

**Prepared For:**

**Appraisal of Commercial Property:**

4921-4929 Highway 93  
Radium Hot Springs, BC V0A 1M0

**Legally Described as:**

Lot 2, Plan NEP16989 and Lot A, Plan NEP20655, District Lot 2580, Kootenay Land District  
PIDs: 006-566-588 & 018-350-216



**Prepared By:**

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**Effective Date of the Appraisal:**

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September 5, 2024

# KEYSTONE APPRAISALS

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September 16, 2024

Keystone File #240446

**Re: Property Address: 4921-4929 Highway 93, Radium Hot Springs, BC V0A 1M0**  
**Legal Description: Lot 2, Plan NEP16989 and Lot A, Plan NEP20655, District Lot 2580, Kootenay Land District**  
**PIDs: 006-566-588 & 018-350-216**

In accordance with your request, we have completed a narrative appraisal report on the above noted property. The property has been inspected and an analysis of market data has been completed for the purpose of estimating the current market value of the subject property's interest as of September 5, 2024.

Giving consideration to the stated assumptions and limiting conditions, the estimated current market value of the subject property as described within, as at the effective date, is:

**\$12,525,000**

**TWELVE MILLION, FIVE HUNDRED TWENTY-FIVE THOUSAND DOLLARS**

**As of September 5, 2024, and subject to the assumptions and limiting conditions within this report.**

Data, information, and calculations leading to the value conclusion are incorporated in the report following this letter. The report, in its entirety, including all assumptions and limiting conditions, is an integral part of, and inseparable from, this letter. Any special assumptions and limiting considerations were clearly defined in this report.

No opinion is expressed herein as to the presence or absence of any environmental contamination which may affect the subject property, and which, if present, could have a substantial adverse effect on value. This report is based on the assumption that there is no environmental contamination or significant threat of environmental contamination to the subject property.

The appraisal sets forth the most pertinent data gathered, the techniques employed, and the reasoning leading to the opinion of value. This report has been prepared in conformance with my interpretation of the guidelines and recommendations set forth in the Canadian Uniform Standards of Professional Appraisals Practice as provided by the Appraisal Institute of Canada. It is inappropriate to rely upon this value estimate or individual sections of this report without reference to the report in its entirety.

This appraisal has been completed for the exclusive use of the authorised client's lender, Bank of Montreal, for the purpose of conventional first-mortgage financing, and no other use. No other party may rely on this appraisal without specific written approval of the appraiser in addition to approval by the client. Application may be made to the appraiser for written approval for use. A fee may be required by the appraiser. Any party who does not comply with the procedure to become entitled to rely upon this appraisal shall not be entitled to rely on any aspect of this appraisal and shall proceed at their own risk. Liability to unauthorized users is expressly denied.

Should you have any questions regarding this report, please address them prior to reliance on it.

Respectfully submitted,



Oliver Berkeley  
AACI, P.App.  
Keystone Appraisals Inc.  
AIC Member Number: 910980

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# 1.0 Executive Summary

i) Subject: Superior gas station with store, fast-food franchise, carwash, laundrette, and attached residential units, with highway exposure in Radium Hot Springs, BC.



Photo 2

ii) Location: 4921-4929 Highway 93, Radium Hot Springs, BC V0A 1M0

iii) Legal Description:

PID	Legal Description
006-566-588	Lot 2, Plan NEP16989, District Lot 2580, Kootenay Land District
018-350-216	Lot A, Pan NEP20655, District Lot 2580, Kootenay Land District

Table 1

iv) Purpose of Report: To estimate current market value as of the effective date.

v) Authorised Use: To assist with conventional first-mortgage financing

vi) Authorised Users: Bank of Montreal

vii) Interest Valued: Fee Simple Estate

viii) Effective Date: September 5, 2024

ix) Site:

PID	Size (sq. ft.)	Size (acres)
006-566-588	23,914.00	0.55
018-350-216	13,993.00	0.32
<b>Total:</b>	<b>37,907.00</b>	<b>0.87</b>

Table 2

x) Zoning: C-1: Highway Commercial

xi) Official Community Plan: HC: Highway Commercial

xii) Highest & Best Use: Commercial development consistent with the current use.

