



Court file No. S1710393
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36, AS AMENDED**

AND

IN THE MATTER OF THE *BUSINESS CORPORATIONS ACT*, S.B.C. 2002, c. 57

AND

IN THE MATTER OF ALL CANADIAN INVESTMENT CORPORATION

(the "Petitioner")

MONITOR'S SECOND REPORT TO COURT

January 22, 2018

Boale, Wood & Company Ltd.

Monitor Appointed in the
Companies' Creditors Arrangement Act proceedings of
All Canadian Investment Corporation

**Suite 1140 – 800 West Pender Street
Vancouver, BC V6C 2V6**

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A. INTRODUCTION

1. This report (the “Second Report”) is filed by Boale, Wood & Company Ltd. (“BWC”) in its capacity as monitor (the “Monitor”) appointed in a proceeding commenced on November 8, 2017 by All Canadian Investment Corporation (the “Petitioner”) pursuant to the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c.-36, as amended (the “CCAA Proceedings”).
2. The purpose of the Second Report is to provide the Court with the Monitor’s opinion with respect to four transactions that the Petitioner has entered and is seeking Court approval of. This report is prepared further to section 36(3) of the *Companies’ Creditors Arrangement Act*.
3. Capitalized terms in the Second Report shall have the same meaning as ascribed to them in Donald Bergman’s Affidavit #3 sworn January 19, 2018 unless otherwise defined.
4. These transactions can be described as follows:
 - a. The sale of property located at 13562 Lee Road, Garden Bay, Pender Harbour, B.C. (“Lot 184”). This property consists of 2.58 acres of lands with a partially constructed, unfinished residence. The residence is approximately 50% complete. The sale price before commissions and closing adjustments is \$395,000;
 - b. The settlement of the Otter Bay Loan. The Otter Bay Loan was made to Seamont in 2010 for the purchase of 27 quarter shares units in a waterfront resort called “The Currents” located in Otter Bay, Pender

Island, B.C. The amount outstanding on the loan as of December 31, 2017 was \$1,474,533 and the settlement amount for the loan is \$425,000.

- c. The Settlement of the Mendes Loan. The Mendes Loan was a personal loan to Mr. Mendes, the owner of Seamount. The amount outstanding on the loan as at December 31, 2017 was \$91,305 and the settlement amount for the loan is \$75,000.
- d. The settlement of the Grant Manor Loan. The Grant Manor Loan was made to Seamount in 2010 with respect to a property located at 6921 Grant Road, Sooke, B.C. The amount outstanding on the loan as at December 31, 2017 was \$759,846 and the settlement amount for the loan is \$600,000.

B. DISCLAIMER AND TERMS OF REFERENCE

5. Except as specified, in preparing this report the Monitor has obtained and relied upon unaudited, draft and/or internal information which management advises has been compiled from the Petitioner's books and records. Where available, the Monitor has reviewed external records and documentation.
6. The Monitor has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the information provided by management.
7. The Second Report has been prepared solely for the purpose described and readers are cautioned that it may not be appropriate for other purposes.

C. SALE OF LOT 184

8. As detailed in Mr. Bergman's Affidavit # 3 the history of the efforts to sell Lot 184 can be summarized as follows:
 - Lot 184 was initially listed for sale in June 2017 on the MLS service for \$629,000. The listing agent was Dave Milligan of Royal LePage;
 - On August 8, 2017, the list price was reduced to \$599,000 as there had been no interest expressed or showings to prospective purchasers;
 - Between August 8 and December 11, 2017 the property was shown to three prospective purchasers which did not result in any offers;
 - On December 11, 2017, after consultation with the realtor, the list price was reduced to \$399,000;
 - The reduction resulted in four showings of the property, one of which led to an offer of \$395,000; and
 - The Petitioner accepted the offer, subject to approval of the Court.
9. To independently confirm the market value of Lot 184 the Monitor commissioned an appraisal by Coast Wide Appraisals (the "Appraisal") that is attached as Appendix A to this report.
10. The appraised value of Lot 184 as determined by Coast Wide Appraisals is \$395,000 which confirms that the sale price is at market value.
11. Based of the efforts taken by the Petitioner to sell the property and the Appraisal the Monitor is satisfied that the sale price is reasonable and fair.
12. The Monitor is of the opinion that the sale price is higher than would be achieved in a bankruptcy and, therefore, more beneficial to the creditors than a sale by a Trustee in a bankruptcy.

D. SETTLEMENT OF THE OTTER BAY LOAN

13. As detailed in Mr. Bergman's affidavit # 3 the history of the Otter Bay loan can be summarized as follows:

- In 2010 the Petitioner loaned Seamount \$1,655,500 to purchase 27 quarter share units located as a part of a resort called "The Currents" located in Otter Bay, Pender Island. There are no personal guarantees for the loan. The assessed value of the 27 units in 2010 was \$2,886,750 (average assessed value/unit of \$106,917);
- The initial interest rate on the loan was 12% per annum, however, through later amendments to the loan agreement the interest rate was reduced to 6% per annum;
- The amount outstanding on the loan at December 31, 2017 was \$1,474,533;
- Although the intention was to sell the 27 quarter share units and repay the loan, since 2010 Seamount has only been able to sell 12 units and from the sale proceeds has only repaid \$91,625 towards the loan principle;
- During the past year Seamount has only made one loan payment in the amount of \$25,000 but has kept current with the monthly maintenance fees and property taxes of approximately \$325/unit;
- The 2018 assessed value of the 15 remaining units is \$667,100 (average assessed value/unit of \$46,435);
- Currently there are two quarter share units listed for sale in The Currents. One of the units is listed for \$32,000 and the other unit is listed for \$36,000;
- Mr. Bergman is concerned that taking steps to enforce the loan by taking ownership of the properties in satisfaction of the outstanding amount will leave it up to the Petitioner to pay the monthly maintenance fees

and property taxes and possibly repair assessments due to the age of the buildings;

- Mr. Bergman is concerned that the properties will not sell for prices that are any higher than those properties that are currently listed at \$32,000 and \$36,000; and
- Mr. Bergman believes the Seamount's settlement offer of \$425,000 is reasonable in the circumstances, in the best interest of the Petitioner's stakeholders and consistent with the Petitioner's intended restructuring plan to wind up the business.

