under applicable securities legislation.

By accepting this CIM, the recipient acknowledges and agrees that (i) all of the information contained herein is subject to a Confidentiality Agreement previously executed by the recipient; (ii) the recipient will not distribute or reproduce this CIM, in whole or in part; (iii) if the recipient does not wish to pursue this opportunity, or at the request of the Receiver, Colliers International or Vinco, the recipient will destroy or return this CIM and any compilations, analysis, or other documents that contain or reflect any confidential information contained in this CIM, to the Receiver as soon as practicable, together with any other material relating to the Company which the recipient may have received from the Receiver or Vinco; and (iv) any proposed actions by the recipient that may be inconsistent in any respect with the foregoing will require the prior written consent of the Receiver.

The Receiver expressly advises, and the potential purchaser acknowledges, that the potential purchaser will not and could not reasonably rely on this information in arriving at a decision to purchase all of the assets listed herein. The Receiver has not completely verified the information contained herein and makes no express or implied representation or warranty with respect to the accuracy or completeness of such information. Nothing contained in this document is, or should be relied upon as, a representation as to the future potential for the assets. Each prospective purchaser must rely upon its own inspection and investigation in order to satisfy itself as to title, encumbrances, description, fitness for purpose, quantity, condition, existence, quality, value of any other matter or thing whatsoever relating to the assets to be purchased and should take independent financial, tax and legal advice in their consideration of the opportunity to purchase the Company's assets referenced herein.

In accordance with the terms of the Confidentiality Agreement, the information contained herein has been prepared for the sole purpose of presentation to prospective purchasers of the Company's assets and is to be held in confidence and is not to be reproduced or used for any other purpose or disclosed to third parties without the prior written consent of the Receiver.

TABLE OF CONTENTS

> INTRODUCTION.....4

- The Opportunity
- Investment Highlights

> LOCATION OVERVIEW.....6

- Sicamous
- Salmon Arm
- Mara Lake

> PROPERTY OVERVIEW.....8

- Waterfront
- Upland
- Waterway Houseboats
- Foreshore/Marina
- Waterfront Improvements

> DEVELOPMENT POTENTIAL.....10

- Zoning
- Proposed Beach Bay Village Development (2010)

- Salient Facts
- Asset information package
- Property Photographs

An aerial photograph of a houseboat resort and marina. On the left, a dark body of water contains several clusters of white houseboats on piers. A long wooden pier extends into the water from the bottom left. To the right of the water, a sandy area contains numerous white houseboats parked on the ground, along with some buildings and vehicles. A paved road curves along the top and right side of the property. The background is a steep, forested hillside.

THE OPPORTUNITY

Colliers International is pleased to present the Court Ordered Sale offering of the Waterway Houseboats operations base and resort development lands. The property and business was recently placed into receivership and is not currently operating. However, the business had a long and successful track record with year-over-year positive cash flow. This is a perfect opportunity to step into a great business in a great location with excellent long-term growth and development potential.

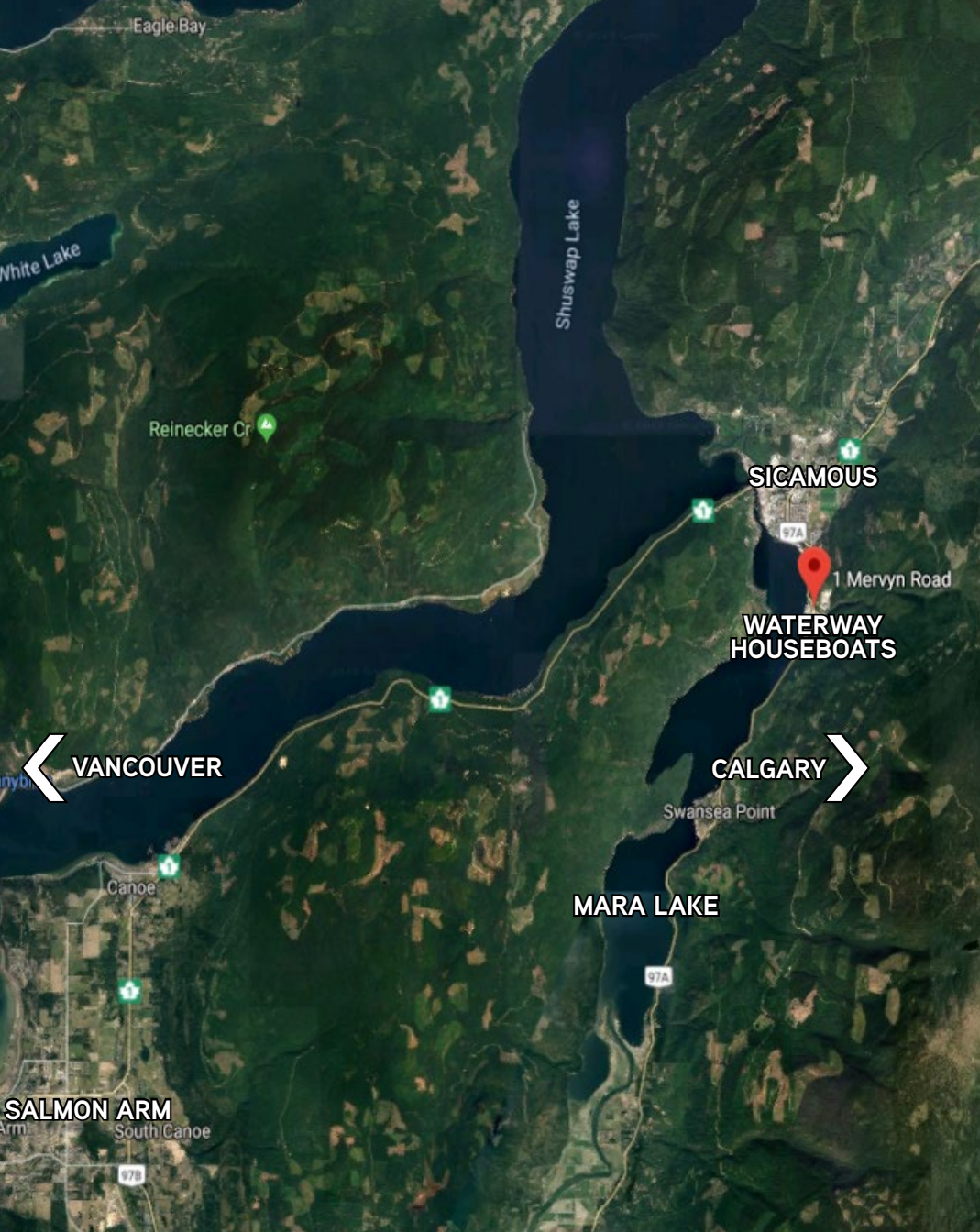
INVESTMENT HIGHLIGHTS

- 16.33 acres of land with 700 ft of private frontage on Mara Lake, plus developable upland portion.
- Offering is for land and improvements but can include fixtures, chattels and up to nine houseboats.
- Ability to re-establish a turn-key, profitable houseboat rental operation, with foreshore licenses, and a versatile design with various improvements/equipment.
- Prime tourism location on Mara Lake.
- Well positioned for future growth with expansion potential and extensive development opportunity supported with comprehensive zoning and Official Community Plan.
- Multi-Faced Development potential includes residential, commercial, and marine components designed to complement existing and future operations.

COURT ORDERED SALE

This offering is presented under the authority granted to Alvarez & Marsal Canada Inc. as the Court appointed Receiver of the lands and assets of Vinco Holdings Ltd. and Waterway Houseboats Ltd. (collectively, “Vinco”). The sale of the land, assets and/or equipment and inventory is subject to approval by the Supreme Court of British Columbia. The form of Contract of Purchase and Sale must be accompanied by a specific schedule that makes reference to the Court approval process. A copy of the prescribed offer form and schedule is available upon request.





SALMON ARM



MARA LAKE

LOCATION OVERVIEW

SICAMOUS

The subject property is in the District of Sicamous which lies within the Columbia-Shuswap Regional District (CSRD) halfway between Calgary and Vancouver on the Trans-Canada Highway. Sicamous has a year-round population of about 2,500 and is well-known as a centre for summer recreational activities, capitalizing on its fortunate location at the confluence of Shuswap and Mara Lakes. This region of the province is known as the “House Boat Capital of Canada”, for good reason, and Waterway Houseboats is one of many successful house boat operations in the area. The region is attractive for vacations based upon its dry and temperate climate, beautiful lakes, and natural beauty. The surrounding mountains also provide breathtaking views accessible by various hiking, biking, and ski trails.

The town of Sicamous lies at the confluence of Shuswap and Mara Lakes, which are two of the most popular lakes in the Shuswap Country. Both Shuswap and Mara Lakes are large bodies of water that have diverse shorelines and hundreds of potential anchorages for houseboats and other pleasure craft. This is an incredibly popular destination for summer boating activities including all watersports, fishing and much, much more.

SALMON ARM

Salmon Arm is the largest community in the Shuswap Region and is a prime area for recreation. Tucked between the peaceful lake shores and beautiful mountains, the District of Salmon Arm has evolved into a small city with extensive facilities and year-round outdoor activities and entertainment. While Salmon Arm is generally known as a recreational destination, the community of 18,000 is also a regional hub offering a wide array of services and facilities. Salmon Arm is also the base for the Columbia Shuswap Regional District’s main office.

PROPERTY OVERVIEW

The subject property is comprised of 16.33 of total land area. This includes a waterfront portion of about 3.55 acres and an upland portion of about 12.78 acres. The two portions are separated by Highway 97A.

WATERFRONT PORTION

This 3.55-acre northwest facing parcel offers outstanding views with frontage on Mara Lake. The property has roughly 700ft of private low bank lakefront with sandy beachfront and a freshwater creek that runs past the property. Waterway Houseboats currently occupies most of this portion of the Property, however there is potential to transition the business to a floating operation in order to take advantage of the development potential of the prime waterfront acreage. The waterfront portion has a flat topography with unobstructed views of Mara Lake and direct access from Meryvn Road and Highway 97A. There are multiple foreshore licenses adjacent to the property which are of key value and offer potential for marine development and other floating commercial enterprises.

UPLAND SECTOR

The upland sector of the property has additional development potential and is comprised of about 12.78 acres of land area. Located on the East side of Highway 97A the parcel has moderately sloping terrain and is currently only utilized for parking and storage. A gravel road runs through this area of the property access leading to a portion of higher elevation which has natural clearings and a natural setting. This upper portion is currently being used for additional storage of heavy equipment and contains some minor improvements including an older wood-frame 650 square foot storage building on a concrete foundation, and some covered storage.

The increased elevation of the upper portion provides outstanding views of Mara Lake and the area is ideally suited for residential development. Various portions are naturally leveled to facilitate potential plans however roughly 6.5 acres are estimated to be topographically constrained by steeper slopes.

WATERWAY HOUSEBOATS

While this is not an offering of the Waterway Houseboats business, all land, equipment and improvements are available to an interested buyer. An acquisition of all assets would allow a purchaser to re-open this long-established business. Sicamous is well-known as British Columbia's centre of houseboat and houseboat rental activity. Waterway Houseboats has operated in this market for decades and has always enjoyed strong market share and positive cash-flow. Having said the above, a purchaser could choose to acquire the land, buildings and marina improvements separately from the chattels and equipment.

FORESHORE/MARINA

The offering includes all floating improvements and the rights and interest in the water lots occupied by the marina. The floating improvements include docks, a fuel dock, a maintenance building/activity centre and breakwater. All docks and floating improvements are less than ten years old and are in excellent condition.

WATERFRONT IMPROVEMENTS

The heart of the houseboat business was centered around the waterfront portion of the property. Upland improvements were designed as generally moveable structures that were built after 2012. A full list of these structures and the extensive equipment that complimented the business are available in the form of an Inventory List, and an Asset Information Package.

All improvements have been strategically designed in anticipation of future development of the upland so as to allow the ongoing logistics of the business. A purchaser could maintain the existing configuration or develop portions of the upland while moving business operations to the waterfront portions of the Property. It is important to note that most improvements are moveable structures and could be purchased as part of an assets purchase, exclusive of kind. Any offer should specify the inclusion or exclusion of structures and/or other assets.

DEVELOPMENT POTENTIAL

ZONING – COMPREHENSIVE MARINE RESORT RESIDENTIAL

The subject property is zoned C4A - Waterfront Commercial Residential. The C4A zoning is intended to permit the development of a waterfront commercial-residential project. Uses permitted under this designation include: marinas, boat and houseboat rental operations, hotels and motels, multi-family residential and other commercial and residential uses. The zoning schedule is attached to this information package.



PROPOSED BEACH BAY VILLAGE DEVELOPMENT (2010)

Consistent with the C4A zoning, the owners applied for, and received conditional approval for a comprehensive resort residential development in 2010. The proposed Beach Bay Village development would have consisted of a three phase development including the retention and relocation of the houseboat operations, the development of a new pleasure craft marina, the construction of over 200 apartment units adjacent to the waterfront and over 100 units of cluster housing on the eastern portion of the Property. The development would also have included commercial, retail and tourism related components to support the development and adjacent neighbourhood.

By the time the zoning and development application were approved, economic conditions had changed and the development did not proceed. However, the plans had reportedly been positively received by the neighbourhood and surrounding community.



SALIENT FACTS

Civic Address	1 Mervyn Road, Sicamous, British Columbia	
Legal Description	Lot 1, Sections 19 and 30, Township 21, Range 7, W6M, Kamloops Division Yale District, Plan KAP86301 Parcel Identifier No.: 027-514-013	
Property Size	Waterfront	3.55 acres
	<u>Upland:</u>	<u>12.78 acres</u>
	Total:	16.33 acres
Licenses and Grants	<ul style="list-style-type: none">• License of Occupation (No. 0302385)• License of Occupation (No. 3404157)• Crown Grant Offer (No. 3412878)	
Non-Financial Encumbrances	<ul style="list-style-type: none">• Easement KG12274• Covenant LB201972/LB201973• Covenant LB427744• Statutory Right of Way LB441848	
Services	<ul style="list-style-type: none">• Sanitary Sewer• On-Site Well• Overhead Hydro/Telecommunication available	
Asking Price	\$4,495,000	

ASSET INFORMATION PACKAGE

This offerings includes the land and docks located at 1 Mervyn Road, Sicamous, British Columbia. The land and docks may also be purchased in conjunction with other assets and equipment that are itemized and described in the Asset Inventory Package available in our Sharefile, electronic data room. Notable assets within the offering include:

- › Nine Houseboats: One Genesis 60, Seven Mirage 54, and One Mirage 42;
- › Three Ford Trucks;
- › Sea doos and service boats;
- › Various movable building units, sheds, storage containers;
- › Several trailers;
- › Equipment, including a Komatsu loader and a Toyota forklift; and
- › Various other electronic appliances and tools

Equipment, vessels, vehicles and chattels may be purchased as part of a comprehensive offer, inclusive of land and docks or may be purchased separately. A full list of such additional items is available to qualified parties.

ADDITIONAL PROPERTY PHOTOGRAPHS







MARK LESTER

Personal Real Estate Corporation
Senior Vice President
604 692 1409
mark.lester@colliers.com

LIAM REIFEL

Associate
604 694 7289
liam.reifel@colliers.com

COLLIERS INTERNATIONAL | 200 Granville Street, 19th Floor | Vancouver, BC V6C 2R6 | 604 681 4111 | www.collierscanada.com



This document/email has been prepared by Colliers International for advertising and general information only. Colliers International makes no guarantees, representations or warranties of any kind, expressed or implied, regarding the information including, but not limited to, warranties of content, accuracy and reliability. Any interested party should undertake their own inquiries as to the accuracy of the information. Colliers International excludes unequivocally all inferred or implied terms, conditions and warranties arising out of this document and excludes all liability for loss and damages arising there from. This publication is the copyrighted property of Colliers International and /or its licensor(s). © 2019. All rights reserved. This communication is not intended to cause or induce breach of an existing listing agreement. Colliers Macaulay Nicolls Inc.

***Current Market Value Appraisal of the
Waterways Houseboat Property
1 Mervyn Road
Sicamous, British Columbia***

PREPARED FOR:

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



Kent Macpherson

**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
±16.6-Acre Waterways Houseboat Property
1 Mervyn Road, Sicamous, British Columbia**

As per your request, I am providing you with a current market value estimate of the fee simple interest of 1 Mervyn Road, Sicamous, B.C. The purpose of this report is to assist in foreclosure proceedings.