- xiii) Market Conditions: Improved (Caution)
- xiv) Market Exposure: +/- 3 - 6 months
- xv) Value Estimates: Direct Comparison Approach: NA See extraordinary assumptions  
Income Approach: \$ 12,525,000 (As a Going Concern)
- xvi) **Final Value Estimates: \$12,525,000 (As a Going Concern)**

**As of September 5, 2024, and subject to the assumptions and limiting conditions within this report.**

## 2.0 Reference

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### 2.1 Introduction

This appraisal report contains the valuation of a well-established gas station with store, fast-food franchise, carwash, laundrette, and attached residential units, with highway exposure in Radium Hot Springs, BC.

This report has been prepared in accordance with the Canadian Uniform Standards of Professional Appraisal Practice as prescribed by the Appraisal Institute of Canada. The extent to which data, analysis and conclusions are presented is a reflection of mandatory content, the report's authorised use, compensation, and client requirements. The method of communicating our findings is commonly referred to as a short narrative report.

### 2.2 Authorised Client, Purpose, Authorised Use and Authorised Users of Report

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- i) Authorised Client (client):
- ii) Purpose: To estimate current market value as of the effective date.
- iii) Authorised Use: To assist with conventional first-mortgage financing
- iv) Authorised Users: Bank of Montreal

This report is prepared on the assumption that no other person will rely on it for any other purpose and that liability to all such persons is denied.

The appraisal 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.

Neither possession of this report nor a copy of it carries with it the right of publication. All copyright is reserved to the author and is considered confidential by the author and his client. It shall not be disclosed, quoted from, or referred to, in whole or in part, or published in any manner, without the express written consent of this appraiser.

This is subject only to the confidential review by the Appraisal Institute of Canada as provided in the Code of Ethics, Standards of Professional Conduct and Standards of Professional Practice of the Institute.

## 2.3 Dates

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- i) Inspection Date: September 5, 2024
- ii) Effective Date: September 5, 2024
- iii) Report Date: September 16, 2024

## 2.4 Title

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Inherent in this valuation is a clear title, other than noted in the report, that would not pose any undue delays in the marketing or trading of the property. Therefore, a comprehensive analysis of the title was not completed. A preliminary review of the title was completed. The states of title certificates are attached to the report as Addendum A.

### Legal Notations(PID006-566-588):

- This title may be affected by a permit under Part 29 of the **Municipal Act**, XB1524 18 01 1988
- This title may be affected by a permit under Part 14 of the **Local Government Act** see LB548792

### Legal Notations(PID018-350-216):

- This title may be affected by a permit under Part 29 of the **Municipal Act**, see W14675

### Legal Notations(bothPIDs):

- This title may be affected by a permit under Part 26 of the **Local Government Act**, see LB64242

### Charges, Liens and Interests (PID 006-566-588only):

- Easement (30946D) appurtenant to lands as therein set out, part reference Plan 28606D, see 28607D & 71879I inter alia released as to part (road only) in Plan 16969. Cancelled as to Lot A, Plan 4750, XE11390, 30 05 1991 Cancelled as to Lot 1, Plan 5422, XE11391, 30 05 1991. Cancelled as to Lot 2, except part included in Plan 4750, District Lot 2580, Plan 2508, XE11392, 30 05 1991. Cancelled XE21955 20/9/1991 as to Lot 1, Plan 12770. Inter alia

### Charges, Liens and Interests (both PIDs):

- Mortgage (CA6650139) in favour of Royal Bank of Canada, inter alia

As the writer of this report is not an expert on legal matters of title, the client should seek professional legal advice with regard to all notations and charges on title. For the purpose of this assignment and opinion of value, we have assumed any and all notations, charges and interests do not negatively impact the utility and quiet enjoyment of the property.

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## 2.5 Definitions

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### 2.5.1 Market Value

Market value is defined by the Canadian Uniform Standards of Professional Appraisal Practice as:

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***“The most probable price which a property should bring in a competitive and open market 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.”***

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

- i) The buyer and seller are typically motivated;
- ii) Both parties are well informed or well advised, and acting in what they consider their best interests;
- iii) A reasonable time is allowed for exposure in the open market;
- iv) Payment is made in terms of cash in Canadian dollars or in terms of financial arrangements comparable thereto;
- v) 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.

### 2.5.2 Going Concern Value

Defined as “the market value of all tangible and intangible assets of an established and operating business with an indefinite life, as if sold in aggregate.”<sup>1</sup>

A going concern value is the value created by a proven property operation. It consists of the total value of the real property plus intangible personal property or business value. In this instance, the value estimated established within this report inherently assumes a going concern value.

### 2.5.3 Inspection

An observation, site visit, walk through, viewing, or non-invasive visual examination of a property.