14. The Monitor, having considered the history of the loan, the current value of the loan security and the Petitioner's intention to wind up the business and repay the stakeholders, supports the settlement for the following reasons:

- A sale of the units in the ordinary course will likely take many years and based on the current list prices of the units of between \$32,000 and \$36,000 will result in gross sale proceeds of between \$450,000 and \$540,000 before selling costs and carrying costs;
- It is unlikely that the borrower will be able pay interest to the borrower in the future and, therefore, the only recovery will be from the sale of the units;
- The immediate repayment of the loan will generate funds that can be used towards the Petitioner's restructuring efforts, including as working capital, for payment to its professionals and to begin the pay down of the Petitioner's debt, including its expensive high interest secured debt;
- The immediate repayment of the loan is consistent with the Petitioner's intention to wind down the business;
- The Monitor does not believe the overall recovery from this loan will be higher if the Borrower is given the time necessary to sell the units in the ordinary course particularly when considering ongoing costs of the

Petitioner which include paying interest on expensive debt, management fees and professional fees; and

- An adverse change in the market for recreational properties or significant repair cost assessment would significantly reduce the recovery on this loan.

15. The Monitor is of the opinion the consideration being received with respect to the loan settlement is reasonable and fair and is more beneficial to the creditors than the consideration that would be received in a bankruptcy.

E. SETTLEMENT OF THE MENDES LOAN

16. As detailed in Mr. Bergman's affidavit # 3 the history of the Mendes loan can be summarized as follows:

- In 2010 the Petitioner loaned Joe Mendes \$100,000 on an unsecured basis;
- The initial interest rate on the loan was 12% per annum, however, an amendment to the loan agreement was made in December 2016 reducing the interest rate to 6% per annum;
- Mendes has not kept current with the interest payments on the loan since 2014;
- The amount outstanding on the loan at December 31, 2017 was \$91,305; and
- Mendes has agreed to settle this loan immediately for \$75,000, a discount of approximately 18%.

17. The Monitor supports the settlement for the following reasons:

- The immediate repayment of the loan will generate funds that can be used to pay down the Petitioner's expensive debt; and
- The immediate repayment of the loan is consistent with the Petitioner's intention to wind down the business; and
- Based on the loan payment history and the fact that there are no guarantees on the loan, recovery on this loan may be difficult outside of a settlement along with the Otter Bay Loan and the Gran Manor Loan.

18. The Monitor is of the opinion the consideration being received with respect to the loan settlement is reasonable and fair and is more beneficial to the creditors than the consideration that would be received in a bankruptcy.

F. SETTLEMENT OF THE GRANT MANOR LOAN

19. As detailed in Mr. Bergman's Affidavit #3 the history of the Grant Manor Loan can be summarized as follows:

- In 2011 the Petitioner loaned Seamont \$1,700,000 to purchase a property located at 6921 Grant Road, Sooke, B.C. The loan was secured by way of a first mortgage on the property. There are no personal guarantees for the loan;
- In 2012 Seamont refinanced the property through the Royal Bank resulting in a \$1,100,000 pay down of the loan with a condition that the Petitioner's first mortgage be discharged;
- The initial interest rate on the loan was 12% per annum, however, through a loan amendment the interest rate was reduced to 6% per annum in October 2016;
- The amount outstanding on the loan at December 31, 2017 was \$759,846; and
- Seamont has agreed to settle this loan for an immediate payment of \$600,000, a discount of 20%.

20. The Monitor supports the settlement for the following reasons:

- The immediate repayment of the loan will generate funds that can be used towards the Petitioner's restructuring efforts, including as working capital, for payment to its professionals and to begin the pay down of the Petitioner's debt, including its expensive high interest secured debt.
- The immediate repayment of the loan is consistent with the Petitioner's intention to wind down the business; and
- Based on the loan payment history and the fact that there are no personal guarantees on this loan, recovery on this loan may be difficult and costly.

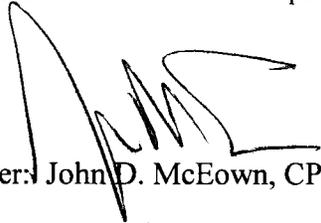
21. The Monitor is of the opinion the consideration being received with respect to the loan settlement is reasonable and fair and is more beneficial to the creditors than the consideration that would be received in a bankruptcy.

G. CONCLUSIONS AND RECOMMENDATIONS

22. The Petitioner is applying to Court for approval of the following four transactions:
- The sale of Lot 184 for \$395,000;
 - The settlement of the Otter Bay Loan for \$425,000;
 - The settlement of the Mendes Loan for \$75,000; and
 - The settlement of the Grant Manor Loan for \$600,000.
23. The Monitor has reviewed the information provided by the Petitioner with respect to each transaction and is of the opinion that these transactions are more beneficial to the creditors than would result from a bankruptcy.
24. Other than the notice of this application to the service list maintained by the Monitor and Petitioner in these proceedings, which includes the Petitioner's two secured creditors, the Monitor is not aware of any consultation with any other creditors with respect to above transactions. The Monitor notes that all stakeholders, including the Petitioner's preferred shareholders, were provided with notice of the CCAA proceedings and the Petitioner's intentions to liquidate its assets. The Monitor is of the opinion that the transactions are consistent with the Petitioner's intention to wind down the business and completing these transactions will be in the best interest of the creditors.
25. The Monitor is satisfied that the consideration being received with respect to each of these transactions is reasonable and fair.

DATED at the City of Vancouver, British Columbia, this 22nd day of January, 2018

Boale Wood and Company Ltd.
Monitor Appointed in the Companies'
Creditors Arrangement Act Proceedings of
All Canadian Investment Corporation

A handwritten signature in black ink, appearing to read 'J. McEown', written over the printed name below.

Per: John D. McEown, CPA, CA, CIRP

APPENDIX A

Appraisal of Lot 184, Garden Bay

APPRAISAL OF REAL PROPERTY



LOCATED AT

13562 Lee Road
Pender Harbour, BC V0N 1S1
Lot 184 District Lot 3923 Plan BCP30066 P.I.D. 027-093-387

FOR

BOALE, WOOD & COMPANY LTD.
1140 - 800 West Pender Street
Vancouver, BC V6C 2V6

AS OF

Jan 11, 2018

BY

SHAWN PHILLIPS, CRA
COAST WIDE APPRAISALS
Post Office Box 1252
Gibsons, BC V0N 1V0
(604) 886-9831
coastwide@dccnet.com