The current market value of 1 Mervyn Road, Sicamous, an improved ±16.27-acre waterfront and upland property, at August 28, 2019, inclusive of the existing improvements and conditional to the statement of limiting conditions and critical assumptions contained herein, is estimated at **\$2,720,000**. Due to the uniqueness of the subject property, the uncertainty regarding the expired foreshore tenues, and lack of truly comparable sales, the estimated value has a conceivable variance of ±5.0%, or higher.

TWO MILLION SEVEN HUNDRED TWENTY THOUSAND (\$2,720,000) DOLLARS

Based on a forced sale or liquidation value assuming a market exposure of three to six months, the subject's estimated discounted market value is **\$2,175,000**, with a conceivable variance of ±5%, or higher.

The estimated value is based on various sources including the Multiple Listing Service sales and listing 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:

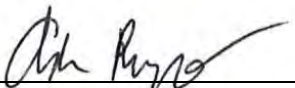

Adrian Rizzo, AACI, P. App

Table of Contents

	<u>Page</u>
Title Page	1
Letter of Transmittal	2
Table of Contents	3
Summary of Salient Facts	5
Section 1 - Definition of the Appraisal	6
1.1 Purpose, Function & Intended Users	6
1.2 Legal Description	6
1.3 Registered Owner	7
1.4 Civic Address	7
1.5 Date of Opinion	7
1.6 Property Rights Appraised	7
1.7 Definition of Market Value	7
1.8 Market Exposure	8
1.9 Scope	9
1.10 Statement of Limiting Conditions	9
1.11 Market History	11
Section 2 - Subject Photography	12
2.1 Exterior Photos – Waterfront Portion	12
2.2 Exterior Photos – Upland Portion	21
Section 3 – Regional Description	28
3.1 Location	28
3.2 Demographics	28
3.3 Economy	28
3.4 Building Permit Values	29
3.5 Real Estate Overview	30
3.6 Summary	31
Section 4 – Property Description	34
4.1 Location	34
4.2 Site Analysis	34
4.3 Access & Services	40
4.4 Property Assessment and Taxes	40
4.5 Zoning	40
4.6 Official Community Plan	42
4.7 Encumbrances	42
4.8 Improvements	43
Section 5 – Highest and Best Use	45
5.1 Concept	45
5.2 Criteria	45
5.3 Analysis – As if Vacant	46
5.4 Conclusion – As Improved	47

Page**Section 6 – Valuation Overview**

48

6.1 Preferred Methods

48

Section 7 – The Cost Approach

49

7.1 Preamble

49

7.2 Land Valuation

49

7.3 Waterfront Component

50

7.4 Upland Component

60

7.5 Land Value Summary

63

7.6 Improvement Value

63

7.7 Land & Improvement Value Summary

64

7.8 Cost Approach Summary

64

Section 8 – Certification

65

ADDENDA

Exhibit 1 Title Search Printout

Exhibit 2 Assessment Data

Exhibit 3 CDZ.13-CMRR-01 Zoning Regulations

Exhibit 4 Appraiser's Qualifications



Summary of Salient Facts and Important Conclusions

TYPE OF PROPERTY:	- Improved waterfront and upland acreage property.
CIVIC ADDRESS:	- 1 Mervyn Road, Sicamous, BC.
LEGAL DESCRIPTION:	- Lot 1, Plan KAP86301, Section 19 & 30, Township 21, Range 7, Meridian W6, KDYD.
DATE OF OPINION:	- August 28, 2019.
ESTIMATED SITE AREA:	- ±16.27 acres in total with ±3.57 acres of water front.
ZONING:	- CDZ.13-CMRR-01; Comprehensive Marine Resort Residential.
HIGHEST AND BEST USE:	- Development as permitted within the CDZ.13-CMRR-01 zoning designation or rezoning for a different use.
ESTIMATE OF MARKET VALUE BY THE COST APPROACH	- \$2,720,000

TWO MILLION SEVEN HUNDRED TWENTY THOUSAND (\$2,720,000) DOLLARS

COMMENTARY:

It should be noted that aside from having important foreshore land tenures in-place, the subject property is ideally located and configured for use as a houseboat rental facility. If the appropriate foreshore tenures can be obtained and the waterfront land created by the 2012 flooding (avulsed land) is acquired from the Crown, the property has a higher value for a houseboat related use than it does as a potential residential development site. The Sicamous development land market has been non-existent for several years and it is unknown when it will return. Either way, any potential buyer looking at the property for a houseboat related, or non houseboat related use will factor the potentially long holding period required to get the needed foreshore tenures, or very soft residential development market into their purchasing decision.

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 property as described herein. The function of the report is to assist in the sale of the property 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 DESCRIPTION

Lot 1, Plan KAP86301, Sections 19 & 30, Township 21, Range 7, West of the 6th Meridian, Kamloops Division of Yale Land District.

Parcel Identifier No.: 027-514-013

Title Certificate No.: LB211110

1.3 REGISTERED OWNER

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

1.4 CIVIC ADDRESS

1 Mervyn 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 property is 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 recent and historical waterfront and acreage land sales within Okanagan and Shuswap regions indicates a marketing period of six to 18 months was required for the properties to sell. Considering the recent sales data and current limited demand for waterfront development land in Sicamous, the market exposure period for the subject, terminating at the date of appraisal, is estimated to be 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 property and some of the comparative sales analyzed herein,
- where necessary, discussions with regulatory offices regarding data and factors pertinent to the assignment,
- the application of the Cost Approach to estimate market value. Data sources include:
 - the Kamloops Land Title Office records,
 - Ministry of Forests, Lands & Natural Resources,
 - 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 property to be reported within the most recent three years. The subject property was listed for sale on July 12, 2019 at \$4,495,000. It has been reported that some offers at undisclosed amounts have been presented to the receiver.

Section 2

Subject Photography

2.1 EXTERIOR PHOTOS – WATERFRONT PORTION



Eastern portion.





Waterfront of the eastern portion and access to foreshore license.



Eastern portion of the waterfront parcel containing the guest services and administration buildings.



Eastern portion recreational area.



Access to waterfront and foreshore lease lot.



Public road and boat launch that separates the two waterfront parcels.





Level area on western portion.





Waterfront of western portion.





Washroom and water system building.



Operations building.



Gas lines running to foreshore license lot.



Waterfront and docks of the foreshore license.



Foreshore lease and docks.



2.2 EXTERIOR PHOTOS – UPLAND PORTION



Level area on lower portion that fronts Highway 97A and Two Mile Road.





Driveway from Two Mile Road to residence and upper portion.



Road to upper part of the parcel.



Level area at top of parcel.





Residence.



Storage garage.



Residence yard.



Partial lake view from residence deck.

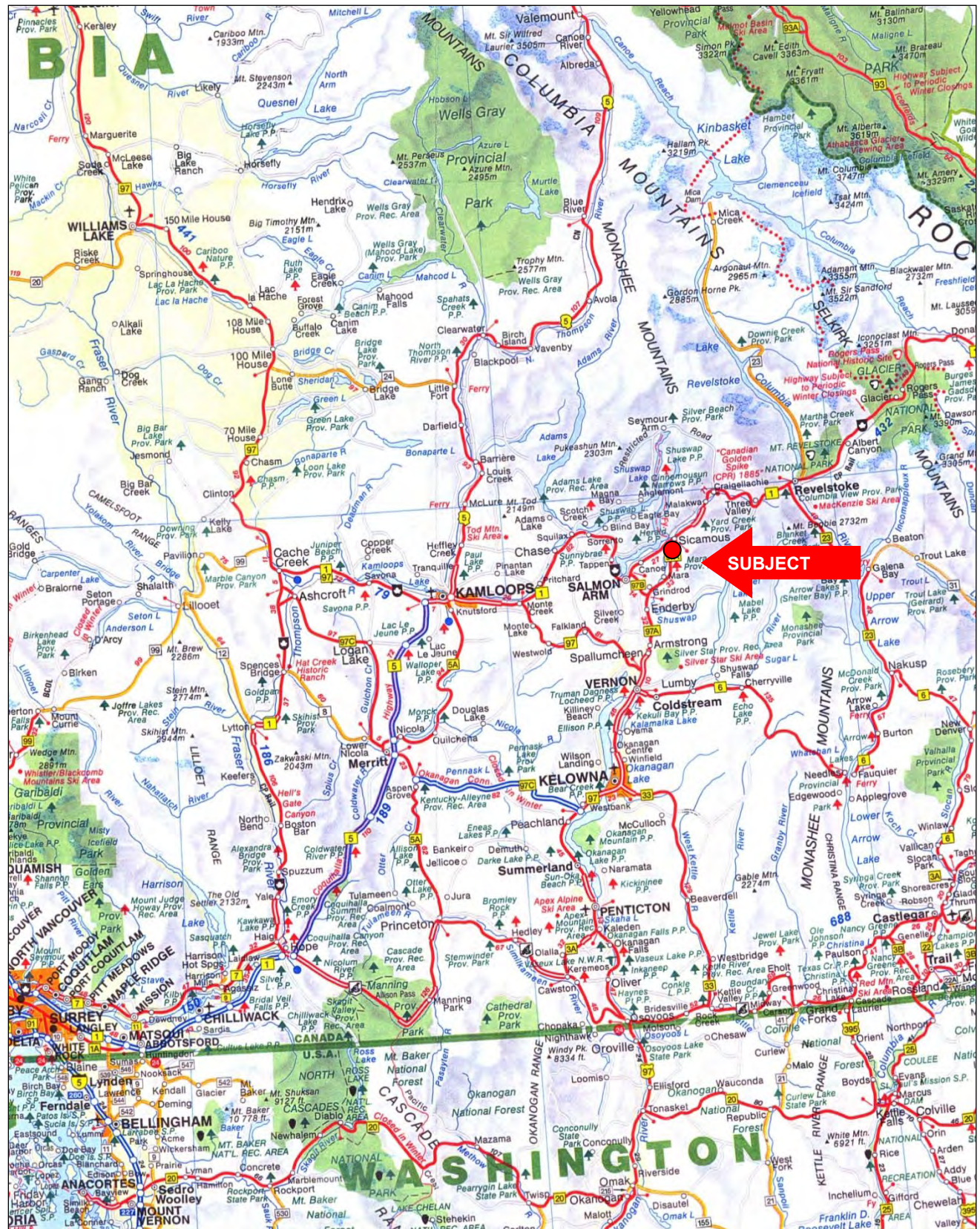


Lake view from near the residence.



Undeveloped land.

FIGURE 1 - REGIONAL MAP



Section 3

Regional Description

3.1 LOCATION

The subject property is 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 City 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 of Sicamous via Highways 97A.

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 2 - SUBJECT ORIENTATION MAP

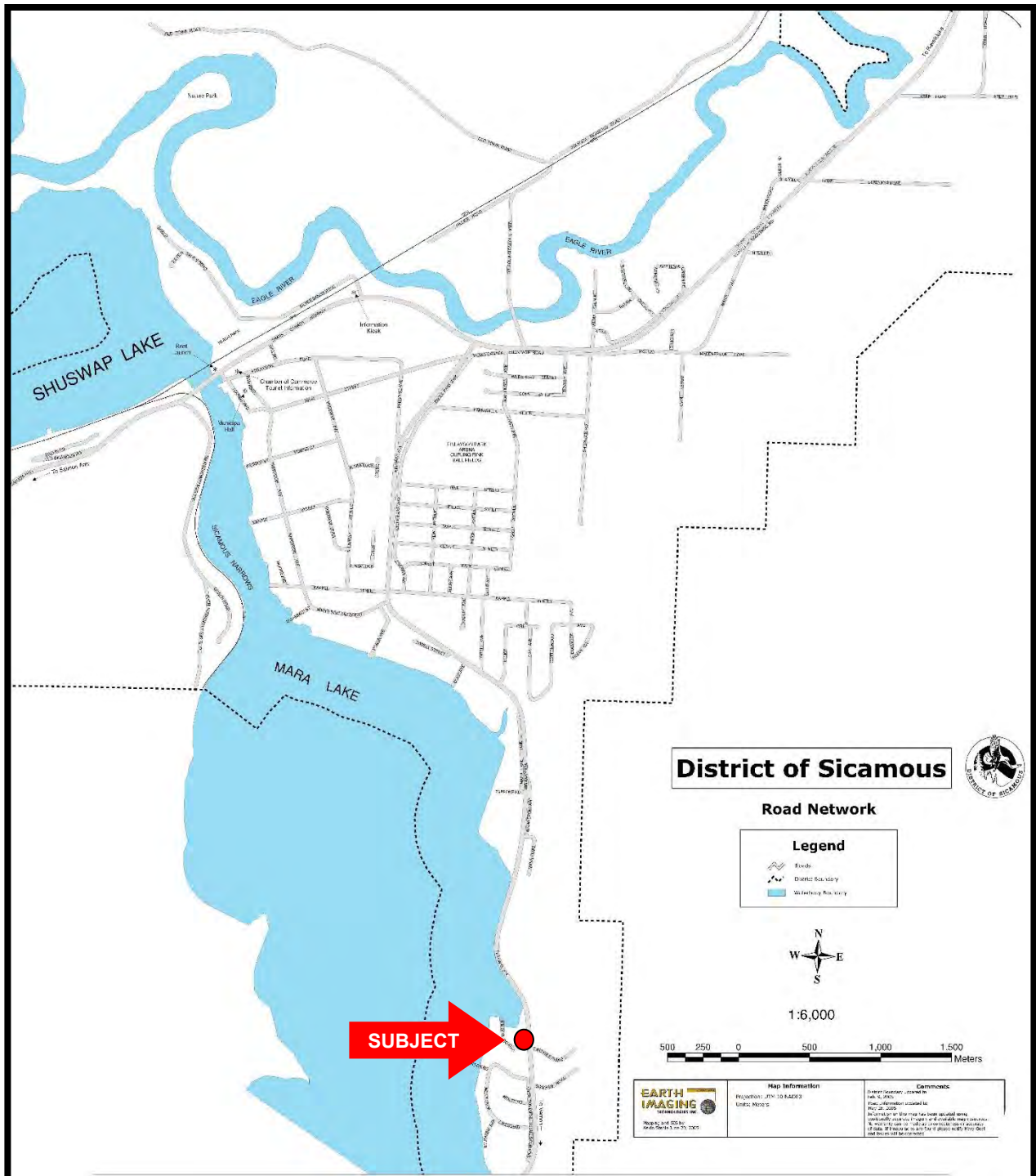


FIGURE 3 – NEIGHBOURHOOD AERIAL PHOTO



4.1 LOCATION

The subject property is located astride Highway 97A at the south end of the District of Sicamous within the Two Mile neighbourhood, ± 3 km south east of the downtown urban core. The west portion of the subject property comprising the waterfront sector is located on the eastern shore of Mara Lake bounded to the south by Mervyn Road and to the east by Highway 97A. The upland sector is situated on the east side of Highway 97A fronting Two Mile Road to the south.

Surrounding land uses include:

- | | | |
|---------------|---|--|
| North: | - | Single family residences fronting Mann Road and Highway 97A, the Bayview Estates single family residential subdivision, Mara Lake fronting single family improved residential properties, Grandview Shores and the Legacy on Mara Lake multiple family residential developments. |
| East: | - | Single family residentially improved and undeveloped acreage properties, Ministry of Transportation Harvey Pit, Sicamous Resource Recovery & Residual Management Facility, and Sicamous Creek Mobile Home Park on the east side of Highway 97. |
| South: | - | C4 zoned 0.39 acre waterfront lot, Sicamous Creek, Two Mile single family residential neighbourhood and Lakeside Mobile Home Park. |
| West: | - | Mara Lake. |

4.2 SITE ANALYSIS

The subject has a total land area of approximately 16.27 acres. With reference to Figures 4 and 5, the property is bisected by Highway 97A with the western and waterfront portion containing approximately ± 3.57 acres facing Mara Lake and a much larger ± 12.7 -acre upland portion located across Highway 97A.

The current property represents the consolidation of seven parcels located on the west and north facing Mara Lake fronting parcel and a single 12.7 acre upland property. The consolidation was a condition of rezoning from C4, Waterfront Commercial, S2, Marine Zone, and SH, Small Holding, to CDZ13-CMRR-01 - Comprehensive Marine Resort Residential.