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### 2.5.4 Exposure Time

The estimated length of time the property interest being appraised would have been offered on the market before the hypothetical consummation of a sale at the estimated value on the effective date of the appraisal.

### 2.5.5 Marketing Time

An opinion on the amount of time it might take to sell a property interest in real estate at the concluded market value level during the period immediately after the effective date of an appraisal. Marketing time is a function of price, time, use, and anticipated market conditions such as changes in the cost and availability of funds not an isolated opinion of time alone. Marketing decisions rest with the owner(s).

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<sup>1</sup> Appraisal of Real Estate (2nd Canadian Edition, 2002, Page Glossary.11)

## 2.6 Property Rights

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Property rights being appraised are those of a "Fee Simple Estate," clear of any liens, encumbrances, or indebtedness not specifically noted within the report.

**Fee Simple Estate** is absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, expropriation, police power, and escheat. It is an inheritable estate.

## 2.7 Scope of the Appraisal

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The following is a brief summary of the processes initiated in completing the report:

- i) We received our instructions from Tim Seo of Petro Radium Hot Springs., who provided information on the subject property. Our identification of the property included a review of property tax/assessment records, title search, and RDEK on-line mapping.
- ii) Interior and exterior inspection of the subject properties was completed by the writer on September 5, 2024, accompanied by the current owner. Photos were taken during this inspection, some of which are included in this report.
- iii) We were provided and reviewed financial statements of the business for years ending February 28, 2022, 2023 and 2024 for three associated companies including two operating corporations and one holding company. The financial information is assumed to be complete and accurate and is subject to an extraordinary assumption.
- iv) Information presented regarding land use regulations was attained from the Village of Radium Hot Springs and Regional District of East Kootenay records.
- v) Site area was taken from BC Assessment.
- vi) Site dimensions and details were viewed on-line at regional mapping sources, BC Assessment, and Landcor. Building measurements and area calculations were based upon site observations and are estimated.
- vii) We did not conduct investigations into the feasibility of any proposed projects.
- viii) Unless otherwise stated, we did not investigate the history of uses for the subject properties or for neighbouring parcels.
- ix) All information and data presented cannot be guaranteed but is considered reliable. Sources of market data include information on file, the Kootenay Association of Realtors MLS, various public records, private fee-for-service research companies and other thirdparties.
- x) Valuation methods utilized are consistent with current standards of practice within the appraisal profession.
- xi) The findings and analysis completed have been summarized and included in this report.
- xii) No technical investigations have been completed such as geotechnical engineering assessment, environmental assessment, site survey or any soil analysis including bearing qualities. If an adverse opinion is provided, the opinion of value may be impacted.

## 3.0 Market Overview

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### 3.1 General Information

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#### 3.1.1 Radium Hot Springs

For the most part, information contained in this section of the report has been extracted from the Village of Radium Hot Springs website, Regional District of East Kootenay (RDEK), and Statistics Canada.

Radium Hot Springs (informally and commonly referred to as Radium) is located in Electoral Area G of the RDEK. Named for the nearby hot springs, which are odourless pools surrounded by natural rock walls.

Radium is located on the traditional unceded territory of the Ktunaxa and Secwépemc First Nations as well as the chosen home of the Columbia Valley Metis Chartered Community. The first inhabitants were indigenous peoples, primarily the Ktunaxa, who have lived in the area for over 10,000 years. Sir George Simpson of the Hudson's Bay Company made the first recorded visit to the springs in the mid 19th century and permanent settlers arrived in the area in the late 1800s. Radium Hot Springs was incorporated as a village in December 1990.

Today, major industries in Radium Hot Springs include tourism and logging. Located at the junction of Highway 93 and 95, Radium Hot Springs is a popular tourist destination for visitors, especially from the Province of Alberta.

#### 3.1.2 Location

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- i) **General:** The Village of Radium is located in southeast BC, in the East Kootenay Region. It is approximately 14 kilometers north of Invermere, BC and 95 kilometers southwest of the Alberta border. It is in the heart of the Rocky Mountains, just outside the boundary of Kootenay National Park.
- ii) **Airports:** The nearest airport to Radium Hot Springs is the Canadian Rockies International Airport (YXC), located between Kimberley and Cranbrook. It is able to accommodate international flights and larger aircraft and offers service to Calgary, AB and Kelowna, Vancouver, and Victoria, BC via Air Canada Express, Pacific Coastal Airlines and WestJet.
- iii) **Distances (*approximate*)**
- |               |        |               |        |
|---------------|--------|---------------|--------|
| Invermere, BC | 17 km  | Calgary, AB   | 259 km |
| Golden, BC    | 103 km | Nelson, BC    | 373 km |
| Banff, AB     | 135 km | Kelowna, BC   | 448 km |
| Cranbrook, BC | 143 km | Vancouver, BC | 816 km |
| Eureka, MT    | 240 km | Victoria, BC  | 905 km |