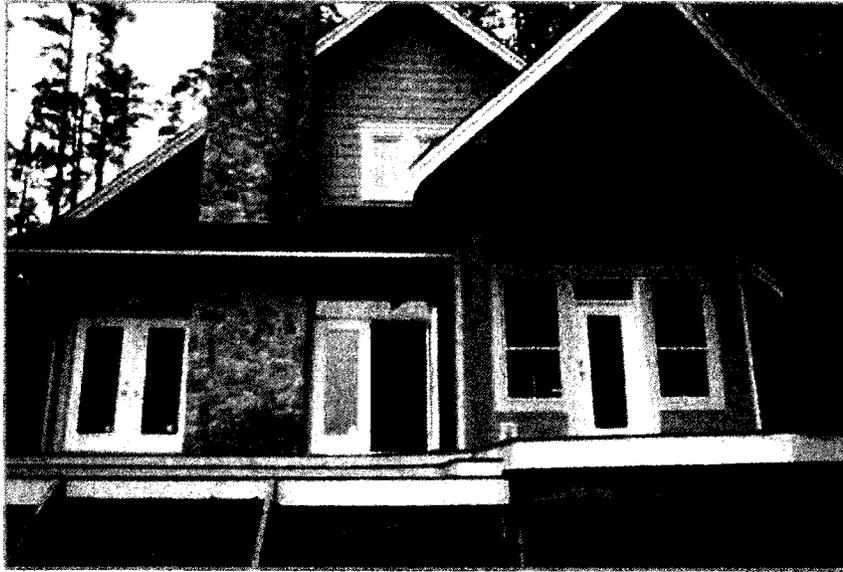
REFERENCE:

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Main File No. 10780-18
FILE NO. 10780-18

CLIENT	CLIENT: BOALE, WOOD & COMPANY LTD.	APPRAISER	APPRAISER: SHAWN PHILLIPS, CRA
	ADDRESS: 1140 - 800 West Pender Street Vancouver, BC V6C 2V6		ADDRESS: Post Office Box 1252 Gibsons, BC V0N 1V0
	PHONE: 604 558 8012 FAX:		PHONE: (604) 886-9831 FAX: (604) 886-3263

13562 Lee Road, Pender Harbour, BC V0N 1S1



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Photograph Addendum 7

Photograph Addendum 8

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COAST WIDE APPRAISALS

Post Office Box 1252
Gibsons, BC V0N 1V0
(604) 886-9831

January 12, 2018

John McEown
BOALE, WOOD & COMPANY LTD.
1140 - 800 West Pender Street
Vancouver, BC V6C 2V6

Re: Property: 13562 Lee Road
Pender Harbour, BC V0N 1S1
Borrower: N/A
File No.: 10780-18

Opinion of Value: \$ 395,000
Effective Date: Jan 11, 2018

Further to your request please find enclosed my Appraisal for the above noted property.

This Appraisal has been prepared solely for the use of Boale, Wood & Company Ltd., Court appointed Monitor of All Canadian Investment Corporation, as indicated on the Appraisal. Copies of this Report in whole or in part ARE NOT TO BE RELEASED to any outside parties and Boale, Wood & Company Ltd. will assume full liability for use of this Appraisal by an unauthorized party. Use of this Appraisal by other than Boale, Wood & Company Ltd., without written consent by the Appraiser, is prohibited and liability is strictly denied.

Should you have any questions regarding this Appraisal please contact our office at your convenience.