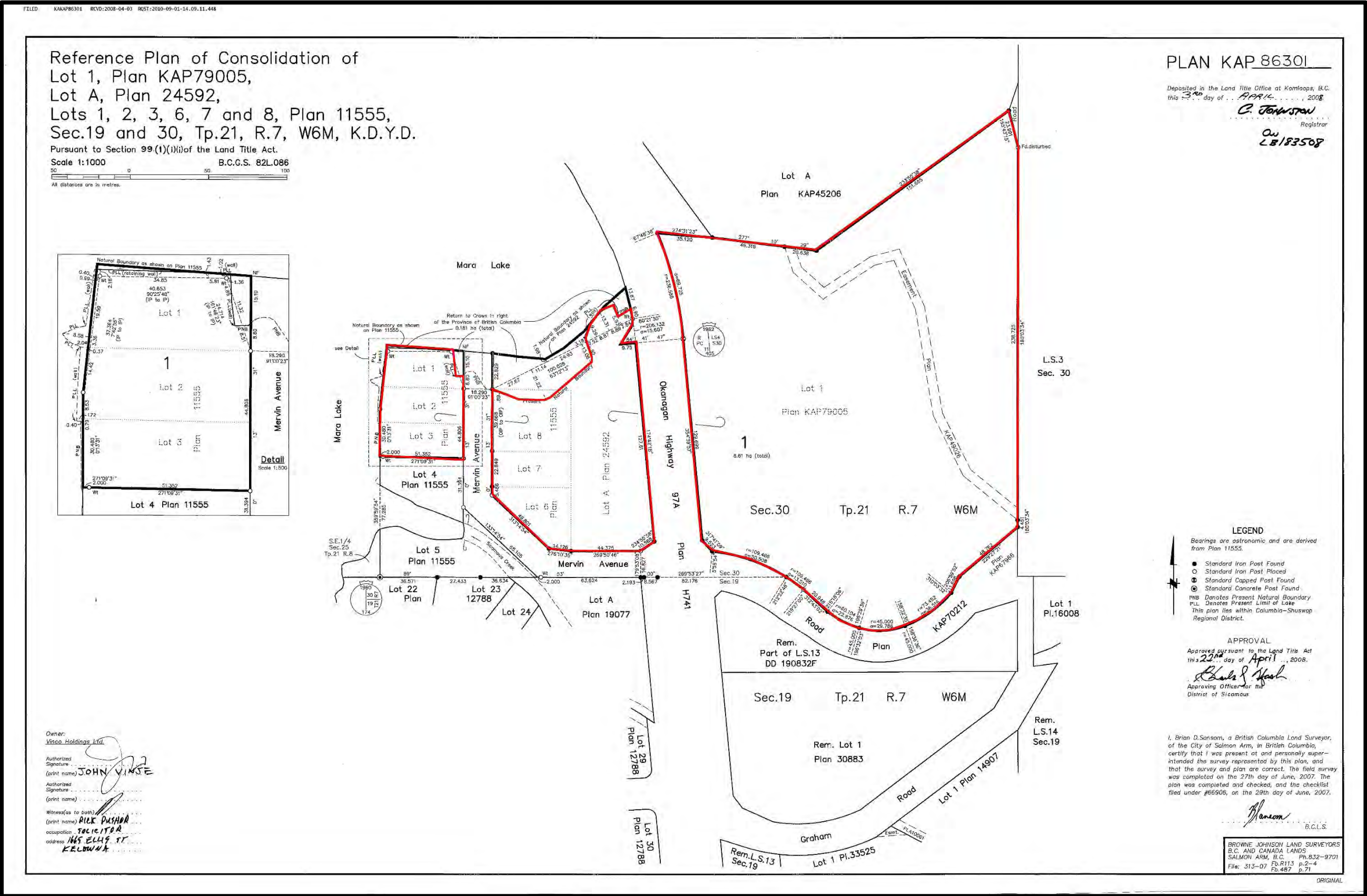
FIGURE 4 – SUBJECT AERIAL PHOTO

 SUBJECT PROPERTY



FIGURE 5 – SURVEY PLAN KAP86301

SUBJECT PROPERTY



4.2.1 3.57 Acre Waterfront Area

The west and north facing Mara Lake fronting sector is estimated at 3.57 acres. The land area was derived through a measurement using the District of Sicamous GIS mapping. The Mara Lake frontage measures ± 235 feet to the west and ± 425 feet to the north and east. The frontages are measured from the present natural boundary that existed before the 2012 flooding. The aggregate Mara Lake frontage, excluding the 60 foot wide Mervyn Road right-of-way, is ± 660 feet, a ratio of ± 185 feet of lake frontage per acre.

Mervyn Road runs perpendicular to Highway 97A forming the south boundary of the subject's waterfront portion. The road then turns in a northerly direction bisecting the two waterfront parcels and terminates at the public boat launch at the north facing Mara Lake frontage. The waterfront area west of Mervyn Road is generally level and at grade with the road. The northerly portion of the site along the north lot boundary is elevated by way of a retaining wall (railway ties supported by steel piles) above Mara Lake. A steel ramp supports access to the adjoining dock located on District Lot 1788 - Foreshore Lease. The foreshore area along the west lot boundary gently slopes down to the lake and comprises sand and gravel.

The north facing waterfront portion between Mervyn Road and Highway 97A initially slopes down from the highway and Mervyn Road/south lot boundary and then is generally level thereafter. The north facing foreshore comprises primarily sand. A log retaining wall supports an access ramp to the dock located on a Foreshore Licence.

The ± 3.57 acre waterfront parcel is improved with several older/average-fair quality administration, guest services and washroom buildings that were used in conjunction with the Waterways Houseboat operation. Above ground propane tanks are situated to the south of the administration building. A separate washroom building contains a pump that draws water from Mara Lake and a water filtration system. A propane gas line and a marine fuel line run together from the washroom building north to the dock for fueling of the houseboats.

4.2.2 12.7 Acre Upland Area

The upland portion includes ± 690 feet of Highway 97A frontage to the west, a 31.2 foot Highway 97A/Two Mile Road truncation and ± 765 feet of Two Mile Road frontage to the south. The east lot boundary extends 877 feet to the north property line measuring 832 feet.

The south east corner of the property with an approximate area of 1.9 acres is level and at grade with the adjoining roads and was used as a parking lot/houseboat storage. Two locked gates provide good access to this lower level. This parcel includes an upper plateau situated to the northeast of and above the gravel

parking lot that contains an older single family log residence and several older sheds. Except for the lower and upper level areas, the upland portion is topographically constrained with the steepest grades located within the north west and central quadrants. Approximately five acres, inclusive of ± 1.9 acres on the lower level fronting the highway, are estimated to be developable/usable. Further excavation and site work would be required to increase the developable area.

4.2.3 Foreshore Properties

Two foreshore properties were attached to the waterfront parcels for many years to facilitate the houseboat rental business. Both properties are improved with ramps, floats and docks that were used to tie up houseboats and were critical components of the business.

License No. 344093, File No. 3404157, covered .49 hectares, or 1.21 acres, more or less of unsurveyed crown land that lay north of the larger of the two waterfront parcels and east of the public boat launch. The license expired on June 8, 2018 and was not renewed.

Lease No. 332577, File No. 0302385, legally described as Lot 1788, Kamloops Division of Yale District, is located on the foreshore of the smaller of the two waterfront parcels and west of the public boat launch. The lease has an area of approximately .52 acres. As this foreshore lot is a lease, not a license, it has a legal description and is shown on the GIS mapping for the District of Sicamous and identified in Figure 4. This lease was approved for up to 225 residential boat slips, but no commercial use.

The current status of the foreshore license and lease were discussed with Jason Ladyman, the Crown Land Section Head for the Ministry of Forests, Land and Natural Resources. He stated that both tenures have expired and given the time that has elapsed since the expiration dates, as well as the existence of some evulsed land, a new application is required for each tenure. The evulsed land was created by the 2012 flooding and is identified in pink in Figure 6. It has an area of approximately 0.39 acres. This land was offered for purchase to the current owner for approximately \$200,000 several years ago, but they declined the offer. Without the evulsed land there is no waterfront land on this component. The evulsed land must be consolidated with the adjacent parcel and cannot be built upon. It could be used for recreational purposes or parking.

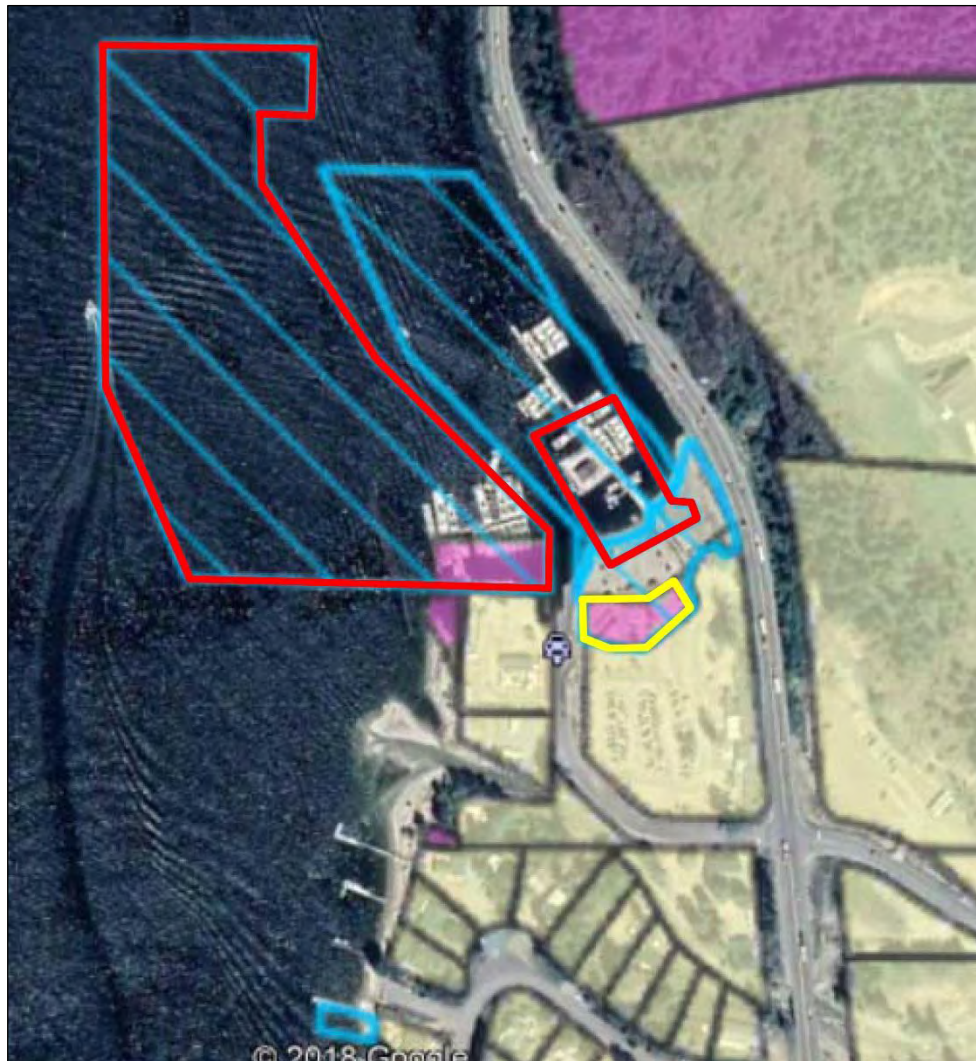
As of the effective date of this report, new applications are required for both tenures and the evulsed land must be purchased by a new owner. He stated it could take some time for the application process to complete as the District of Sicamous, local property owners and stakeholders, as well the local First Nations,

all have to be consulted and provide approval. The existence of an archeological site on the western portion of the waterfront also has to be explored. It does not appear that it is a First Nations site at this time.

To summarize, the current property does not have legal access to the waterfront. The evulsed land created by the 2012 flooding will have to be purchased before a new applications for the foreshore lease and license can be submitted. Given the complicated issues and parties that must provide approval for the foreshore tenures, it could take up to two years for this very important issue to be resolved.

FIGURE 6 – EVULSED LAND

- EXPIRED TENURES
- EVULSED LAND



4.3 ACCESS & SERVICES

Vehicular access to and from the subject from Highway 97A and Mervyn Road is excellent. Services to the property include sanitary and storm sewer and above ground hydro and telecommunications. As mentioned, water is pumped from Mara Lake and filtered for consumption. Municipal water is available approximately 500 feet south of the subject.

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 subject's assessed value for 2019 and 2018 and the 2019 property taxes are as follows:

	2019	2018
Land	\$2,871,000	\$2,753,000
Improvements	\$ 558,000	\$ 534,000
Total	\$3,429,000	\$3,287,000
Property Taxes	\$ 54,562	n/a

A cursory review of the subject's assessment and the assessed values of neighbouring properties suggests that the current total assessed value is reasonable, but the improvement value appears excessive.

4.5 ZONING

The subject is currently zoned CDZ13-CMRR-01 - Comprehensive Marine Resort Residential pursuant the District of Sicamous Zoning Bylaw No. 101, 1993, with subsequent revisions. The purpose of this zoning is:

"is to provide a comprehensive development zone for the creation of a marina and houseboat operation in Mara Lake with supporting upland uses comprising of ground floor commercial with multiple upper floor high density residential uses. Parking for the houseboat use will be located across Highway 97A and connected to the houseboat marina with an underpass. Upland development will consist of hillside lower density single and multifamily residential. The entire area depicted in the concept plan be rezoned to

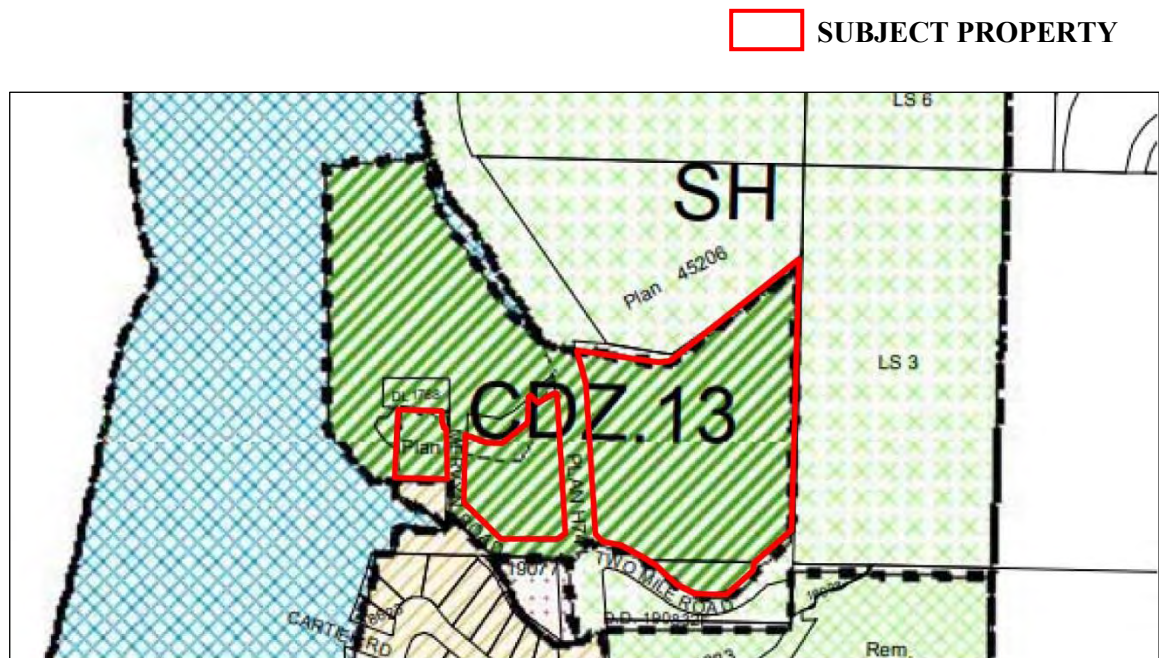
Comprehensive Development Zone CDZ-13. The area indicated should be further delineated with three sub-areas as indicated on the attached CD Zone Map 1 as shown on Schedule "B" attached to and forming part of Bylaw No. 695, 2007."

Permitted uses within the CDZ-13 zone are limited to:

- Commercial and Private Marina's
- Commercial Houseboat Operations including floating guest Services and maintenance buildings
- Commercial Retail
- High, Medium and Low Density Residential Multiple family dwellings
- Parks and open space
- Accessory uses to the above

In addition, there are Conditions of Use, Building Regulations and other regulations. All are contained within the zoning bylaw included as Exhibit C in the Addenda.