### 3.1.3 Population

i)	General:	2021: 1,339 2016: 776 2011: 777 2006: 735 Population density: 211.3/sq.km. Land area: 6.34 sq.km.	% change from 2016 to 2021: + 72.55 % change from 2011 to 2016: - 0.90 % change from 2006 to 2011: + 5.71
ii)	Housing:	Total Private Dwellings: 1,366	
iii)	Age & Gender:	All ages: 1,335 0-14 145 15-24 95 25-44 315 45-64 430 65 + 350	Male: 660 Female: 680 Male: 55 Female: 90 Male: 45 Female: 55 Male: 160 Female: 155 Male: 225 Female: 215 Male: 181 Female: 165
		Average age of population: 51.6 Population over 14 years: 89.5%	Male: 53.2 Female: 49.2 Male: 92.4% Female: 86.8%

### 3.1.4 Schools

Radium Hot Springs is located in School District #8: Rocky Mountain.

i)	Public Schools:	J.A. Laird Elementary School (Invermere, BC) Edgewater Elementary School (Edgewater, BC) David Thompson Secondary School (Invermere, BC)
ii)	College:	College of the Rockies (locations in Cranbrook, Creston, Fernie, Golden, Invermere and Kimberley)
iii)	University:	University of BC (Kelowna & Vancouver, BC) Simon Fraser University (Burnaby, Surrey & Vancouver, BC) University of Victoria (Victoria, BC) University of Northern BC (Prince George, BC) University of Calgary (Calgary, AB) University of Lethbridge (Lethbridge, AB)

### 3.1.5 Median Income (2020)

i)	Household Income:	Radium: \$81,000 Invermere: \$84,000 Golden: \$87,000 Cranbrook: \$80,000 RDEK – Area F: \$85,000 RDEL: \$88,000		
ii)	Individual Income:	Radium: \$44,000 Invermere: \$43,200 Golden: \$43,600 Cranbrook: \$41,200 RDEK – Area F: \$43,200 RDEK: \$43,600	Male: \$51,200 Male: \$50,000 Male: \$53,600 Male: \$50,400 Male: \$50,800 Male: \$54,400	Female: \$36,000 Female: \$38,400 Female: \$36,800 Female: \$34,800 Female: \$37,200 Female: \$36,000

### 3.1.6 Community

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- |      |                                     |  |   |
|------|-------------------------------------|--|---|
| i)   | Health Care:                        | Invermere & District Hospital (Invermere)<br>Invermere Medical Clinic (Invermere)  |   |
| ii)  | Government                          | Municipality:  | Village of Radium<br>Mayor Michael Gray (elected)<br>Four Councillors (elected)   |
|      |                                     | Provincial:  | Doug Clovechok (MLA) of the BC Liberal Party represents the Columbia River-Revelstoke electoral district.                             |
|      |                                     | Federal:   | Kootenay East MP is Rob Morrison of the Conservative Party of Canada  |
| iii) | Recreation ( <i>partial list</i> ): | Radium Hot Springs<br>12 ski resorts within 3 hours<br>Cross Country Skiing<br>ATV Trail Riding<br>Mountain Biking Trails<br>Columbia River Tours<br>Windermere Lake | Village of Radium Visitor Centre<br>Valley Zipline Adventures<br>Camping<br>Hiking Trails<br>Fishing<br>Snowmobiling<br>Columbia Lake |

### 3.1.7 Climate

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- |      |                      |   |                         |  |
|------|----------------------|---|-------------------------|--|
| i)   | General:             | Radium Hot Springs experiences a cold and temperate climate. Rainfall is significant, even in the driest month of March. Winters tend to be quite cold, and summers are short and mild. |                         |  |
| ii)  | Average Temperature: | January:     -10.2 °C   | July:           15.4 °C |  |
| iii) | Average Rainfall:    | 360.0 mm (annual, 2020)   |                         |  |
| iv)  | Average Snowfall:    | 65.7 cm (annual, 2020)  |                         |  |