Sincerely,



SHAWN PHILLIPS, CRA
CRA
License Info: 902356
coastwide@dccnet.com

RESIDENTIAL APPRAISAL REPORT

FILE NO. 10780-18

<p>REFERENCE:</p>	<p>CLIENT: BOALE, WOOD & COMPANY LTD.</p> <p>ATTENTION: John McEown</p> <p>ADDRESS: 1140 - 800 West Pender Street Vancouver, BC V6C 2V6</p> <p>E-MAIL: jmceown@boalewood.ca</p> <p>PHONE: 604 558 8012 FAX:</p>		<p>APPRAISER: SHAWN PHILLIPS, CRA</p> <p>COMPANY: COAST WIDE APPRAISALS</p> <p>ADDRESS: Post Office Box 1252 Gibsons, BC V0N 1V0</p> <p>E-MAIL: coastwide@dccnet.com</p> <p>PHONE: (604) 886-9831 FAX: (604) 886-3263</p>
<p>NAME: N/A</p> <p>PROPERTY ADDRESS: 13562 Lee Road CITY: Pender Harbour PROVINCE: BC POSTAL CODE: V0N 1S1</p> <p>LEGAL DESCRIPTION: Lot 184 District Lot 3923 Plan BCP30066 P.I.D. 027-093-367</p> <p>PURPOSE OF APPRAISAL: To estimate market value or <input type="checkbox"/> Other</p> <p>INTENDED USE OF APPRAISAL: for current market value only</p> <p>INTENDED USERS (by name or type): Boale, Wood & Company Ltd., Court appointed Monitor of All Canadian Investment Corporation</p> <p>REQUESTED BY: <input checked="" type="checkbox"/> Client above <input type="checkbox"/> Other</p> <p>THIS APPRAISAL REPORT REPRESENTS THE FOLLOWING VALUE (if not current, see comments): <input checked="" type="checkbox"/> Current <input type="checkbox"/> Retrospective <input type="checkbox"/> Prospective</p> <p><input type="checkbox"/> Update of original report completed on _____ with an effective date of _____ File No. _____</p> <p>PROPERTY RIGHTS APPRAISED: <input checked="" type="checkbox"/> Fee Simple <input type="checkbox"/> Leasehold <input type="checkbox"/> Cooperative <input type="checkbox"/> Condominium <input type="checkbox"/> Strata Maintenance Fee \$: _____ See comments</p> <p>IS THE SUBJECT A FRACTIONAL INTEREST, PHYSICAL SEGMENT OR PARTIAL HOLDING? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes (if yes, see comments)</p> <p>MUNICIPALITY AND DISTRICT: Sunshine Coast Regional District</p> <p>ASSESSMENT: Land \$ 343,000 Imps \$ 244,000 Total \$ 587,000 Assessment Date July 1, 2017 Taxes \$ 2,610.11 Year 2017</p> <p>EXISTING USE: Unfinished OCCUPIED BY: Vacant</p> <p>HIGHEST AND BEST USE OF SUBJECT PROPERTY: <input checked="" type="checkbox"/> As Improved, or <input type="checkbox"/> Other Note: If highest and best use is not the existing use, or not the use reflected in the report, see additional comments.</p>	<p>NATURE OF DISTRICT: <input type="checkbox"/> Residential <input type="checkbox"/> Rural <input type="checkbox"/> Commercial <input type="checkbox"/> Industrial</p> <p>TREND OF DISTRICT: <input type="checkbox"/> Improving <input checked="" type="checkbox"/> Stable <input type="checkbox"/> Transition <input type="checkbox"/> Deteriorating</p> <p>BUILT-UP: <input type="checkbox"/> Over 75% <input checked="" type="checkbox"/> 25 - 75% <input type="checkbox"/> Under 25%</p> <p>CONFORMITY: Age <input type="checkbox"/> Newer <input checked="" type="checkbox"/> Similar <input type="checkbox"/> Older</p> <p>Condition: <input type="checkbox"/> Superior <input checked="" type="checkbox"/> Similar <input type="checkbox"/> Inferior</p> <p>Size: <input type="checkbox"/> Larger <input checked="" type="checkbox"/> Similar <input type="checkbox"/> Smaller</p> <p>AGE RANGE OF PROPERTIES: 1 to 15 years</p> <p>MARKET OVERVIEW: Supply <input type="checkbox"/> Good <input checked="" type="checkbox"/> Average <input type="checkbox"/> Poor</p> <p>Demand: <input checked="" type="checkbox"/> Good <input type="checkbox"/> Average <input type="checkbox"/> Poor</p> <p>PRICE TRENDS: <input type="checkbox"/> Increasing <input checked="" type="checkbox"/> Stable <input type="checkbox"/> Declining</p> <p>PRICE RANGE OF PROPERTIES: \$ 250,000 to \$ 900,000+</p> <p>Represents properties in the subject's general area.</p> <p>SUMMARY: INCLUDES VALUE TRENDS, MARKET APPEAL, APPARENT ADVERSE INFLUENCES IN THE AREA, IF ANY (e.g. railroad tracks, unkempt properties, major traffic arteries, Hydro facilities, anticipated public or private improvements, commercial/industrial sites, landfill sites, etc.): The subject property is located in the Daniel Point area of Pender Harbour, north of Secht British Columbia. The general vicinity is comprised of newer cottages on non view and ocean view lots. This area receives above average market acceptance. There is no apparent and measurable evidence of adverse locational factors which might negatively affect marketing or value.</p>		
<p>SITE DIMENSIONS: See attached Plan</p> <p>SITE AREA: 2.58 acres * Source: BCAA</p> <p>TOPOGRAPHY: Mild Grade</p> <p>* Site Area is approximate</p> <p>CONFIGURATION: Irregular</p> <p>ZONING: R1</p> <p>Residential</p> <p>DOES EXISTING USE CONFORM TO ZONING? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No (see comments)</p> <p>EASEMENTS: <input type="checkbox"/> Utility <input checked="" type="checkbox"/> Access <input checked="" type="checkbox"/> Other <input type="checkbox"/> Title Not Searched</p> <p>UTILITIES: <input checked="" type="checkbox"/> Telephone <input type="checkbox"/> Sanitary Sewer <input type="checkbox"/> Septic System <input checked="" type="checkbox"/> Municipal Water <input type="checkbox"/> Well</p> <p>FEATURES: <input checked="" type="checkbox"/> Natural Gas <input type="checkbox"/> Storm Sewer <input checked="" type="checkbox"/> Open Ditch <input checked="" type="checkbox"/> Community Sewer</p> <p><input checked="" type="checkbox"/> Paved Road <input type="checkbox"/> Sidewalk <input type="checkbox"/> Street Lights <input type="checkbox"/> Gravel Road <input type="checkbox"/> Curbs</p> <p>ELECTRICAL: <input checked="" type="checkbox"/> Cablevision <input type="checkbox"/> Lane <input type="checkbox"/> Street</p> <p>DRIVEWAY: <input checked="" type="checkbox"/> Overhead <input type="checkbox"/> Underground <input type="checkbox"/> None <input checked="" type="checkbox"/> Single <input type="checkbox"/> Double</p> <p>PARKING: Surface <input type="checkbox"/> Private <input type="checkbox"/> Mutual <input type="checkbox"/> None <input checked="" type="checkbox"/> Single <input type="checkbox"/> Double</p> <p>LANDSCAPING: <input type="checkbox"/> Garage <input type="checkbox"/> Carport <input checked="" type="checkbox"/> Driveway <input type="checkbox"/> Street</p> <p>CURB APPEAL: <input type="checkbox"/> Good <input checked="" type="checkbox"/> Average <input type="checkbox"/> Fair <input type="checkbox"/> Poor</p> <p><input type="checkbox"/> Good <input checked="" type="checkbox"/> Average <input type="checkbox"/> Fair <input type="checkbox"/> Poor</p> <p>COMMENTS: (includes any positive and negative features such as conformity with zoning, effects of known easements, known restrictions on title, such as judgments or liens, effects of assemblage, any known documentation of environmental contamination, etc.): The subject site is a 2.58 acre parcel improved with an unfinished single family dwelling. The site is located within the Stonewater development and is located at the upper portion, offering a very good distant ocean view. The site is mostly in it's natural state with some rocky areas. No services are hooked up to the home at the present time, sewer water and power are at the lot line. Access to the site is by way of an easement driveway.</p>	<p>CONSTRUCTION COMPLETE: No PERCENTAGE COMPLETE: 50% See Comments</p> <p>YEAR BUILT (estimated): 2009 EFFECTIVE AGE: 8 years REMAINING ECONOMIC LIFE (estimated): 62 years</p> <p>FLOOR AREA: <input type="checkbox"/> Sq. M. <input checked="" type="checkbox"/> Sq. Ft. BUILDING TYPE: Detached</p> <p>MAIN: 1,498 DESIGN/STYLE: 1.5 Storey</p> <p>SECOND: 406 CONSTRUCTION: Wood Frame</p> <p>THIRD: _____ BASEMENT: No Basement</p> <p>FOURTH: _____ BASEMENT AREA: 0 <input type="checkbox"/> Sq. M. <input checked="" type="checkbox"/> Sq. Ft. % Finished _____</p> <p>TOTAL: 1,904 WINDOWS: Vinyl Double Glazed</p> <p>Source: MLS FOUNDATION WALLS: Concrete Perimeter</p> <p>ROOFING: Asphalt Shingle</p> <p>Condition: <input type="checkbox"/> Good <input checked="" type="checkbox"/> Average <input type="checkbox"/> Fair <input type="checkbox"/> Poor</p> <p>EXTERIOR FINISH: Hardi Board</p> <p>Condition: <input checked="" type="checkbox"/> Good <input type="checkbox"/> Average <input type="checkbox"/> Fair <input type="checkbox"/> Poor</p> <p>UFFI APPARENT: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Removed</p>		
<p>BEDROOMS (#) BATHROOMS (#) INTERIOR FINISH: Walls Ceilings</p> <p>1 Large 2 Piece Good Drywall <input type="checkbox"/> <input type="checkbox"/></p> <p>2 Average 3 Piece Average Plaster <input type="checkbox"/> <input type="checkbox"/></p> <p>Small 4 Piece Fair Paneling <input type="checkbox"/> <input type="checkbox"/></p> <p>5 Piece Poor Unfinished <input checked="" type="checkbox"/> <input checked="" type="checkbox"/></p> <p>FLOORING: Plywood</p> <p>ELECTRICAL: <input type="checkbox"/> Fuses <input type="checkbox"/> Breakers Unfinished</p> <p>Estimated capacity of main panel: N/A amps</p> <p>HEATING SYSTEM: N/A Fuel Type N/A</p> <p>WATER HEATER: Type N/A</p> <p>INSULATION: <input type="checkbox"/> Good <input type="checkbox"/> Average <input type="checkbox"/> Fair <input type="checkbox"/> Poor</p> <p><input type="checkbox"/> Ceiling <input type="checkbox"/> Walls <input type="checkbox"/> Basement <input type="checkbox"/> Crawlspace</p> <p>Source: none</p> <p>PLUMBING LINES: none</p> <p>FLOORPLAN: <input type="checkbox"/> Good <input checked="" type="checkbox"/> Average <input type="checkbox"/> Fair <input type="checkbox"/> Poor</p> <p>BUILT-INS/EXTRAS: <input type="checkbox"/> Garbage Disposal <input type="checkbox"/> Central Air <input type="checkbox"/> Swimming Pool <input type="checkbox"/> Fireplace(s)</p> <p><input type="checkbox"/> Oven <input type="checkbox"/> Air Cleaner <input type="checkbox"/> Sauna <input type="checkbox"/> Garage Opener <input type="checkbox"/> Dishwasher</p> <p><input type="checkbox"/> Vacuum <input type="checkbox"/> Solarium <input type="checkbox"/> Security System <input type="checkbox"/> Stove <input type="checkbox"/> Whirlpool</p> <p><input type="checkbox"/> Skylights <input type="checkbox"/> HR Ventilator <input checked="" type="checkbox"/> see comments</p> <p>OVERALL INT. COND: <input type="checkbox"/> Good <input checked="" type="checkbox"/> Average <input type="checkbox"/> Fair <input type="checkbox"/> Poor</p> <p>BASEMENT FINISHES/UTILITY: No basement, crawl space with some standing room.</p> <p>GARAGES/CARPPTS: Open parking.</p> <p>DECKS, PATIOS, OTHER IMPROVEMENTS: Deck, no railing.</p> <p>COMMENTS: (Building, appearance, quality, condition, services, extras, anticipated public or private improvements, etc.): The subject dwelling is a 1.5 storey single family dwelling that was constructed in 2009. The interior of the home was never completed and remains at the unfinished stage. Exterior has been finished. All interior framing is done, no plumbing or wiring is roughed in.</p>			