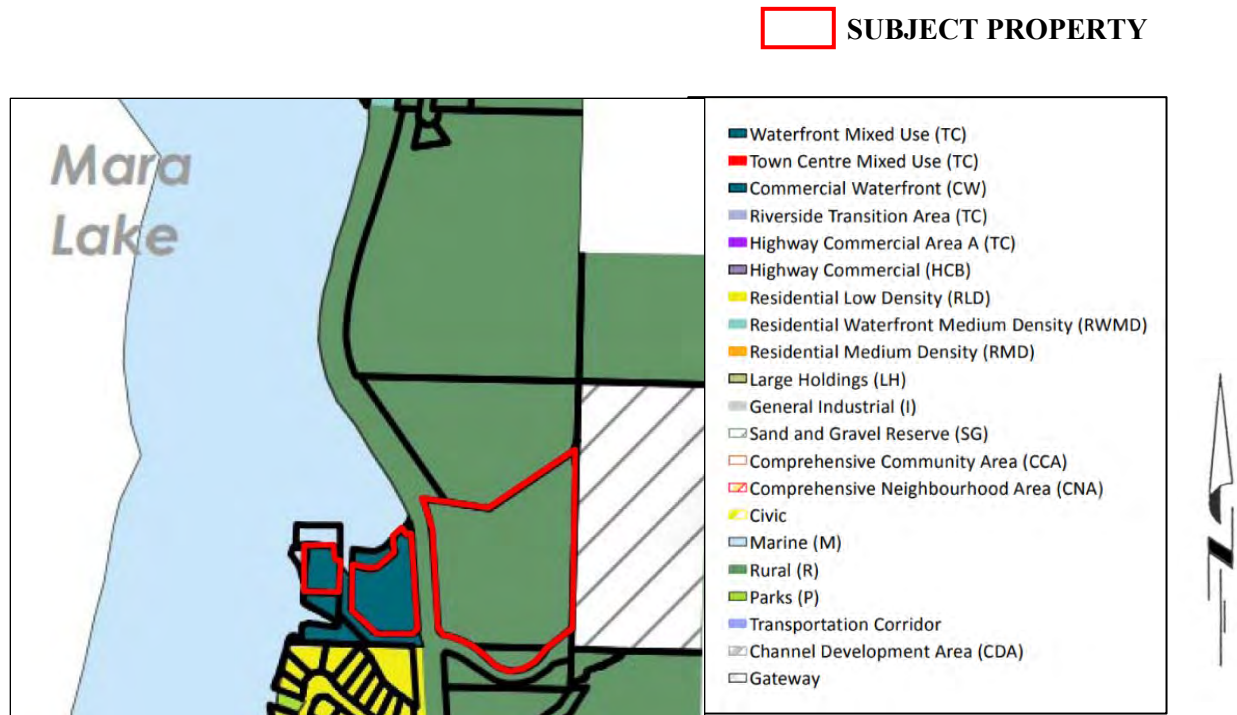
FIGURE 7 – ZONING MAP



4.6 OFFICIAL COMMUNITY PLAN (OCP)

The Official Community Plan identifies the subject as Commercial Waterfront Mixed Use (TC) for the lower portion fronting Mara Lake and Rural for the upland portion that lays east of Highway 97A.

FIGURE 8 – OFFICIAL COMMUNITY PLAN LAND USE MAP



4.7 ENCUMBRANCES

There are a number of non-financial encumbrances registered against the subject property. The encumbrances include one easement, three covenants, a priority agreement and a statutory right of way. The most notable of the encumbrances include:

Easement KG12274: Relates to a water pipeline system shown on Plan KAP49026 which traverses the upland portion of the subject property.

Covenant LB201972/LB201973: Held in favour of the District of Sicamous, this covenant pertains to Vinco Holdings Ltd. (current owner) acknowledging that it intends to develop the subject property and at this time there are insufficient services to service the development of the lands. Vinco Holdings Ltd. agrees that no development shall be undertaken on, and no building permits for the lands until (a) domestic water and sanitary

sewer have been constructed and installed by Vinco Holdings Ltd. or until the services have been adequately bonded for by Vinco Holdings Ltd. to the satisfaction of the District of Sicamous, and (b) highway improvements, bridge and intersection services have been constructed and installed by Vinco Holdings Ltd. to the satisfaction of the Minister of Transportation. This covenant will be discharged once the services have been constructed or bonded for the lands.

Covenant LB427744: Held in favour of the District of Sicamous. The owner of the lands agrees that: 1) Although the houseboat marina constructed in accordance with Schedule A.1 of District of Sicamous Development Permit #10-180 is permitted, as of the date hereof, there are not sufficient parking areas to service the proposed houseboat marina to be accessed from the Lands and therefore, no new houseboat marina shall be directly or indirectly annexed to or accessed through the Lands, and no building permits shall be issued for the Lands until parking is provided in accordance with Schedule A of District of Sicamous Development Permit #06-150; and 2) there shall be no development of the proposed residential marina, nor any annexation to or access through the Lands to the proposed residential marina until commencement of development of the residential units on the Lands.

Statutory Right of Way LB441848: Held in favour of the District of Sicamous. Right of way for sanitary sewer works shown on Plan EPP11298. The right of way is 6 m wide and is located along the Highway 97A frontage on the waterfront portion of the site.

A copy of the Land Title document for the subject is included as Exhibit 1 in the Addenda. For the purpose of this analysis, the encumbrances noted and registered on title, 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. In addition, the property has been valued as if free and clear of any and all mortgages.

4.8 IMPROVEMENTS

There lower waterfront portion of the subject contains several modular and portable buildings that were used for the operations of the Waterways houseboat rental business. The larger buildings were internally inspected, and all appear to be in good condition and functional for their previous use. Building siding is a mixture of stucco and wood and each building is assumed to be mounted on blocks. The buildings are summarized as follows:

Administration: 12' x 40' - estimated to be 5 – 10 years old.

Guest services: 24' x 40' - estimated over 20 years old.

Operations' office: 24' x 60' - estimated to be 10 – 15 years old.

Washroom building: 12' x 40' - also contains water system pump and filtration system. Estimated to be over 20 years old.

There are also several miscellaneous storage and electrical sheds measuring approximately 10' x 20', 20' x 14', 16' x 10', and 12' x 18'.

The upland portion contains an older log house and two storage garages. One of the garages in better condition than the other. BC Assessment shows the 1.5-storey log house has a total floor area of 1,375 sq. ft. and was built in approximately 1975.

BC Assessment has a total estimated value of \$558,000 for all improvements on both the waterfront and upland parcels. This figure seems excessive considering only the log residence and older garages on the upper portion are permanent structures. All of the buildings on the waterfront portion are basic quality portable structures that can easily be removed.

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 is currently zoned CDZ13-CMRR-01 - Comprehensive Marine Resort Residential that was put in place to facilitate a proposed multi and single-family cluster home development. The zoning permits up to 212 condominiums on the lower waterfront portion and up to 104 cluster houses on the upland portion. Additional uses include a commercial and private marina and commercial houseboat operations. The property previously had two foreshore tenures that provided access to the existing docks and floats. Both tenures have expired, and new applications are required and must be approved before they can legally be used.

Physically Possible

The large site has a reasonably level lower waterfront portion and an upper portion containing two reasonably level areas that would easily accommodate residential development. The subject does however not have all the required services to accommodate any form of large scale residential development.

Financial Feasibility

The location is ideal for all of the permitted uses but there is no demand for multiple or single family housing at the present time, nor has there been for several years. The Sicamous area is a very popular summer destination for Alberta residents and the Alberta economy been struggling in recent years. Additionally, the lack of year-round population and high levels of local competition for marina related uses present a real challenge for any commercial use of the property other than the previous use as a houseboat rental facility.

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 property would be a houseboat rental related business or one of the permitted commercial uses as there is no demand for any form of residential development.

Conclusion – As if Vacant

To summarize, the current zoning, future land use designation, as well as the size and shape of the subject property, suggest that the highest and best use would be the previous use, or one of the permitted commercial uses or as a holding property pending improved economic conditions or new foreshore tenures are obtained.

5.4 CONCLUSION – As Improved

The subject property operated successfully for many years as a houseboat rental business. The property is fully equipped and very well-located for the continuation of this business. As such this would be the highest and best use of the property as improved; however, prior to the property being used for a houseboat operation the important foreshore tenures and evulsed land issues must be resolved.

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 estimate 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 relative to the overall property value, the cost approach is considered a viable valuation method and will be utilized.

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. As properties with very low site coverage and properties such as the subject are typically owner occupied, insufficient income data is available for the income approach to be considered a viable valuation method.

The Direct Comparison Approach 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. Due to unique physical qualities of the subject property adjusting the comparable sales for the differences in location, building quality, size, and site coverage is very difficult and subjective; therefore, this approach was not utilized.

In summary, considering the existing development scenario, only one of the three primary techniques will be utilized, namely the Cost Approach, to estimate the current market value of the subject property.

7.1 PREAMBLE

The Cost Approach is based on the principle that an informed buyer will pay no more for a facility than the cost of acquiring an equally desirable site and constructing like improvements thereon assuming no costly or unnecessary delays are encountered in the substitution. This approach involves an estimate of the land value, as if vacant and available to be developed to its highest and best use, and then adding the estimated contributory value of all improvements after all forms of depreciation are considered.

7.2 LAND VALUATION

Considering the land is the primary component of the subject property and the vast majority of the total market value is in the land, this component will be the focus of the valuation. Appraisal theory recognizes six possible approaches to estimate the market value of vacant land including:

- The Direct Comparison Approach.
- The Extraction Approach.
- The Allocation Approach.
- Direct Capitalization: The Land Residual Technique.
- Direct Capitalization: Ground Rent Capitalization.
- Yield Capitalization: Discounted Cash Flow Analysis - Subdivision Development Analysis.

In view of the quantity of comparative sales and listing data, the Direct Comparison Approach represents the most reliable technique to estimate the current market value of the subject property as at August 28, 2019. As the subject is comprised of a waterfront and an upland component, both will be analyzed and valued separately.

The Direct Comparison Approach requires an analysis and comparison of similar properties to the subject which have sold relatively concurrent to the date of appraisal under similar economic conditions. The Direct Comparison Approach is the preferred method to estimate the market value of land because it reflects typical buyer and seller reactions and the principle of substitution.

7.3 WATERFRONT COMPONENT

7.3.1 Comparable Sales & Listings

Index 1

Civic Addresses:	-	4111 & 4121 Evans Road, District of Lake Country.
Zoning:	-	C9; Tourist Commercial (0.5/1.5 Max FAR) & A1; Agriculture.
Official Community Plan:	-	Tourist Commercial, Agricultural, & Parkland – Conservation.
Lot Areas:	-	4.98 acres
		<u>0.75 acres</u>
		5.73 acres
Waterfront:	-	380 feet.
Sale Date:	-	November 2017
Sale Price:	-	\$5,400,000
		\$ 650,000
Relocation Cost:		<u>\$ 220,000</u>
		\$6,270,000
Rate/Acre:	-	\$1,094,240
Rate/Front Foot:	-	\$16,500

4111 Evans Road is a 4.98 acre irregular shaped lot that is bisected by the former Okanagan Rail Trail with the east lot line abutting the Kalamalka Lake shoreline. The severed waterfront portion on Kalamalka Lake has ±380 feet of waterfrontage. 4121 Evans Road is a 0.75 acre rectangular shaped lot that abuts the northern lot boundary of Lot 9 and is on the west side of the former Okanagan Rail Trail. The property, formerly known as Owl's Nest Resort, operated as a going concern business and was marketed for sale as a redevelopment site. Although the property is commercially zoned C9, the purchaser is proposing to rezone the property to facilitate a 50-lot subdivision. Services include community water, cable, gas, power, and on-site septic system. The purchaser also paid \$180,000 to buyout six manufactured homeowners from the property and \$40,000 for demolition costs for some older manufactured homes.



Index 2

Civic Address:	-	7295 Okanagan Landing Road, Vernon.
Zoning:	-	R5; Four-plex Residential.
Official Community Plan:	-	MDCOMRES; Mixed Use Medium Density Commercial & Residential.
Lot Area:	-	15.73 acres, approximately 9.36 acres useable.
Waterfront:	-	±412 feet.
Sale Date:	-	March 2019
Sale Price:	-	\$4,250,000
Rate/Acre:	-	\$454,060 based on 9.36 acres of useable area.
Rate/Front Foot:	-	\$10,316

7295 Okanagan Landing Road is located adjacent to The Strand resort in the Okanagan Landing neighbourhood of Vernon. The vacant multi-family site is comprised of two separate parcels with a total area of 15.73 acres. The larger parcel fronts a marshy section of Okanagan Lake, while the second component is across Lakeshore Road. Reports indicate only 9.36 acres of the total property is developable with the remainder under wet land restrictions. A reported zoning bonus allows for 14.4 units per-acre. Services are available at the lot line and have apparently been oversized to accommodate the density bonus.



Index 3

Civic Address:	-	3946-3986 Beach Avenue, Peachland.
Zoning:	-	C6; Campground; R1 Single Detached Residential
OCP:	-	Tourist Commercial; Low Density Residential.
Lot Area:	-	4.10 acres
List Date:	-	Active Listing
List Price:	-	\$8,900,000
Rate/Acre:	-	\$2,170,730

3946-3986 Beach Avenue is a collection of five lots totaling ± 4.10 acres along the shores of Okanagan Lake in the District of Peachland. Located south of Highway 97, the site has been operating as a campground since 1956 and is improved single-family residences, campground/ RV facilities and 76 rental sites. Beach Avenue separates from Okanagan Lake but the site offers an excellent view of the lake. The property has the potential for development of a multi-family site however would require an application for rezoning. The listing realtor stated there has been reasonable interest in the property and several offers of between 80% and 85% of the list price have been presented and rejected for various reasons.



Index 4

Civic Address:	-	2920 – 3530 Landry Crescent, District of Summerland.
Zoning:	-	RMD; Residential Medium Density (0.6 FAR).
Official Community Plan:	-	MDR; Medium Density Residential.
Lot Area:	-	6.56 acres.
Lake Frontage:	-	+/-1,366 feet.
List Date:	-	Listed September 2016 – Expired December 2018
List Price:	-	\$10,750,000
Rate/Acre:	-	\$1,638,720
Rate/Front Foot:	-	\$7,867

Index 4 is an expired listing of large waterfront development site on Okanagan Lake in Summerland. The fully serviced and development ready site is serviced and stubbed in anticipation of a proposed 12 lot single family subdivision plan. Development and siting regulations in the RMD zoning include 0.6 maximum FAR and a maximum height being the lesser of 10.5 meters or 3 storeys. A Riparian Management Plan has been registered on title. Public access is permitted along the waterfront is located within the riparian leave strip area. The prime property was on the market for almost two years without selling.



Index 5

Civic Address:	-	4500 Landry Crescent, District of Summerland.
Zoning:	-	CT2; Campground Zone & A1; Agricultural Small Acreage.
Official Community Plan:	-	Tourist Commercial
Lot Area:	-	45.94 (6.56-acre waterfront component and 39.38 acres of ALR land. The 45.94 acres includes a 1.95-acre road dedication.
Lake Frontage:	-	±470 feet.
Sale Date:	-	Collapsed sale March 2018
Sale Price:	-	\$8,000,000
Less: Upland Portion:	-	\$2,060,000 (\$55,000/acre).
Indicated Value:	-	\$5,940,000
Rate/Acre:	-	\$905,488
Rate/Front Foot:	-	\$12,638

4500 Landry Crescent in Summerland is a collapsed sale of a large property comprised of 6.55-acre waterfront portion that has operated for many years as a RV park, and a 39.38-acre upland portion. Both parcels are located within the Agricultural Land Reserve (ALR); however preliminary reports suggest the Agriculture Land Commission (ALC) was receptive to the removal of the 6.56-acre parcel from the ALR. The popular RV park regularly produces over \$500,000 annually in gross income, with most of the income from monthly site rentals. The net value attributed to the more desirable waterfront parcel is \$5,940,000.



Index 6

Civic Address:	-	630 Riverside Drive, Sicamous.
Zoning:	-	CDZ.12 CMR3; Comprehensive Multiple Residential.
Official Community Plan:	-	Commercial Waterfront.
Lot Area:	-	2.54 acres.
Lake Frontage:	-	±327 feet.
List Date:	-	February 2019
List Price:	-	\$4,900,000
Rate/Acre:	-	\$1,929,134
Rate/Front Foot:	-	\$14,984

Index 6 is a current listing of a development property with a partially completed below ground concrete parkade in Sicamous. The property is located on the channel that connects Mara Lake to Shuswap Lake. The parkade remains from a failed multi-family development that was to contain 62 condominium units. It is reported that over \$3.4 million was spent on the parkade. Also included is a marina containing 58 boat slips and a gas dock. The property has been listed for sale for since late 2015 and is presently utilized as a boat storage facility.