RESIDENTIAL APPRAISAL REPORT

LEVEL	MAIN	SECOND	THIRD	BASEMENT	SOURCE OF COST DATA		
					<input type="checkbox"/> MANUAL	<input type="checkbox"/> CONTRACTOR	<input checked="" type="checkbox"/> OTHER
ENTRANCE	1				LAND VALUE		\$ 250,000
LIVING	1				BUILDING	COST NEW	
DINING	1					DEPRECIATED COST	
KITCHEN	1				COST	1,904 @ \$ 100	\$ 190,400
FULL BATH					GARAGE		\$
PART BATH					BASEMENT FINISH		\$
BEDROOM	1	2			OTHER EXTRAS		\$
FAMILY							\$
LAUNDRY							\$
OTHER							\$
TOTAL ROOMS	4	2			TOTAL REPLACEMENT COST		\$ 190,400
					LESS: ACCRUED DEPRECIATION	15 %	\$ 28,560
					INDICATED VALUE		\$ 411,840
					VALUE BY THE COST APPROACH (rounded)		\$ 412,000

NOTE: The construction cost estimates contained herein were not prepared for insurance purposes and are invalid for that use. The Cost Approach is not applicable when appraising individual strata/condominiums.

SUBJECT	COMPARABLE NO. 1		COMPARABLE NO. 2		COMPARABLE NO. 3	
	Description	\$ Adjustment	Description	\$ Adjustment	Description	\$ Adjustment
13562 Lee Road Pender Harbour, BC V0N 1S1	Lot 118 Godkin Way Pender Harbour		4369 Coastview Road Pender Harbour		4696 Hotel Lake Road Pender Harbour	
DAYS ON THE MARKET	177		33		21	
DATE OF SALE	Dec 23, 2017		Oct 8, 2017		Sep 27, 2017	
SALE PRICE	\$395,000		\$363,000		\$438,000	
QUALITY / APPEAL	Avg/Good		Above Average		Above Average	
LOCATION	Above Average		Avg/Good	+50,000	Above Average	
SITE SIZE	2.58 acres		.5 acre	+75,000	.66 acres	+60,000
BUILDING TYPE	Detached		VACANT LAND		Detached	
DESIGN/STYLE	1.5 Storey		1.5 Storey		1.5 Storey	
AGE/CONDITION	9 unfin		10 Abv Avg		14 Abv Avg	
LIVABLE FLOOR AREA	1,904 Sq.Ft.		776 sq ft	+112,800	1,808 Sq.Ft.	+9,600
ROOM COUNT	Total 6 Bdrms 3 Baths 0.0		Total 5 Bdrms 2 Baths 2.0		Total 7 Bdrms 3 Baths 2.0	
BASEMENT	0		0		0	
PARKING	Open parking		Open Parking		open	
EXTRAS	Deck		Deck		deck	
	Unfinished	-125,000		-125,000		-125,000

ADJUSTMENTS (Gross/Net)	137.2 %	43.2 %	+115,000	86.2 %	17.3 %	+62,800	44.4 %	12.6 %	-55,400
ADJUSTED VALUES		\$ 381,000		\$ 425,800		\$ 382,600			

CONCLUSIONS: All sales are in good proximity to the subject property and are the most recent and most comparable properties found. Indicated values produce a range of value which appears to effectively bracket the value of the subject.

Adjusted Range of Value: \$381,000 to \$425,800

The best comparables available have been chosen given the current market conditions and the unfinished state of the home.

Comparable #1 was chosen to support the land value within the report, located within the same neighbourhood and with similar views.