Index 7

Civic Address:	-	902 Riverside Drive & 102 Martin Street, Sicamous.
Zoning:	-	CDZ.12 CMR3; Comprehensive Multiple Residential.
Official Community Plan:	-	Commercial Waterfront.
Lot Area:	-	2.33 acres.
Lake Frontage:	-	±200 feet.
List Date:	-	February 2019
List Price:	-	\$4,900,000
Less Improvement Value:	-	<u>\$ 300,000 (estimated)</u>
Indicated Land Value:	-	\$4,600,000
Rate/Acre:	-	\$1,974,248
Rate/Front Foot:	-	\$23,000

Index 7 is a current listing of two adjacent waterfront properties in Sicamous and located on the channel that connects Mara Lake and Shuswap Lake. Both properties contain buildings, and both have a dock. The two parcels are marketed individually and as a package that could also include two other properties. Improvements include a 2,100 sq. ft. office building, 2,647 sq. ft. warehouse and a 780 sq. ft. retail/residence building.



7.3.2 Comparable Sales/Listing Schedule

INDEX NO.	CIVIC ADDRESS	SALE DATE	SALE/LIST PRICE	ZON-ING	SIZE/ (ACRES)	SIZE/ (W/F)	SALE/LIST ACRE	SALE/LIST WATER FT.
1	4111 & 421 Evans Road, Lake Country	Nov-17	\$ 6,270,000	C9	5.73	380	\$1,094,240	\$ 16,500
2	7295 Okanagan Landing Road, Vernon	Mar-19	\$ 4,250,000	R5	9.36 ¹	±412	\$ 454,060	\$ 10,316
3	3946 – 3986 Beach Ave, Peachland	Listing	\$ 8,900,000	C6	4.10	n/a	\$2,170,730	n/a
4	2920 – 3530 Landry Crescent, Summerland	Listing	\$10,750,000	RMD	6.56	±1,366	\$1,638,720	\$ 7,867
5	4500 Landry Crescent Summerland	Collapsed Sale	\$ 5,940,000 ²	CT2	6.56	±470	\$ 905,488	\$12,638
6	630 Riverside Drive, Sicamous	Listing	\$ 4,900,000	CDZ.12 CMR3	2.54	±327	\$1,929,134	\$14,984
7	902 Riverside Drive & 101 Martin St., Sicamous	Listing	\$ 4,600,000 ³	CDZ.12 CMR3	2.33	±200	\$1,974,248	\$23,000
Subject	1 Mervyn Road	---		CDZ.13 CMMR-01	±3.57	±660	---	---

¹Net useable area. ²Adjusted for upland component included in sale. ³Adjusted for improvement value.

7.3.3 Analysis & Conclusion

Although considerable research has been undertaken to find comparable market data from throughout the Okanagan and Shuswap regions, the research revealed no truly comparable transactions given the physical configuration of the property and existing foreshore improvements. From the sales that have occurred seven sales and listings were deemed to be similar in many respects to the subject and therefore were selected to establish the market value of the property.

The sales and listings that were selected to provide an estimate of the subject's market value are summarized in the preceding schedule. The unit of comparison is the rate per square foot of raw land and front foot of waterfront. Index 3 is not a waterfront parcel but is directly across Beach Avenue from Okanagan Lake. The value range indicated by the seven comparables is very wide at \$454,000 to \$2,170,000 per acre and \$7,867 to \$23,000 per front foot of waterfront.

Generally, the larger the parcel size the lower the rate per acre. Typically, the value of the site diminishes on a per unit basis (per acre or per front foot) as the site area or frontage increases beyond market norms. For single family parcels, this is due primarily to the diminishing return of value to the "extra" area/frontage once a building site, water access and/or beach area are assured. For development parcels the additional frontage is desirable as it provides more units with views/water frontage.

Although not always useful for definitive value conclusions, the price per acre/front-foot does help in narrowing the market value range for the subject site. Obviously, topography, utility and quality of beach front are primary considerations and these attributes have significant impacts to the unit rates.

Five of the seven Indices are located in the Okanagan and two are in Sicamous. It is important to note that the real estate market in Sicamous has been very slow for several years. The region is a very popular recreation destination for Albertans and when the Alberta economy started to slow five or so years ago, the Sicamous market more or less collapsed. Some within the industry felt that the local market was overbuilt from 2005 to 2008 and really has never recovered. As such, steep discounts would be needed for any type of development property to sell as it is impossible to predict when the market may improve.

The Okanagan market has been substantially stronger as is not as dependent on seasonal buyers from Alberta. Thus, there have been a few sales of waterfront parcels for the development residential properties. The Okanagan multi-family land market was particularly strong from 2016 to 2018 with numerous projects completed.

The lack of demand for recreational development properties within the Okanagan, and particularly in the Shuswap, in recent years is exemplified by the fact there have been only two sales of waterfront acreage properties in the last three years. Indices 1 and 2 represent the only two sales. Index 1 was a former seasonal resort that was on the market for many years at various price points before eventually selling in late 2017 for the development of 50 single family dwellings. The property has a nice waterfront, but the lower part of parcel is bisected by the Okanagan Rail Trail, a former rail line converted into a popular walking and cycling path. The site slopes upward so all of the homes will have an excellent lake view. This property is vastly superior in terms of location, as it is situated between Kelowna and Vernon. The rail trail does diminish its value and it has less waterfront than the subject, but overall it is a substantially superior property and a reasonably recent sale. The indicated rate per acre of \$1,094,240 and \$16,500 per foot of waterfront therefore set the upper limit of value.

Index 2 is a recent sale of waterfront property in Vernon that contains two parcels that are split by a public road. This alone makes it a good comparable as the subject's waterfront parcel is split by a road leading to the public boat launch. The waterfront of Index 2 is marshy and not as attractive as the subject's and it is a much larger parcel. Overall it is considered inferior to the subject; therefore, the indicated rate per acre of \$454,060 sets the lower limit of value on per-acre basis.

Index 3 is a listing of a semi-waterfront property that would make an ideal residential development site. It is listed at \$2,170,000 per acre which is the highest rate of the seven Indices. Although it is similar in size to the subject and does not have a waterfront component, it is a vastly superior development property.

Indices 4 and 5 are a collapsed sale and a current listing of waterfront properties in Summerland. Index 4 is a prime single family residential development site that sits adjacent to similar properties that have already been developed. The site is serviced to the lot line for twelve single family lots. It has an extensive amount of waterfront relative to the size of the parcel, so it is also superior to the subject. Index 5 is located adjacent to Index 4 and contains a long-established RV park that grosses over \$550,000 in income on an annual basis. The location and substantial revenue from the RV park make this a superior property when compared to the subject. There was a collapsed sale of Index 5 in 2018 that would have produced a rate of \$905,488 per acre or \$12,638 per foot of waterfront.

Indices 6 and 7 are two listings of waterfront properties located on the channel in Sicamous. Index 6 contains a substantial concrete parkade that was constructed below grade for a failed condominium project. The parkade has some contributory value as it was expensive to construct, but it severely limits the development options of the site. Index 7 is comprised of two adjacent properties each with a small marina and upland improvements. The indicated rate per acre for both properties is over \$1.9 million and although both parcels are fairly small, they appear to be overpriced given the very limited demand for this type of property in Sicamous. The channel location is inferior to the subject's location on the lake.

To summarize, after considering the weighted impact of the comparable indices, the market data supports values for the subject in the range of \$450,000 to \$905,000 on a rate per acre basis.

Given the property is located in the depressed Sicamous market, the uncertainty of the foreshore tenures, and its physical and municipal services limitations, the ±3.57-acre parcel with ±660 lineal feet of lake frontage has the following lower and upper limit indications of value:

- Lower Limit Value per acre: 3.57 acres @ \$ 550,000 = \$1,964,000
- Upper Limit Value per acre: 3.57 acres @ \$ 750,000 = \$2,667,500

With careful consideration to all factors affecting the market value of the ±3.57-acre waterfront parcel, a rate of **\$550,000** per acre is considered reasonable for the subject's waterfront component. This is at the low end of the indicated range

In conclusion, the market value of the subject waterfront component by the Direct Comparison Approach, as of August 28, 2019, is estimate at:

$$3.57 \text{ acres} \times \$550,000 = \$1,963,500, \text{ rounded } \mathbf{\$1,965,000}.$$

7.4 UPLAND COMPONENT

7.4.1 Comparable Sales & Listings

As discussed in Section 4.2.2, the subject's upland lies east of Highway 97A and has a total area of approximately 12.7 acres, of which ± 5.0 acres, inclusive of ± 1.9 acres on the lower level fronting the highway, are estimated to be developable/usable. Further excavation and site work would be required to increase the developable area. The lower level is gated and can be accessed by two driveways off Ten Mile Road, while the upper portion containing the log residence is accessed by one driveway further up Ten Mile Road. The upper has a few pockets of level area which have been utilized for residential purposes and a top level that is rented for a dock building business. This upland component has some very good views of Mara Lake from certain portions and would make a good residential view property once the existing mess of abandoned vehicles and RV's is cleaned up.

The upland component has the same CDZ13-CMRR-01 - Comprehensive Marine Resort Residential as the lower waterfront component. Except for the lower ± 1.9 acres, the property is best suited for single family residential use given the existing residence and lack of demand for any form of higher density residential development. The lower portion has excellent highway exposure and good access and is relatively level. It is more suited to some form of commercial use, most likely an ancillary use of the waterfront component.

To establish a market value estimate of this component a variety of comparable property sales and listings were reviewed and considered. As there has been very little in the way of comparable transactions within the District of Sicamous, the search for suitable comparables was expanded to include the Vernon area where the market has been more active.

The comparables contained within the following table include sales and listings of commercially zoned land and one residential view acreage in Sicamous, as well as one sale and two listings from Vernon. The market data shows a very wide range of per-acre rates mainly because the high rate per acre sales and listings are for small sites located in the main commercial core of Sicamous.

INDEX NO.	ADDRESS	SALE DATE	SALE PRICE	ZONING	AREA (ACRES)	PRICE PER ACRE	COMMENTS
1	1310 Trans Canada Highway, Sicamous	Oct-17	\$150,000	C2	0.78	\$192,308	Small, level triangular parcel in secondary area.
2	1302 Nordin Court, Sicamous	Jun-19	\$253,000	C2	0.44	\$575,000	Very small, level and rectangular Tourist Commercial zoned lot one half block from the Trans Canada Hwy.
3	626 Trans Canada Hwy, Sicamous	Listing	\$525,000	C2	1.90	\$276,316	Centrally located lot with excellent highway exposure. Corner site that backs onto the Eagle River.
4	907 Trans Canada Hwy, Sicamous	Listing	\$469,000	C2	0.78	\$601,282	Centrally located lot with excellent highway exposure.
5	997 Riverside Avenue, Sicamous	Feb-18	\$287,000	C4	0.94	\$305,319	Fenced commercial lot with a 100' x 22' and 108' x 24' older pole barns with an estimated value of \$30,000
6	83 Peregrine Way, Vernon	Listing	\$750,000	R5	10.04	\$ 74,701	View development acreage close to a beach and boat launch. Water and sewer to the lot line.
7	6628 Pleasant Valley Road, Vernon	May-18	\$1,500,000	CR/C4	9.86	\$152,130	Split service commercial and country residential zone property bordering Highway 97 just north of the Vernon city limit.
8	509 Kalamalka Lake Road, Vernon	Listing	\$1,200,000	RH3	10.50	\$114,286	Development site near the Vernon Golf Club. Close to Kalamalka Lake. Zoning allows a 40-unit condo-apartment building.
9	414 Old Spallumcheen Road, Sicamous	Jul-17	\$240,000	LH	3.35	\$ 71,642	View acreage with municipal water and sewer. Close to boat launch and golf course.
10	291 Bayview Drive, Sicamous	Apr-19	\$146,609	LH	3.85	\$ 38,080	View lot with excellent view of both Mara and Shuswap Lakes. Property has municipal water.

7.4.2 Analysis

The ten comparables are summarized as follows:

Indices 1 to 4 are three sales and one active listing of C2; Tourist Commercial zoned land located on or very close to the Trans Canada Highway in the prime highway commercial corridor through Sicamous. Not surprising, the smallest sites indicate the highest rate per acre. Index 3 is the same size as the subject's lower component that fronts Highway 97A. It is presently listed at \$276,316 per acre, and given it has a superior location, it sets the extreme upper limit of value for the subject. Index 3 was listed at \$489,000 and \$499,000, or approximately \$257,000 per-acre from February 2016 to August 2019.

Index 5 is located near the channel in Sicamous and is a fully fenced .94-acre site with two large and older pole sheds that provide covered storage. The property has sewer and water to the lot line. Substantial downward adjustments are required to the list price of \$305,000 per-acre for the small site size, fencing and availability of municipal services.

Indices 6 to 8 are three acreage parcels in Vernon that sold or are presently listed at \$74,700 to \$152,000 per acre for sites between 9.86 and 10.5 acres. Of the three, Index 7 is the most similar to the subject. It is a cleared site that sits between Highway 97 and Pleasant Valley Road and accessed only from Pleasant Valley Road. The upper 4.35 acres fronting Pleasant Valley Road is zoned C4; Service Commercial, while the lower portion fronting Highway 97 is zoned Country Residential. The property sold in May 2018 at a combined rate of \$152,130 per acre.

Indices 9 and 10 are sales of residential acreages in Sicamous. Both are located outside of the main residential/commercial area of Sicamous. Index 9 is located close the Hyde Mountain Golf Course and Index 10 is located near the subject and within the Bayview residential subdivision which has been very negatively affected by the slow vacant land market in Sicamous.

7.4.3 Conclusion

After a thorough search for comparable sales and listings the ten properties selected for comparison to the subject's upland component suggest a value range of \$70,000 to \$152,000 per acre for the upland parcel. If the subject is analyzed in its entirety as a 12.7-acre parcel, a value at the low end of the range, or slightly lower, would be reasonable. If only the ± 5.0 acres of useable land are considered, a rate towards the top end of the range is required given the good quality of the lower ± 1.9 -acre portion.

In conclusion, valuation of only the five acres of useable area is considered to provide the most reliable valuation data. Index 7, located just outside of the Vernon city limits, is determined to be the best comparable. Although larger, the split zoned property has Highway 97 exposure, but no direct highway access.

With an indicated sale price of \$152,000 per-acre, rounded to \$150,000, applied to the subject's useable area of approximately 5.0 acres, the indicated value for the subject' upland component is \$750,000. When analyzed as a 12.7-acre parcel, the \$750,000 total value equates to a rate of \$59,055 per acre. This falls just below the bottom of the estimated value range of \$70,000 per acre but is deemed to be reasonable considering some of the topography challenges and lack of some municipal services.

To summarize, the market value of the subject's ±12.7-acre upland component is estimated at **\$750,000**.

7.5 LAND VALUE SUMMARY

The estimated land value of the ±16.27-acre subject property is summarized as follows:

Waterfront Component	±3.57 acres	=	\$1,965,000
Upland Component:	<u>±12.7 acres</u>	=	<u>\$ 750,000</u>
Total	±16.27 acres	=	\$2,715,000

7.6 IMPROVEMENT VALUE

As discussed in Section 4.8, the subject property contains a number of commercial buildings on the waterfront component and an older but livable log residence and some storage buildings on the upland portion. There are also substantial desirable marine improvements on the foreshore license and lease that are in good condition.

BC Assessment estimates the total value of all improvements at \$558,000. This estimated value does not consider any economic depreciation that may exist on the commercial buildings given the specific use they served. The commercial buildings are very suitable for their previous use, but are also portable, so they could be sold and moved from the property if required.

To estimate the contributory value of the existing commercial improvements a rate of \$50 per square foot of building area is considered reasonable area. This produces an estimated value of 3,360 sq. ft. x \$50 = \$168,000. With an additional estimated value of \$50,000 for each of the marine improvements, the total value of the improvements on the waterfront component is \$268,000, rounded to **\$270,000**. With an

estimated value of \$50 per square foot for the log residence on the upland component, the indicated value is 1,375 sq. ft. x \$50 = \$68,750, rounded to **\$70,000**.

7.6.1 Improvement Value Summary

The estimated contributory value of the subject property's improvements is summarized as follows:

Waterfront Component	=	\$270,000
Upland Component:	=	<u>\$ 70,000</u>
Total	=	\$340,000

7.7 LAND & IMPROVEMENT VALUE SUMMARY

Estimated Land Value	=	\$2,715,000
Estimated Contributory Value of Improvements	=	<u>\$ 340,000</u>
Total Cost Approach Estimate	=	\$3,055,000

7.8 COST APPROACH SUMMARY

As discussed in Section 4.2.3, the important foreshore tenures previously used for the Waterway Houseboat rental business have expired and new applications must be submitted for consideration. The issue of the evulsed land also has to be resolved before the property can be used for its highest and best use, or other use that wants to use the waterfront. Considering the number of stakeholders required to approve the important foreshore tenures, it could take up to two years before the property could be used for its highest and best use.

As the estimated land value for the waterfront component is at the low end of the indicated market range, a 6% annual deferment rate is considered reasonable. The present value of the property is therefore calculated as follows:

Total Cost Approach Estimate	=	\$3,055,000
Deferment Factor for Two Years at 6.0%		0.889996
Indicated Present Value	=	\$2,718,937
Rounded to	=	\$2,720,000

TWO MILLION SEVEN HUNDRED TWENTY THOUSAND (\$2,720,000) DOLLARS

Section 8

Certification

I hereby certify that:

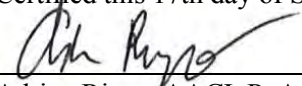
- To the best of my knowledge and belief, all facts and information presented in the report are accurate and have been verified where possible.
- The report was completed in its entirety by the writer and complies with the Uniform Standards Professional Appraisal Practice required of the members of the 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 property which is 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 property 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 property, as of August 28, 2019, subject to the Statement of Limiting Conditions contained herein, is estimated at: **\$2,720,000**, with a conceivable variance of $\pm 5.0\%$, or higher.

TWO MILLION SEVEN HUNDRED TWENTY THOUSAND (\$2,720,000) DOLLARS

Based on a forced sale or liquidation value assuming a market exposure of three to six months, the subject's estimated discounted market value is **\$2,175,000**, with a conceivable variance of $\pm 5\%$, or higher.

Certified this 17th day of September 2019.



 Adrian Rizzo, AACI, P. App

A D D E N D A



EXHIBIT 1
TITLE SEARCH PRINTOUT



TITLE SEARCH PRINT

File Reference: ar

2019-08-26, 14:46:02

Requestor: Adrian Rizzo

****CURRENT INFORMATION ONLY - NO CANCELLED INFORMATION SHOWN******Land Title District**

Land Title Office

KAMLOOPS

KAMLOOPS

Title Number

From Title Number

LB211110

LB183508

Application Received

2008-06-18

Application Entered

2008-06-24

Registered Owner in Fee Simple

Registered Owner/Mailing Address:

VINCO HOLDINGS LTD., INC.NO. BC0823825
PO BOX 69
SICAMOUS, BC
V0E 2V0**Taxation Authority**Vernon Assessment Area
Sicamous, District of**Description of Land**

Parcel Identifier:

027-514-013

Legal Description:

LOT 1 SECTIONS 19 AND 30 TOWNSHIP 21 RANGE 7 WEST OF THE 6TH MERIDIAN
KAMLOOPS DIVISION YALE DISTRICT PLAN KAP86301**Legal Notations**THIS TITLE MAY BE AFFECTED BY A PERMIT UNDER PART 26 OF THE LOCAL
GOVERNMENT ACT, SEE LB441413HERETO IS ANNEXED RESTRICTIVE COVENANT LB54998
OVER LOTS 1 AND 2, PLAN 3547**Charges, Liens and Interests**

Nature:

UNDERSURFACE RIGHTS

Registration Number:

26051E

Registered Owner:

THE DIRECTOR OF SOLDIER SETTLEMENT

Remarks:

INTER ALIA

DD 76193F OTHER THAN THOSE EXCEPTED BY
THE CROWNAS TO PART FORMER THAT PART LS 13 SEC 19 SHOWN ON
PLAN 190832F; TP 21 RGE 7 W6M KDYD EX: PLANS
H741, KAP70212

TITLE SEARCH PRINT

2019-08-26, 14:46:02

File Reference: ar

Requestor: Adrian Rizzo

Nature: EASEMENT
Registration Number: KG12274
Registration Date and Time: 1993-02-10 11:31
Remarks: PART ON PLAN KAP49026
APPURTENANT TO LOT A PLAN KAP45206

Nature: COVENANT
Registration Number: LB201972
Registration Date and Time: 2008-05-26 11:14
Registered Owner: DISTRICT OF SICAMOUS

Nature: COVENANT
Registration Number: LB201973
Registration Date and Time: 2008-05-26 11:14
Registered Owner: THE CROWN IN RIGHT OF BRITISH COLUMBIA

Nature: MORTGAGE
Registration Number: CA1824151
Registration Date and Time: 2010-12-01 10:26
Registered Owner: CANADIAN IMPERIAL BANK OF COMMERCE

Nature: ASSIGNMENT OF RENTS
Registration Number: CA1824152
Registration Date and Time: 2010-12-01 10:26
Registered Owner: CANADIAN IMPERIAL BANK OF COMMERCE

Nature: COVENANT
Registration Number: LB427744
Registration Date and Time: 2010-12-14 11:14
Registered Owner: DISTRICT OF SICAMOUS

Nature: PRIORITY AGREEMENT
Registration Number: LB427745
Registration Date and Time: 2010-12-14 11:14
Remarks: GRANTING LB427744 PRIORITY OVER CA1824151 AND
CA1824152

Nature: STATUTORY RIGHT OF WAY
Registration Number: LB441848
Registration Date and Time: 2011-02-09 13:58
Registered Owner: THE DISTRICT OF SICAMOUS
Remarks: PART ON PLAN EPP11298

TITLE SEARCH PRINT

File Reference: ar

2019-08-26, 14:46:02

Requestor: Adrian Rizzo

Nature:	MORTGAGE
Registration Number:	CA7449032
Registration Date and Time:	2019-04-16 10:18
Registered Owner:	CANADIAN IMPERIAL BANK OF COMMERCE

Nature:	ASSIGNMENT OF RENTS
Registration Number:	CA7449033
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
-----------------------------	------

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: 1 MERVYN RD

Valuation Data

BC Assessment Data

Year:	2019	%Chg	2018	%Chg	2017	%Chg	2016
Land:	\$2,871,000	0.04	\$2,753,000	0.08	\$2,538,000	0.14	\$2,228,000
Improv.:	\$558,000	0.04	\$534,000	0.06	\$502,000	0.05	\$479,000
Total:	\$3,429,000	0.04	\$3,287,000	0.08	\$3,040,000	0.12	\$2,707,000
Land/Total:	0.84		0.84		0.83		0.82

Landcor Monthly Adjusted Value: \$3,429,000

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 KAP86301, Section 19&30, Township 21, Range 7, Meridian W6, Kamloops Div of Yale Land District		
Property Type:	MARINE FACILITIES (MARINA)	PID:	027-514-013
Taxation Type:	Commercial	Additional PIDs:	N/A
ALR:	No	Lot Size:	711334.80 sq.ft/16.33 acres
Co-op:	No	Lot Dimension:	N/A X N/A feet
Equity Type:	REGISTERED OWNER	Lot Characteristic:	View - Good

Improvement Data

Year Built:	N/A	Stories:	N/A
Effective Year:	N/A	Fireplace:	0
Foundation:	N/A	Manual Class:	1 1/2 STY SFD - AFTER 1930 - STD

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:
Jun-18-2008	\$00	LB211110	REJECT - NOT SUITABLE FOR SALES ANALYSIS
Apr-3-2008	\$00	LB183508	REJECT - NOT SUITABLE FOR SALES ANALYSIS

Permit History (Since 1993)

Date:	Number:	Demolition Permit:
Dec-31-2014	PROJECT	N
Apr-10-2012	11-054-BP	N
Jul-20-2011	TB	N

BC Assessment Data

Assessment Area:	Vernon	Neighbourhood:	SICAMOUS
Jurisdiction:	Sicamous, District of	Roll Number:	000000000000200005

Neighbourhood

SICAMOUS

Total number of properties:	24	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

CDZ.13-CMRR-01

ZONING REGULATIONS



CDZ.13–CMRR-01 - COMPREHENSIVE MARINE RESORT RESIDENTIAL (Amending Bylaw No. 695, 2007)**CMRR.01 (1) - Purpose**

The purpose is to provide a comprehensive development zone for the creation of a marina and houseboat operation in Mara Lake with supporting upland uses comprising of ground floor commercial with multiple upper floor high density residential uses. Parking for the Houseboat use will be located across Highway 97A and connected to the Houseboat Marina with an underpass. Upland development will consist of hillside lower density single and multifamily residential. The entire area depicted in the concept plan be rezoned to Comprehensive Development Zone CDZ-13. The area indicated should be further delineated with three sub-areas as indicated on the attached CD Zone Map 1 as shown on Schedule "B" attached to and forming part of Bylaw No. 695, 2007.

CMRR.01 (2) – Permitted Uses

Subject to the General Regulations of this bylaw, the uses and development criteria outlined in report 06-150 CDP as accepted by Council, the following uses and no others are permitted within the CMR-01 – Comprehensive Marine Resort Residential Zone:

- (a) Commercial and Private Marina's
- (b) Commercial Houseboat Operations including floating guest Services and maintenance buildings
- (c) Commercial Retail
- (d) High, Medium and Low Density Residential Multiple family dwellings
- (b) Parks and open space
- (c) Accessory uses to the above

Conditions of Use

- (a) Must be generally in compliance with the overall Concept Plan as depicted by the drawing labeled 'Concept Plan' prepared for Beach Bay Village by Site 360 September 2007 attached to, and forming part of, this bylaw. The entire area depicted in the concept plan be rezoned to Comprehensive Development Zone CDZ-13. The area indicated should be further delineated with three sub-areas with more specific uses as indicated on the attached CD Zone Map 1 prepared for Beach Bay Village by Site 360 September 2007 attached to, and forming part of, this bylaw.

CMRR.01 (3) – Building Regulations**Area I:**

Uses should be limited to private and public open spaces and parking areas, commercial retail and restaurant uses, residential Multi-family uses limited to a maximum of 225 residential units not exceeding 45 metres in height and ancillary supporting uses, all in accordance with development plans submitted in "Binder 1" and stamp dated October 04, 2007 as depicted within the CD Zone Illustrative Map 1 and attached concept plans.

Area II:

Uses should be limited to marine activities, including boat launches, marinas both public and private, houseboat operations including a floating guest services building not exceeding 465 square metres in area nor two storeys in height and ancillary floating maintenance building. Fuel sales and services are also permitted in accordance with all applicable health and safety standards. Ancillary uses to support Marina operations are permitted. The foregoing uses in Area II shall be all in accordance with development plans submitted in "Binder 1" and stamp dated October 04, 2007 as depicted within the CD Zone Illustrative Map 1 and attached concept plans.

Area III:

Uses should be limited to a maximum of 125 residential units developed in a comprehensive fashion as shown in accordance with development plans submitted in "Binder 1" and stamp dated October 04, 2007 as depicted within the CD Zone Illustrative Map 1 and attached concept plans. Height of the residential use shall not exceed three storeys. Ancillary amenity facilities and open space areas are also permitted. An area used for the placement of utilities and storage of fuels is permitted in the general location depicted as "L" providing same meets all applicable health and safety regulations and is intensively screened from all view corridors.

CMRR.01 (4) – Screening and Landscaping:

Screening and landscaping shall be provided in accordance with Section 309 of this Bylaw and in accordance with the plans submitted by Site 360 as attached to the report to Council under file: 06-150 CDP.

CMRR.01 (5) – Off-Street parking:

Off-street parking shall be provided in accordance with the plans submitted by Site 360 as attached to the report to Council under file: 06-150 CDP.

CMRR.01 (6) – Level of Service:

Uses in the CMRR-01 – Comprehensive Marine Resort Residential Zone shall be fully serviced with all utilities and connected to community water and community sewer.

CMRR.01 (7) – Density Bonusing:

The Zoning for Amenities and Density Bonusing provisions of Section 314 of this Bylaw do not apply to development within the CMRR-01 Zone.

CMRR.01 (8) – Other Regulations

- (a) For multiple family dwelling developments, one office may be operated for the sole purpose of the management and operation of the development.
- (b) The use, including a temporary use, of recreational vehicles, tent trailers or tents for accommodation purposes is not permitted.
- (c) Development within the CMRR-01 – Comprehensive Marine Resort Residential Zone shall be in compliance with the Comprehensive Development Permit requirements of the Official Community Plan.

- (d) All mechanical, electrical or other service equipment located outside or on the roof of a building or structure shall be screened from adjacent properties and roads by ornamental structures, landscaping or other approved means.
- (e) All outdoor storage and refuse container areas shall be screened by landscaping, fencing or other approved means. Outdoor storage and refuse containers shall not be located within the front yard setback.

Read a First Time this 11th day of April, 1994.

Read a Second Time this 11th day of April, 1994.

Advertised this 15th day of June, 1994 and this 22nd day of June, 1994.

A Public Hearing held this 27th day of June, 1994 Pursuant to the provisions of the Local Government Act.

Read a Third Time this 11th day of July, 1994.

Received Approval of the Ministry of Transportation and Highways this 18th day of July, 1994.

Approving Officer,
Ministry of Transportation and Highways

Received Approval under the provisions of Section 969 of the Local Government Act this 21st day of July, 1994.

Minister of Environment

Reconsidered, Finally Passed, and Adopted this 15th day of August, 1994.

"Gordon L. Mackie"
Mayor

"Randall L. Rose"
Clerk

I hereby certify the foregoing to be a true and correct copy of
District of Sicamous Zoning Bylaw No. 101, 1993

"Randall L. Rose"
Clerk

EXHIBIT 4

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



CONTRACT OF PURCHASE AND SALE

BROKERAGE: Colliers International DATE: December 19, 2019
 ADDRESS: #1900-200 Granville Street Vancouver PC: V6C 2R6 PHONE: (604) 681-4111
 PREPARED BY: Mark Lester PREC* MLS® NO: 10187480

SELLER: <u>Alvarez & Marsal Canada Inc.</u>	BUYER: <u>Checkpoint Development Ltd.</u>
SELLER: <u>See Schedule A</u>	BUYER:
ADDRESS: <u>1680 - 400 Burrard Street</u>	ADDRESS: <u>201 10836 24th Street SE.</u>
	<u>Calgary, Alberta</u>
Vancouver PC: <u>V6C 3A6</u>	PC: <u>T2S 4C9</u>
PHONE:	PHONE:
	OCCUPATION:

PROPERTY:

1 Mervyn Road
 UNIT NO. ADDRESS OF PROPERTY
Sicamous V0E 2V0
 CITY/TOWN/MUNICIPALITY POSTAL CODE
027-514-013
 PID OTHER PID(S)

Lot 1, Sections 19 and 30, Township 21, Range 7 West of the 6th Meridian, Kamloops Division
 Yale District, Plan KAP86301

LEGAL DESCRIPTION

The Buyer agrees to purchase the Property from the Seller on the following terms and subject to the following conditions:

- PURCHASE PRICE:** The purchase price of the Property will be two million six hundred
DOLLARS \$ 2,600,000 (Purchase Price)
- DEPOSIT:** A deposit of \$ 250,000 which will form part of the Purchase Price, will be paid **within 24 hours of acceptance** unless agreed as follows:

All monies paid pursuant to this section (Deposit) will be paid in accordance with section 10 or by uncertified cheque except as otherwise set out in this section 2 and will be delivered in trust to Alvarez & Marsal Canada Inc. and held in trust in accordance with the provisions of the *Real Estate Services Act*. In the event the Buyer fails to pay the Deposit as required by this Contract, the Seller may, at the Seller's option, terminate this Contract. The party who receives the Deposit is authorized to pay all or any portion of the Deposit to the Buyer's or Seller's conveyancer (the "Conveyancer") without further written direction of the Buyer or Seller, provided that: (a) the Conveyancer is a Lawyer or Notary; (b) such money is to be held in trust by the Conveyancer as stakeholder pursuant to the provisions of the *Real Estate Services Act* pending the completion of the transaction and not on behalf of any of the principals to the transaction; and (c) if the sale does not complete, the money should be returned to such party as stakeholder or paid into Court.

AL

INITIALS

3. **TERMS AND CONDITIONS:** The purchase and sale of the Property includes the following terms and is subject to the following conditions:

SECTIONS OF THIS CONTRACT ARE MODIFIED BY THE ATTACHED SCHEDULE "A"

1. Schedules A and B are incorporated into and form part of this Contract of Purchase and Sale.

2. All references to the Seller will read as references to Alvarez and Marsal Canada Inc., in its capacity as Receiver of Vinco Holdings Ltd. and Waterway Houseboats Ltd. (the "Receiver").