SALES HISTORY - ANALYSIS OF KNOWN CURRENT AGREEMENTS FOR SALE, PRIOR SALES, LISTINGS, OPTIONS OR MARKETING OF THE SUBJECT. (minimum of three years) **MLS reports the subject was listed for sale June 28, 2017, at \$629,000 with a price reduction to \$599,000 and a further price reduction to \$399,000. MLS reports the subject sold December 23, 2017, at \$395,000. MLS R2184044.**

VALUE BY DIRECT COMPARISON APPROACH (rounded) \$ **395,000**

COMMENT ON REASONABLE EXPOSURE TIME: **Exposure time on the Sunshine Coast is 1 to 6 months.**

RECONCILIATION AND FINAL ESTIMATE OF VALUE: **The final estimate of value for the subject property is \$ 395,000. Most weight has been given to the Direct Comparison Approach as it is the best indicator of current market value.**

AS A RESULT OF MY APPRAISAL AND ANALYSIS OF ALL APPLICABLE DATA AND RELEVANT FACTORS, IT IS MY CONCLUSION THAT THE MARKET VALUE OF THE INTEREST IN THE SUBJECT PROPERTY AS AT **Jan 11, 2018** (Effective Date of the Appraisal) IS \$ **395,000**

THIS REPORT WAS COMPLETED ON: **Jan 12, 2018**

RESIDENTIAL APPRAISAL REPORT

DEFINITIONS	<p>DEFINITION OF MARKET VALUE: The most probable price which a property should bring in a competitive and open market as of the specified date under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus.</p> <p>Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby: buyer and seller are typically motivated; both parties are well informed or well advised, and acting in what they consider their own 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.</p> <p>Source: Canadian Uniform Standards of Professional Appraisal Practice) Note: If other than market value is being appraised, see additional comments.</p> <p>DEFINITION OF HIGHEST AND BEST USE: The reasonably probable and legal use of the property, that is physically possible, appropriately supported, and financially feasible, and results in the highest value.</p>
SCOPE	<p>The scope of the appraisal encompasses the due diligence undertaken by the appraiser (consistent with the terms of reference from the client, the purpose and intended use of the report) and the necessary research and analysis to prepare a report in accordance with the Canadian Uniform Standards of Professional Appraisal Practice of the Appraisal Institute of Canada. The following comments describe the extent of the process of collecting, confirming and reporting data and its analysis, describe relevant procedures and reasoning details supporting the analysis, and provide the reason for the exclusion of any usual valuation procedures.</p> <p>General and specific information was gathered by personal inspection of the subject property and neighborhood plus historical marketing and sales data from the Greater Vancouver Real Estate Board. Comparable sales information was obtained from the Greater Vancouver Real Estate Board and confirmed by sellers and agents as appropriate. The Cost Approach and Direct Comparison Approach were completed according to accepted professional methods and standards. Each approach produced an indicated value for the subject. Those indicated values were correlated to a single conclusion of market value based on the quality and quantity of data available.</p>
ASSUMPTIONS AND LIMITING CONDITIONS AND EXTRAORDINARY ITEMS	<p>ORDINARY ASSUMPTIONS & LIMITING CONDITIONS</p> <p>The certification that appears in this appraisal report is subject to the following conditions:</p> <ol style="list-style-type: none"> The report is prepared at the request of the client and for the specific use referred to herein. It is not reasonable for any other party to rely on the appraisal without first obtaining written authorization from the client, the author and any supervisory appraiser, subject to the qualification in paragraph 11 below. Liability is expressly denied to any person other than the client and those who obtain written consent and, accordingly, no responsibility is accepted for any damage suffered by any such person as a result of decisions made or actions based on this report. Diligence by all intended users is assumed. Because market conditions, including economic, social and political factors change rapidly and, on occasion, without warning, the market value estimate expressed as of the date of this appraisal cannot be relied upon as of any other date except with further advice from the appraiser and confirmed in writing. The appraiser will not be responsible for matters of a legal nature that affect either the property being appraised or the title to it. No registry office search has been performed and the appraiser assumes that the title is good and marketable and free and clear of all encumbrances including leases, unless otherwise noted in this report. The property is appraised on the basis of it being under responsible ownership. The subject property is presumed to comply with government regulations including zoning, building codes and health regulations and, if it doesn't comply, its non-compliance may affect market value. No survey of the property has been made. Any sketch in the appraisal report shows approximate dimensions and is included only to assist the reader of the report in visualizing the property. This report is completed on the basis that testimony or appearance in court concerning this appraisal is not required unless specific arrangements to do so have been made beforehand. Such arrangements will include, but not necessarily be limited to, adequate time to review the appraisal report and data related thereto and the provision of appropriate compensation. Unless otherwise stated in this report, the appraiser has no knowledge of any hidden or unapparent conditions of the property (including, but not limited to, its soils, physical structure, mechanical or other operating systems, its foundation, etc.) or adverse environmental conditions (on it or a neighbouring property, including the presence of hazardous wastes, toxic substances, etc.) that would make the property more or less valuable. It has been assumed that there are no such conditions unless they were observed at the time of inspection or became apparent during the normal research involved in completing the appraisal. This report should not be construed as an environmental audit or detailed property condition report, as such reporting is beyond the scope of the report and/or the qualifications of the appraiser. 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. The appraiser is not qualified to comment on environmental issues 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. Unless expressly stated, the property is assumed to be free and clear of pollutants and contaminants, including but not limited to moulds or mildews or the conditions that might give rise to either, and in compliance with all regulatory environmental requirements, government or otherwise, and free of any environmental condition, past, present or future, that might affect the market value of the property appraised. If the party relying on this report requires information about environmental issues then that party is cautioned to retain an expert qualified in such issues. We expressly deny any legal liability relating to the effect of environmental issues on the market value of the subject property. The appraiser obtained information, estimates and opinions that were used in the preparation of this report from sources considered to be reliable and accurate and believes them to be true and correct. The appraiser does not assume responsibility for the accuracy of items that were furnished by other parties. 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 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 Canadian Uniform Standards of Professional Appraisal Practice ("The Standards") and/or when properly entered into evidence of a duly qualified judicial or quasi-judicial body. The appraiser 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 Canadian Uniform Standards of Professional Appraisal Practice (the "Standards") and in accordance with the appraiser'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 appraiser's privacy policy. The appraiser has agreed to enter into the assignment as requested by the client named in the report for the use specified by the client, which is stated in the report. The client has agreed that the performance of this appraisal and the report format are appropriate for the intended use. Written consent from the author and supervisory appraiser, if applicable, must be obtained before any part of the appraisal report can be used for any purpose by anyone except the client and other intended users identified in the report. Where the client is the mortgagee, liability is extended to its insurer. Liability to any other party or for any other use is expressly denied regardless of who pays the appraisal fee. Written consent and approval must also be obtained before the appraisal (or any part of it) can be altered or conveyed to other parties, including mortgagees (other than the client) and the public through prospectus, offering memoranda, advertising, public relations, news, sales or other media. If transmitted electronically, this report will have been digitally signed and secured with personal passwords to lock the appraisal file. Due to the possibility of digital modification, only originally signed reports and those reports sent directly by the appraiser, can be relied upon without fault. <p>Other: _____</p> <p>EXTRAORDINARY ASSUMPTIONS & LIMITING CONDITIONS An extraordinary assumption or limiting condition has been invoked in this appraisal report. <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO If yes, see attached addendum. _____</p> <p>HYPOTHETICAL CONDITIONS A hypothetical condition has been invoked in this appraisal report. <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO If yes, see attached addendum. _____</p> <p>JURISDICTIONAL EXCEPTION A jurisdictional exception has been invoked in this appraisal report. <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO If yes, see attached addendum. _____</p>
CERTIFICATION	<p>I certify that, to the best of my knowledge and belief:</p> <ol style="list-style-type: none"> The statements of fact contained in this report are true and correct. The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial and unbiased professional analyses, opinions and conclusions. I have no past, present or prospective interest or bias with respect to the property that is the subject of this report and no personal interest or bias with respect to the parties involved with this assignment, except as specified herein. My engagement in this assignment is not contingent upon developing or reporting a predetermined result, upon the amount of value estimate, upon a direction in value that favours the cause of the client, upon the attainment of a stipulated result or the occurrence of a subsequent event. My analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the Canadian Uniform Standards of Professional Appraisal Practice. I have the knowledge and experience to complete this assignment competently. Except as herein disclosed, no other person has provided me with significant professional assistance in the completion of this appraisal assignment. The Appraisal Institute of Canada has a mandatory Continuing Professional Development Program for all members. As at the date of this report, the requirements of this program have been fulfilled. <p>SUPERVISORY APPRAISER'S CERTIFICATION If a supervisory appraiser has signed this appraisal report, he or she certifies and agrees that "I directly supervised the appraiser who prepared this appraisal report and, having reviewed the report, agree with the statements and conclusions of the appraiser, agree to be bound by the appraiser's certification and am taking full responsibility for the valuation and the report."</p> <p>PROPERTY IDENTIFICATION ADDRESS <u>13562 Lee Road</u> CITY <u>Pender Harbour</u> PROVINCE <u>BC</u> POSTAL CODE <u>V0N 1S1</u> LEGAL DESCRIPTION: <u>Lot 184 District Lot 3923 Plan BCP30066 P.I.D. 027-093-387</u></p> <p>AS A RESULT OF MY ANALYSIS OF ALL APPLICABLE DATA AND RELEVANT FACTORS, IT IS MY CONCLUSION THAT THE MARKET VALUE OF THE INTEREST IN THE SUBJECT PROPERTY AS AT <u>Jan 11, 2018</u> (Effective Date of the Appraisal) IS \$ <u>395,000</u></p> <p>APPRaiser: <i>Shawn Phillips</i> SUPERVISORY APPRAISER: _____ SIGNATURE: _____ SIGNATURE: _____ NAME: <u>SHAWN PHILLIPS, CRA</u> NAME: _____ DESIGNATION: <u>CRA</u> DESIGNATION: _____ DATE SIGNED: <u>Jan 12, 2018</u> DATE SIGNED: _____ DATE OF INSPECTION: <u>Jan 11, 2018</u> DATE OF INSPECTION: _____ LICENSE INFO (where applicable): <u>902356</u> LICENSE INFO (where applicable): _____</p> <p>NOTE: For this appraisal to be valid, an original or a password protected digital signature is required.</p> <p>ATTACHMENTS</p> <p><input type="checkbox"/> ADDITIONAL SALES <input checked="" type="checkbox"/> EXTRAORDINARY ITEMS ADDENDUM <input type="checkbox"/> NARRATIVE ADDENDUM <input checked="" type="checkbox"/> PHOTO ADDENDUM <input type="checkbox"/> SKETCH ADDENDUM <input checked="" type="checkbox"/> MAP ADDENDUM <input checked="" type="checkbox"/> SUBJECT PHOTOS <input checked="" type="checkbox"/> INTERIOR PHOTOS <input checked="" type="checkbox"/> PHOTOS OF COMPS <input checked="" type="checkbox"/> LETTER OF TRANSMITTAL</p>