3. Subject to the approval of the Supreme Court of British Columbia, pursuant to Order No. VLC-S-S-196066, Vancouver Registry, ~~within 21 days of this Offer having been accepted and having no conditions to the benefit of the Buyer.~~ This condition is for the sole benefit of the Seller. *no later than December 20, 2019 at 4:00 PM PST*

4. Completion Possession and Adjustments ~~subject to Schedule "A" shall be 10 business days following approval of this Offer by the Supreme Court of British Columbia, or if such day is a weekend or holiday, the next business day, but in any case, no later than~~ *February 28, 2020 or 60 days after order approving the sale, whichever is later*

5. The Purchase Price shall include all equipment, tools, houseboats, sea do's, service boats, spare parts, vehicles, fixtures, office equipment, customer lists, intellectual property, and other items listed on Schedule "B" attached.

6. The Purchase Price shall be allocated as follows:

- i) Land and Buildings \$ 2,000,000
ii) Equipment, Vehicles, Vessels and other assets \$ 600,000

7. ~~Subject to the following Buyer's conditions:~~

- i. ~~Subject to the Buyer obtaining financing satisfactory to the Buyer in its sole discretion.~~
ii. ~~Subject to the Buyer being satisfied in its sole discretion with its review and approval of all due diligence materials supplied by the Seller for the subject property.~~

~~These conditions are for the sole benefit of the Buyer and may be waived unilaterally in whole or in part at the Buyer's discretion on or before _____ 2019. Upon satisfaction and/or waiver of the Buyer's conditions, this agreement will be non-conditional on the Buyer's part and the agreement will only be subject to approval by the Supreme Court of British Columbia per Clause 3.3 above.~~

Each condition, if so indicated is for the sole benefit of the party indicated. Unless each condition is waived or declared fulfilled by written notice given by the benefiting party to the other party on or before the date specified for each condition, this Contract will be terminated thereupon and the Deposit returnable in accordance with the Real Estate Service Act.

Each condition, if so indicated is for the sole benefit of the party indicated. Unless each condition is waived or declared fulfilled by written notice given by the benefiting party to the other party on or before the date specified for each condition, this Contract will be terminated thereupon and the Deposit returnable in accordance with the *Real Estate Services Act*.

UB

--	--	--	--

INITIALS

4. **COMPLETION:** The sale will be completed on See Sect'n 3, yr. _____
(Completion Date) at the appropriate Land Title Office.
5. **POSSESSION:** The Buyer will have vacant possession of the Property at See Sect'n 3 m. on _____, yr. _____ (Possession Date) OR, subject to the following existing tenancies, if any:

6. **ADJUSTMENTS:** The Buyer will assume and pay all taxes, rates, local improvement assessments, fuel utilities and other charges from, and including, the date set for adjustments, and all adjustments both incoming and outgoing of whatsoever nature will be made as of See Sect'n 3, yr. _____ (Adjustment Date).
7. **INCLUDED ITEMS:** The Purchase Price includes any buildings, improvements, fixtures, appurtenances and attachments thereto, and all blinds, awnings, screen doors and windows, curtain rods, tracks and valances, fixed mirrors, fixed carpeting, electric, plumbing, heating and air conditioning fixtures and all appurtenances and attachments thereto as viewed by the Buyer at the date of inspection, INCLUDING:

See schedule B

BUT EXCLUDING: _____

8. **VIEWED:** The Property and all included items will be in substantially the same condition at the Possession Date as when viewed by the Buyer on _____ yr. _____
9. **TITLE:** Free and clear of all encumbrances except subsisting conditions, provisos, restrictions exceptions and reservations, including royalties, contained in the original grant or contained in any other grant or disposition from the Crown, registered or pending restrictive covenants and rights-of-way in favour of utilities and public authorities, existing tenancies set out in Section 5, if any, and except as otherwise set out herein.
10. **TENDER:** Tender or payment of monies by the Buyer to the Seller will be by certified cheque, bank draft, cash or Lawyer's/Notary's or real estate brokerage's trust cheque.
11. **DOCUMENTS:** All documents required to give effect to this Contract will be delivered in registrable form where necessary and will be lodged for registration in the appropriate Land Title Office by 4 pm on the Completion Date.
- 11A. **SELLER'S PARTICULARS AND RESIDENCY:** The Seller shall deliver to the Buyer on or before the Completion Date a statutory declaration of the Seller containing: (1) particulars regarding the Seller that are required to be included in the Buyer's Property Transfer Tax Return to be filed in connection with the completion of the transaction contemplated by this Contract (and the Seller hereby consents to the Buyer inserting such particulars on such return); (2) declarations regarding the Speculation and Vacancy Tax for residential properties located in jurisdictions where such tax is imposed and the Vancouver Vacancy By-Law for residential properties located in the City of Vancouver; and (3) if the Seller is not a non-resident of Canada as described in the non-residency provisions of the *Income Tax Act*, confirmation that the Seller is not then, and on the Completion Date will not be, a non-resident of Canada. If on the Completion Date the Seller is a non-resident of Canada as described in the residency provisions of the *Income Tax Act*, the Buyer shall be entitled to hold back from the Purchase Price the amount provided for under section 116 of the *Income Tax Act*.

WB

--	--	--

INITIALS

- 11B. GST CERTIFICATE:** If the transaction contemplated by this Contract is exempt from the payment of Goods and Services Tax ("GST"), the Seller shall execute and deliver to the Buyer on or before the Completion Date, an appropriate GST exemption certificate to relieve the parties of their obligations to pay, collect and remit GST in respect of the transaction. If the transaction contemplated by this Contract is not exempt from the payment of GST, the Seller and the Buyer shall execute and deliver to the other party on or before the Completion Date an appropriate GST certificate in respect of the transaction.
- 12. TIME:** Time will be of the essence hereof, and unless the balance of the cash payment is paid and such formal agreements to pay the balance as may be necessary is entered into on or before the Completion Date, the Seller may, at the Seller's option, terminate this Contract, and, in such event, the amount paid by the Buyer will be non-refundable and absolutely forfeited to the Seller, subject to the provisions of Section 28 of the *Real Estate Services Act*, on account of damages, without prejudice to the Seller's other remedies.
- 13. BUYER FINANCING:** If the Buyer is relying upon a new mortgage to finance the Purchase Price, the Buyer, while still required to pay the Purchase Price on the Completion Date, may wait to pay the Purchase Price to the Seller until after the transfer and new mortgage documents have been lodged for registration in the appropriate Land Title Office, but only if, before such lodging, the Buyer has: (a) made available for tender to the Seller that portion of the Purchase Price not secured by the new mortgage, and (b) fulfilled all the new mortgagee's conditions for funding except lodging the mortgage for registration, and (c) made available to the Seller, a Lawyer's or Notary's undertaking to pay the Purchase Price upon the lodging of the transfer and new mortgage documents and the advance by the mortgagee of the mortgage proceeds pursuant to the Canadian Bar Association (BC Branch) (Real Property Section) standard undertakings (the "CBA Standard Undertakings").
- 14. CLEARING TITLE:** If the Seller has existing financial charges to be cleared from title, the Seller, while still required to clear such charges, may wait to pay and discharge existing financial charges until immediately after receipt of the Purchase Price, but in this event, the Seller agrees that payment of the Purchase Price shall be made by the Buyer's Lawyer or Notary to the Seller's Lawyer or Notary, on the CBA Standard Undertakings to pay out and discharge the financial charges, and remit the balance, if any, to the Seller.
- 15. COSTS:** The Buyer will bear all costs of the conveyance and, if applicable, any costs related to arranging a mortgage and the Seller will bear all costs of clearing title.
- 16. RISK:** All buildings on the Property and all other items included in the purchase and sale will be, and remain, at the risk of the Seller until 12:01 am on the Completion Date. After that time, the Property and all included items will be at the risk of the Buyer.
- 17. PLURAL:** In this Contract, any reference to a party includes that party's heirs, executors, administrators, successors and assigns; singular includes plural and masculine includes feminine.
- 18. REPRESENTATIONS AND WARRANTIES:** There are no representations, warranties, guarantees, promises or agreements other than those set out in this Contract and the representations contained in the Property Disclosure Statement if incorporated into and forming part of this Contract, all of which will survive the completion of the sale.
- 19. PERSONAL INFORMATION:** The Buyer and the Seller hereby consent to the collection, use and disclosure by the Brokerages and by the managing broker(s), associate broker(s) and representative(s) of those Brokerages (collectively the "Licensee(s)") described in Section 21, the real estate boards of which those Brokerages and Licensees are members and, if the Property is listed on a Multiple Listing Service®, the real estate board that operates the Multiple Listing Service®, of personal information about the Buyer and the Seller:
- A. for all purposes consistent with the transaction contemplated herein:
- B. if the Property is listed on a Multiple Listing Service®, for the purpose of the compilation, retention and publication by the real estate board that operates the Multiple Listing Service® and other real estate boards of any statistics including historical Multiple Listing Service® data for use by persons authorized to use the Multiple Listing Service® of that real estate board and other real estate boards;

			
---	--	--	--

INITIALS

PROPERTY ADDRESS


- C. for enforcing codes of professional conduct and ethics for members of real estate boards; and
- D. for the purposes (and to the recipients) described in the brochure published by the British Columbia Real Estate Association entitled *Privacy Notice and Consent*.

The personal information provided by the Buyer and Seller may be stored on databases outside Canada, in which case it would be subject to the laws of the jurisdiction in which it is located.

20. ASSIGNMENT OF REMUNERATION: The Buyer and the Seller agree that the Seller's authorization and instruction set out in section 25(c) below is a confirmation of the equitable assignment by the Seller in the Listing Contract and is notice of the equitable assignment to anyone acting on behalf of the Buyer or Seller.

20A. RESTRICTION ON ASSIGNMENT OF CONTRACT: The Buyer and the Seller agree that this Contract: (a) must not be assigned without the written consent of the Seller; and (b) the Seller is entitled to any profit resulting from an assignment of the Contract by the Buyer or any subsequent assignee.

21. AGENCY DISCLOSURE: The Seller and the Buyer acknowledge and confirm as follows (initial appropriate box(es) and complete details as applicable):

	
---	--

INITIALS

A. The Seller acknowledges having received, read and understood Real Estate Council of British Columbia (RECBC) form entitled "*Disclosure of Representation in Trading Services*" and hereby confirms that the Seller has an agency relationship with

Mark Lester PREC* (Designated Agent(s)/Licensee(s))

who is/are licensed in relation to Colliers International (Brokerage).

--	--

INITIALS

B. The Buyer acknowledges having received, read and understood RECBC form entitled "*Disclosure of Representation in Trading Services*" and hereby confirms that the Buyer has an agency relationship with

_____ (Designated Agent(s)/Licensee(s))

who is/are licensed in relation to _____ (Brokerage).

--	--

INITIALS

C. The Seller and the Buyer each acknowledge having received, read and understood RECBC form entitled "*Disclosure of Risks Associated with Dual Agency*" and hereby confirm that they each consent to a dual agency relationship with

_____ (Designated Agent(s)/Licensee(s))

who is/are licensed in relation to _____ (Brokerage),

having signed a dual agency agreement with such Designated Agent(s)/Licensee(s) dated _____.

--	--

INITIALS

D. If only (A) has been completed, the Buyer acknowledges having received, read and understood RECBC form "*Disclosure of Risks to Unrepresented Parties*" from the Seller's agent listed in (A) and hereby confirms that the Buyer has no agency relationship.

--	--

INITIALS

E. If only (B) has been completed, the Seller acknowledges having received, read and understood RECBC form "*Disclosure of Risks to Unrepresented Parties*" from the Buyer's agent listed in (B) and hereby confirms that the Seller has no agency relationship.

			
---	--	--	--

INITIALS

22. ACCEPTANCE IRREVOCABLE (Buyer and Seller): The Seller and the Buyer specifically confirm that this Contract of Purchase and Sale is executed under seal. It is agreed and understood that the Seller's acceptance is irrevocable, including without limitation, during the period prior to the date specified for the Buyer to either:

A. fulfill or waive the terms and conditions herein contained; and/or

B. exercise any option(s) herein contained.

23. THIS IS A LEGAL DOCUMENT. READ THIS ENTIRE DOCUMENT AND INFORMATION PAGE BEFORE YOU SIGN.

24. OFFER: This offer, or counter-offer, will be open for acceptance until 4:00 o'clock PM m. on PST
December 20, yr. 2019 (unless withdrawn in writing with notification to the other party of such revocation prior to notification of its acceptance), and upon acceptance of the offer, or counter-offer, by accepting in writing and notifying the other party of such acceptance, there will be a binding Contract of Purchase and Sale on the terms and conditions set forth.

X
WITNESS

BUYER

SEAL Checkpoint Development Ltd.
PRINT NAME

X
WITNESS

BUYER

SEAL
PRINT NAME

If the Buyer is an individual, the Buyer declares that they are a Canadian citizen or a permanent resident as defined in the *Immigration and Refugee Protection Act*:

Yes ☐ ☐
INITIALS

No ☐ ☐
INITIALS

25. ACCEPTANCE: The Seller (a) hereby accepts the above offer and agrees to complete the sale upon the terms and conditions set out above, (b) agrees to pay a commission as per the Listing Contract, and (c) authorizes and instructs the Buyer and anyone acting on behalf of the Buyer or Seller to pay the commission out of the proceeds of sale and forward copies of the Seller's Statement of Adjustments to the Cooperating/Listing Brokerage, as requested forthwith after completion.

Seller's acceptance is dated _____, yr. _____

The Seller declares their residency:

RESIDENT OF CANADA ☐ ☐
INITIALS

NON-RESIDENT OF CANADA ☐ ☐
INITIALS

as defined under the *Income Tax Act*.

X
WITNESS

SELLER

SEAL Alvarez & Marsal Canada Inc.
PRINT NAME

X
WITNESS

SELLER

SEAL See Schedule A
PRINT NAME

*PREC represents Personal Real Estate Corporation

Trademarks are owned or controlled by The Canadian Real Estate Association (CREA) and identify real estate professionals who are members of CREA (REALTOR®) and/or the quality of services they provide (MLS®).

**SCHEDULE "A" TO CONTRACT OF PURCHASE AND SALE
FOR THE PROPERTY DESCRIBED IN THE ATTACHED CONTRACT OF
PURCHASE AND SALE (THE "PROPERTY")**

The following terms and conditions replace, modify, and where applicable override, the terms of the attached contract of purchase and sale, and any modifications, additions or addenda thereto (collectively, the "**Contract**"). Where any conflict arises between the terms of this Schedule "A" and the Contract, the terms of this Schedule "A" will apply.

The following terms and conditions shall not merge, but shall survive, the completion of any sale of the Property to the Buyer.

The references in Schedule "A" to specific clauses in the Contract are references to the clause numbers in the contract of purchase and sale used by the Real Estate Board of Greater Vancouver (the "**Real Estate Board Contract**"). If the Contract attached hereto has different clause numbers than the Real Estate Board Contract the terms of Schedule "A" will apply with the necessary changes and with equal effect to the equivalent clauses of the Contract, notwithstanding the different clause numbers.

All references to the "Seller" in the Contract and in this Schedule "A" will be read as references to Alvarez & Marsal Canada Inc., in its capacity as Receiver of Vinco Holdings Ltd. and Waterway Houseboats Ltd. (the "**Receiver**").

1. Clause 22 of the Contract is deleted, and replaced by the following:

The acceptance of this offer by the Seller is pursuant to a Court Order made in a receivership proceeding in the Supreme Court of British Columbia (the "**Court**") in Action No. S-S-196066 (Vancouver Registry) (the "**Receivership**") and not as seller or owner of the Property. The acceptance of this offer by the Seller is subject to the approval of the Supreme Court of British Columbia (the "**Court**") and will become effective from the time an Order is made by the Court approving this offer. The Buyer acknowledges and agrees that the date of the application for that Order will be at the sole discretion of the Seller. The Buyer also acknowledges and agrees that the Seller's obligations in connection with this offer, until it is approved by the Court, are limited to putting this offer before the Court. Thereafter, the Seller is subject to the jurisdiction and discretion of the Court to entertain other offers and to any further Orders the Court may make regarding the Property. Given the Seller's position and the Seller's relationship to other parties in the Receivership, the Seller may be compelled to advocate that the Court consider other offers in order to obtain the highest price for the Property. Seller gives no undertaking to advocate the acceptance of this offer. In that regard, the Buyer must make its own arrangements to support this offer in Court.

The Buyer acknowledges and agrees that the Seller can disclose the amount of this offer, once accepted, to any person.

If the Court vacates, sets aside or varies an Order approving this offer for any reason whatsoever (except any willful misconduct of the Seller), then the Seller shall not be liable to the Buyer or any other person in any way whatsoever, in connection therewith.

2. Clause 9 of the Contract is deleted, and replaced by the following:

" Free and clear of all encumbrances of the parties with notice of the Receivership, in accordance with an Order of the Court (the "**Vesting Order**") except: subsisting conditions, provisos, restrictions, exceptions and reservations, including royalties, contained in the original grant or contained in any other grant or disposition from the Crown, registered or pending restrictive covenants and rights-of-way in favour of utilities and public authorities, existing tenancies, and except as otherwise set out herein."

3. This offer (and any contract formed by its acceptance) may be terminated by the Seller at any time prior to the completion date in the Contract if any Order of the Court or other court of competent jurisdiction renders the completion impossible or inadvisable, and in that event the Seller will have no further obligations or liability to the Buyer.
4. If the Vesting Order is made, and if the Seller does not terminate this offer or any contract formed by its acceptance, then the Buyer must complete the sale on the completion date in the Contract (or such other date as might be in the Vesting Order), time being of the essence, regardless of any appeal or application for leave to appeal, vary or set aside the Vesting Order, by any person.
5. The Canadian Bar Association (BC Branch) (Real Property Section) standard undertakings (the "**CBA Standard Undertakings**") are of no application whatsoever, to the Contract or a sale of the Property by the Seller.
6. Clause 10 of the Contract is deleted, and replaced by the following:

"Tender or payment of monies by the Buyer to the Seller, and all deposits paid by the Buyer, will be by certified cheque, bank draft, or lawyer's or notary's trust cheque, only."
7. The Buyer acknowledges and agrees the Property includes real property only, and no personal, intangible or other property, unless otherwise addressed by further addendum.
8. Clauses 7 and 8 of the Contract are deleted, and replaced by the following:

"The Buyer acknowledges and agrees that the Seller is selling the Property and the Buyer is buying the Property on a strictly "as is, where is" basis as of the time of actual possession. Without limiting the generality of the foregoing, the Buyer acknowledges and agrees that the Seller has not made and will not make any warranty or representation whatsoever with respect to the Property, and no such warranty or representation is expressed or can be implied including, without limitation, any warranty or representation as to environmental condition, size, dimensions, fitness, design or condition for any particular purposes, quality, or the existence of any defect, whether latent or patent. The Buyer waives any right to a site profile or any other report under the *Environmental Management Act* (British Columbia), or any other legislation. The Buyer acknowledges and agrees that it has conducted any inspections with respect to the condition of the Property, including in relation to environmental issues, that the Buyer deems appropriate, and has satisfied itself with regard to such matters.

If the Seller has provided the Buyer with any environmental or other reports or information regarding the Property (the "**Information**"), the Buyer acknowledges and agrees that the Seller has not made and will not make any warranty or representation whatsoever regarding the Information, including the accuracy or completeness of the Information, and any use that the Buyer or others may make of the Information is strictly at the Buyer's own risk".
9. In this paragraph, "Environmental Liabilities" means all losses of any kind suffered by or against any person, business or property, including or as a result of any order, investigation or action by any government authority, arising from or with respect to any one or more of the following:
 - a) the release or presence of any hazardous material, contaminant, pollutant or other substance that creates a risk of harm or degradation, immediately or at some future time, to the environment or to human health;

- b) liability under any applicable law in relation to the environment, including, without limitation, the *Environmental Management Act* (British Columbia) and the Regulations thereto, for any costs incurred, whether for clean-up, repair, assessment, prevention of damage, injury or destruction, or otherwise, by any government authority or any other person, or for damages from injury to or destruction of property;
- c) liability for personal injury or property damage arising in connection with any breach of any applicable environmental laws, including civil, criminal or quasi-criminal laws, or under any statutory or common law tort or similar theory.

The Buyer irrevocably releases, remises and forever discharges the Seller and the Seller's administrators, successors, assigns, directors, officers, employees and agents (collectively, the "**Releasees**") of and from any and all manner of actions, claims, causes of action, litigation, obligations or liabilities, whether at common law, equity or statutory, including, without limitation, the *Environmental Management Act* (British Columbia) and the Regulations thereto, which the Buyer has, could have or will have in the future, whether before or after the Buyer takes title to or possession of the Property, which in any way arise out of or relate to any Environmental Liabilities in relation to the Property including, without limiting the generality of the foregoing, in relation to any environmental concerns (the "**Environmental Concerns**") which the Seller has disclosed to the Buyer.

The Buyer irrevocably agrees to indemnify and hold and save harmless each of the Releasees from and against any and all Environmental Liabilities, including in relation to the Environmental Concerns, that any Releasee may sustain or incur as a result of, in connection with or in any way related to the Property.

10. Clause 12 of the Contract is deleted, and replaced by the following:

"Time will be of the essence hereof, and unless the balance of the cash payment is paid on or before the Completion Date, the Seller may at the Seller's option, either terminate or reaffirm the Contract, and the deposit will be non-refundable and absolutely forfeited to the Seller, without prejudice to the Seller's other rights and remedies. These terms and conditions are for the sole benefit of the Seller".

11. No property condition disclosure statement concerning the Property forms part of the Contract, whether or not such a statement is attached to the Contract.

12. Clause 18 of the Contract is deleted and replaced by the following:

"There are no representations, warranties, guarantees, promises or agreements other than those set out in this Contract."

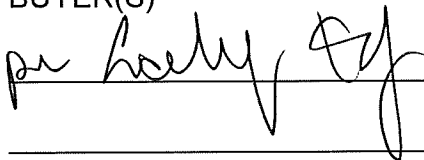
13. The Seller will not be responsible for removing any personal property left on or about the Property, by any occupant of the Property or otherwise.

14. Clause 5 of the Contract is modified, by adding the following:

- a) Possession will be by operation of and pursuant to the terms of the Order.
- b) No adjustments, including but not limited to adjustments for rents or security deposits, will be made to the purchase price on account of any tenancies.

- c) If any occupant of the Property does not vacate the Property by the possession date, then the Seller will apply for a Writ of Possession and instruct a Court Bailiff to deliver possession to the Buyer. This is the Seller's only obligation as regards possession. The Seller will not be liable to the Buyer or any other person in any way whatsoever (apart from the Seller's obligation to apply for a Writ of Possession and instruct a Court Bailiff), if possession cannot be delivered to the Buyer on the possession date. The Buyer acknowledges that considerable time is often required, to obtain Writs of Possession. The Seller will not be responsible for removing any personal property left on or about the Property, by any occupant of the Property or otherwise.
15. The Vesting Order will describe the Buyer exactly as the Buyer appears at the upper right on the first page of the Contract, so the Buyer as described at the upper right on the first page of the Contract will appear as the owner of the Property after completion of a sale of the Property. Seller will not be bound by any term in the Contract describing the Buyer otherwise, or allowing the Buyer to complete the sale with a different name.
16. The Buyer is responsible, immediately on completion of the sale of the Property to the Buyer, for paying any and all taxes arising from or in connection with the sale (including Property Transfer Tax and GST). The Seller can, at its option, require the Buyer to pay it any such GST immediately on completion of the sale (and in that event the Seller will then remit such tax to Canada Revenue Agency).
17. The Buyer authorizes the Seller and its agents and insurers to disclose to third parties any personal and/or other information arising from or in any way connected with the Property, or the sale of the Property to the Buyer.

BUYER(S)



Date: Dec 19, 2019

SELLER

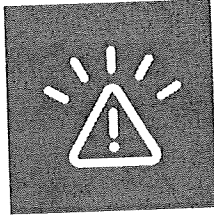
Alvarez & Marsal Canada Inc., in its
capacity as the court appointed
receiver of of Vinco Holdings Ltd.
and Waterway Houseboats Ltd.,
and not in its personal capacity

Date: _____

Schedule B –Additional Terms- Offer of *Checkpoint Developments Ltd.*
("Checkpoint") for Waterways Assets dated December 19, 2019.

1. The offer includes all personal property of Vinco Holdings Ltd. and Waterway Houseboats Ltd. (collectively "Waterways") as set forth in the Asset Information Package of Alvarez & Marsal Canada Inc. dated October, 2019, all assets on the Mervyn Road Property but not including the C-Cans listed as parcel 18 as the same are leased and otherwise which includes the intangible property of Waterways including domain names, websites, marketing materials, the name "Waterways", the branding and get-up and other such assets (the "Personal Property"). The Receiver may retain any records they need for the proper administration of the estate at closing but will provide to access to the same to the buyer. After the Receiver no longer needs the records it retains at closing, it will deliver the same to the Buyer.
2. The Seller will provide a Bill of Sale for all chattels and other personal property on Completion and will do such further acts as are necessary to convey to the Buyer the Personal Property. In the event that passwords or other codes are needed with respect to Domain names or other Personal Property, the Seller will use best efforts to provide such assurance, consents and support as the Buyer needs to obtain such passwords, codes and the like.
3. The Seller will provide to the Buyer any and all reports, appraisals, valuations and the like in relation to the Mervyn Road Property or the Personal Property which it has in its possession or control.
4. If the offer is accepted, Checkpoint will, after the Court Order approving the sale and this Offer, have reasonable access to the Mervyn Road Property and the Personal Property to inventory and assess the condition of the said assets prior to completion.

Ube



Not a Client? Know the Risks

Real estate professionals have a regulatory requirement to present you with this consumer information.

This information from the Real Estate Council of BC explains the risks of working with a real estate professional who is already representing a client in the same transaction.

We recommend that you seek independent representation in this real estate transaction.

Be cautious.

The real estate professional who gave you this form is already representing a client in this transaction. They owe a duty of loyalty to that client and must work in that client's best interests. They cannot represent you or work in your interests in this transaction.

This real estate professional must tell their client any relevant information you share with them. For example, if disclosed by you, they must share the following information:

- your reasons for buying, selling or leasing
- your minimum/maximum price
- any preferred terms and conditions you may want to include in a contract

Only share information that you are comfortable being disclosed to the other party in this transaction.



This real estate professional can only provide you very limited services. Because this real estate professional must be loyal to their client and work in their client's interest, they can only give you limited assistance.

They cannot:

- ☒ give you advice on an appropriate price
- ☒ give you advice about any terms and conditions to include in a contract
- ☒ negotiate on your behalf
- ☒ share any of their client's confidential information with you, like:
 - their minimum/maximum price
 - their reason for buying/selling/leasing
- ☒ protect your confidential information

They may only:

- ☒ share general information and real estate statistics
- ☒ show a property and provide factual information about the property
- ☒ provide you with standard real estate forms and contracts
- ☒ fill out a standard real estate contract
- ☒ communicate your messages and present your offers to their client



REAL ESTATE COUNCIL
OF BRITISH COLUMBIA

The Real Estate Council of BC is the legislated regulatory agency that works to ensure real estate professionals have the skills and knowledge to provide you with a high standard of service. All real estate professionals must follow rules that help protect consumers, like you.

We're here to help you understand your rights as a real estate consumer.

Keep this information
page for your reference
and scan the QR code or
visit recbc.ca for more
information about real
estate transactions.





Not a Client? Know the Risks

This is a required disclosure form in compliance with section 5-10.1 of the Rules under the *Real Estate Services Act*. A real estate professional must present the **Not a Client? Know the Risks** information page to you along with this disclosure form.

Real Estate Professional Disclosure Details

I am already representing a client in this transaction and working in only their best interest. I am not representing you or acting on your behalf.

Name

Mark Lester Personal Real Estate Corporation

Team name and members. The duties of a real estate professional as outlined in this form apply to all team members.

Colliers International

Brokerage

Signature

Date

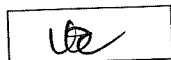
Property address

Notes:

Consumer Acknowledgment This is NOT a contract

I acknowledge that I have received the **Not a Client? Know the Risks** consumer information page and this disclosure form. I understand that the real estate professional named above is not representing me as a client or acting on my behalf in this transaction.

Name (optional)

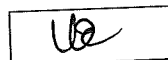


Initials (optional)

Date

December 19, 2019

Name (optional)



Initials (optional)

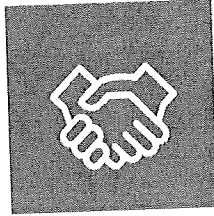
Date

A COPY OF THIS DISCLOSURE IS NOT REQUIRED TO BE PROVIDED TO THE REAL ESTATE COUNCIL OF BC UNLESS IT IS SPECIFICALLY REQUESTED.

p.2 of 2

The Real Estate Council of BC regulates real estate professionals to protect consumers. Visit us online for information on real estate transactions, ask us a question, file a complaint or an anonymous tip. 1.877.683.9664 | ANONYMOUS TIPLINE: 1.833.420.2400 | info@recbc.ca | www.recbc.ca

WEBForms® Sep/2019



Your Relationship with a Real Estate Professional

Real estate professionals have a regulatory requirement to present you with this consumer information before providing services to you.

This information explains the different relationships you can have with a real estate professional to buy, sell or lease property. Before you disclose confidential information to a real estate professional regarding a real estate transaction, you should understand what type of business relationship you have with that individual.

The Real Estate Council of BC is the legislated regulatory agency that works to ensure real estate professionals have the skills and knowledge to provide you with a high standard of service. All real estate professionals must follow rules that help protect consumers, like you.

We're here to help you understand your rights as a real estate consumer.

Keep this information
page for your reference
and scan the QR code or
visit recbc.ca for more
information about real
estate transactions.



You can work with a real estate professional in one of the following ways:

As a client

If you are the client of a real estate professional, they work on your behalf. The real estate professional representing you has special legal duties to you, including:

- ☒ **Loyalty.** They will act only in your best interests.
- ☒ **Full disclosure.** They must tell you everything they know that might influence your decision in a transaction.
- ☒ **Avoid conflicts of interest.** They must avoid any situation that would affect their duty to act in your best interests.
- ☒ **Confidentiality.** They must not reveal your private information without your permission, even after your relationship ends. That includes:
 - your reasons for buying, selling or leasing
 - your minimum/maximum price
 - any preferred terms and conditions you may want to include in a contract

When you become a client, you may be asked to sign a written agreement setting out your and the real estate professional's responsibilities.

As a non-client

A real estate professional who is not representing you as a client does not owe you special legal duties:

- ☒ **No loyalty.** They may be representing a client with competing interests to yours in a transaction. They must be loyal to their client, not you.
- ☒ **No duty of full disclosure.** They do not have a duty to give you all relevant information.
- ☒ **No duty to avoid conflicts.** They are not acting in your interests.
- ☒ **No confidentiality.** They must share any information you tell them with their clients in a transaction.

As a non-client, a real estate professional may give you only limited services.

***** Whenever a real estate professional works with you in a real estate transaction, whether you are their client or not, they have a responsibility to act honestly and with reasonable care and skill.



Your Relationship with a Real Estate Professional

This is a required disclosure form in compliance with section 5-10 of the Rules under the *Real Estate Services Act*. Your real estate professional must present the *Your Relationship with a Real Estate Professional* information page to you along with this disclosure form.

Real Estate Professional Disclosure Details

I disclose that I am (check one):

- ☒ representing you as my client
☐ **not** representing you as a client

Mark Lester Personal Real Estate Corporation

Name

Team name and members. The duties of a real estate professional as outlined in this form apply to all team members.

Colliers International

Brokerage

Signature

Date

Notes:

Consumer Acknowledgment This is NOT a contract

I acknowledge that I have received the *Your Relationship with a Real Estate Professional* consumer information page and this disclosure form.

Name (optional)

Uae

Initials (optional)

Date

Dec 19, 2019

Name (optional)

Uae

Initials (optional)

Date

A COPY OF THIS DISCLOSURE IS NOT REQUIRED TO BE PROVIDED TO THE REAL ESTATE COUNCIL OF BC UNLESS IT IS SPECIFICALLY REQUESTED.

p.2 of 2

The Real Estate Council of BC regulates real estate professionals to protect consumers. Visit us online for information on real estate transactions, ask us a question, file a complaint or an anonymous tip. 1.877.683.9664 | ANONYMOUS TIPLINE: 1.833.420.2400 | info@recbc.ca | www.recbc.ca

(rev 9/2019)