REFERENCE:

Subject Photo Page

Main File No. 10780-18 Page # 6 of 12

FILE NO.: 10780-18

CLIENT	CLIENT: BOALE, WOOD & COMPANY LTD.	APPRAISER	APPRAISER: SHAWN PHILLIPS, CRA
	ADDRESS: 1140 - 800 West Pender Street Vancouver, BC V6C 2V6		ADDRESS: Post Office Box 1252 Gibsons, BC V0N 1V0
	PHONE: 604 558 8012 FAX:		PHONE: (604) 886-9831 FAX: (604) 886-3263

13562 Lee Road, Pender Harbour, BC V0N 1S1



Subject Front

13562 Lee Road
Sale Price 395,000
Livable Floor Area 1,904 Sq.Ft.
Total Rooms 6
Total Bedrooms 3
Total Bathrooms 0:0
Site Size 2.58 acres
Age 9



Subject Rear



Subject Street

Photograph Addendum

FILE NO: 10780-18

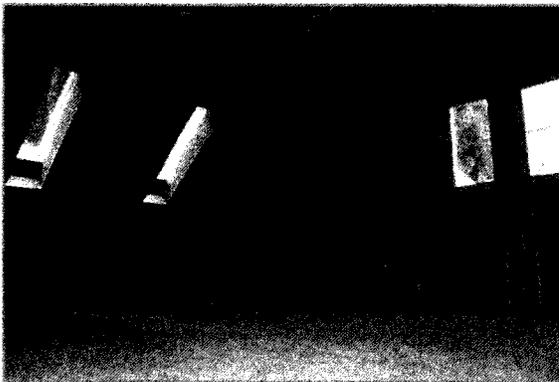
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13562 Lee Road, Pender Harbour, BC V0N 1S1



INTERIOR



Interior



Interior

REFERENCE:

Photograph Addendum

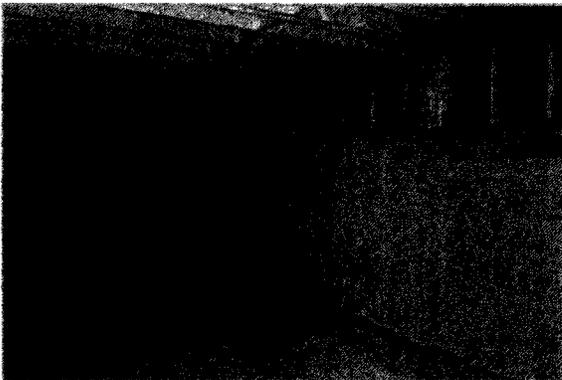
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View



Basement



Services

Comparable Photo Page

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	ADDRESS:	1140 - 800 West Pender Street		ADDRESS:	Post Office Box 1252
		Vancouver, BC V6C 2V6			Gibsons, BC V0N 1V0
	PHONE:	604 558 8012		FAX:	(604) 886-9831
				FAX:	(604) 886-3263

13562 Lee Road, Pender Harbour, BC V0N 1S1



Comparable 1

Lot 118 Godkin Way
 Sale Price 266,000
 Liveable Floor Area sq ft
 Total Rooms 0
 Total Bedrooms 0
 Total Bathrooms 0
 Site Size 2.68 acres
 Age NA



Comparable 2

4369 Coastview Road
 Sale Price 363,000
 Liveable Floor Area 776 sq ft
 Total Rooms 5
 Total Bedrooms 2
 Total Bathrooms 2
 Site Size .5 acre
 Age 10



Comparable 3

4696 Hotel Lake Road
 Sale Price 438,000
 Liveable Floor Area 1,808 Sq.Ft.
 Total Rooms 7
 Total Bedrooms 3
 Total Bathrooms 2:0
 Site Size .66 acres
 Age 14

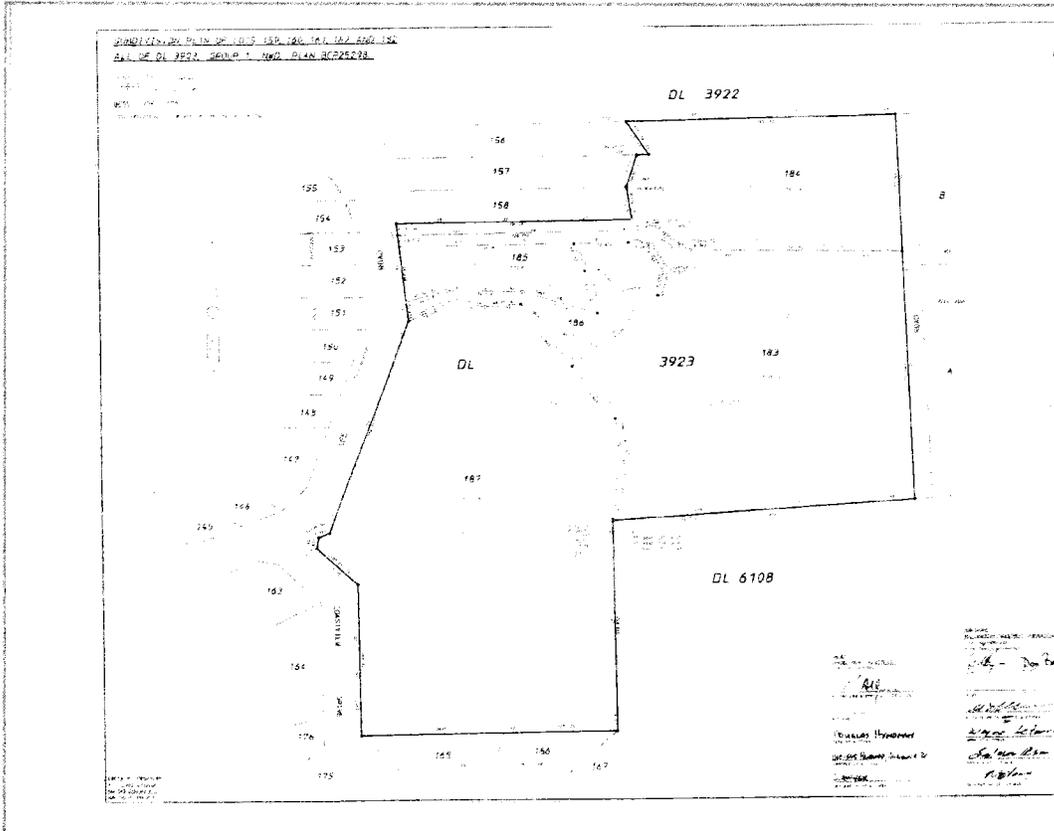
REFERENCE:

Site Map

Main File No. 10780-18 Page # 10 of 12
FILE NO: 10780-18

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13562 Lee Road, Pender Harbour, BC V0N 1S1



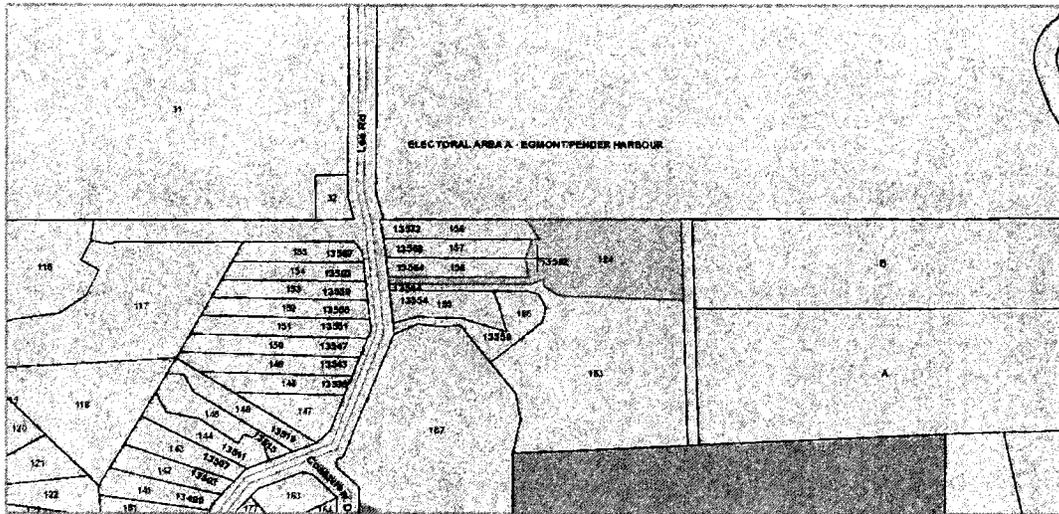
Location Map

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Location Map

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