### 3.2 Real Estate

#### 3.2.1 Residential

Radium Hot Springs	2019	2020	2021	2022	2023	31-Aug-24
Units Sold	9	24	17	15	15	10
Average Sell Price	\$388,322	\$403,304	\$566,729	\$582,580	\$623,567	\$588,750
Average Days on Market	215	142	85	60	93	167
% of change	6%	4%	41%	3%	7%	-6%

Source:MLS

Table 3

Invermere Rural	2019	2020	2021	2022	2023	31-Aug-24
Units Sold	96	164	179	106	86	89
Average Sell Price	\$574,052	\$626,747	\$707,917	\$801,245	\$860,197	\$868,080
Average Days on Market	134	158	81	51	69	61
% of change	6%	9%	13%	13%	7%	1%

Source:MLS

Table 4

Invermere	2019	2020	2021	2022	2023	31-Aug-24
Units Sold	42	61	68	49	53	35
Average Sell Price	\$497,888	\$529,741	\$631,446	\$690,871	\$714,196	\$764,623
Average Days on Market	92	101	51	43	42	60
% of change	20%	6%	19%	9%	3%	7%

Source:MLS

Table 5

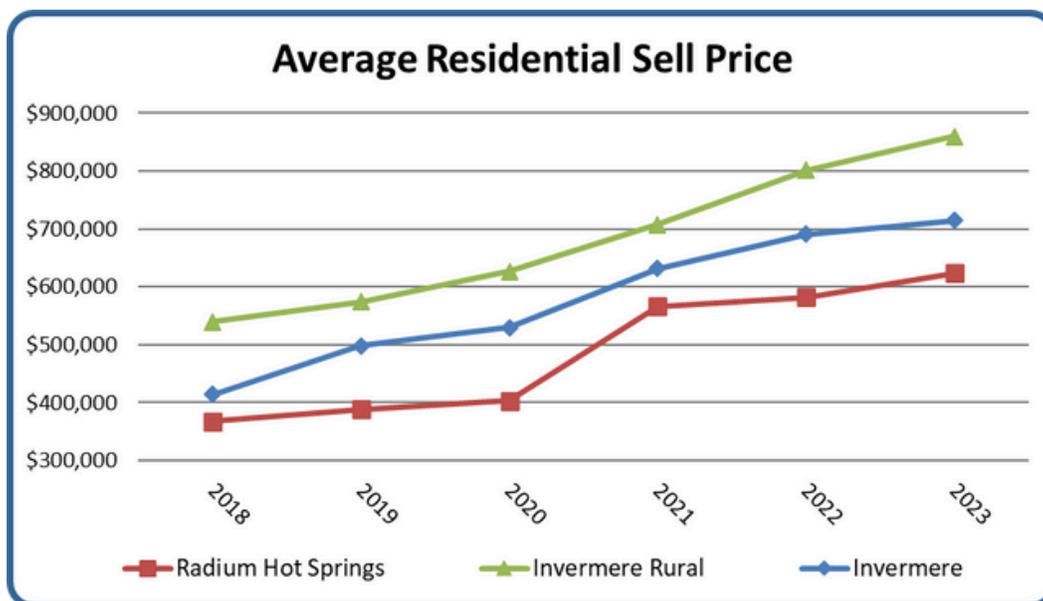


Chart 1

### 3.2.2 Lot Sales

Radium Hot Springs	2019	2020	2021	2022	2023	31-Aug-24
Units Sold	0	5	8	11	7	3
Average Sell Price	\$0	\$200,800	\$104,750	\$210,385	\$122,414	\$218,267
Average Days on Market	0	281	321	224	159	203
% of change	-100%	N/A	-48%	101%	-42%	78%

Source:MLS

Table 6

Invermere Rural	2019	2020	2021	2022	2023	31-Aug-24
Units Sold	38	75	152	66	42	32
Average Sell Price	\$217,287	\$198,092	\$163,105	\$176,571	\$284,769	\$205,669
Average Days on Market	291	295	288	161	201	96
% of change	36%	-9%	-18%	8%	61%	-28%

Source:MLS

Table 7

Invermere	2019	2020	2021	2022	2023	31-Aug-24
Units Sold	14	16	30	28	11	5
Average Sell Price	\$155,743	\$113,859	\$218,818	\$136,346	\$221,818	\$124,300
Average Days on Market	263	439	173	143	95	46
% of change	-15%	-27%	92%	-38%	63%	-44%

Source:MLS

Table 8

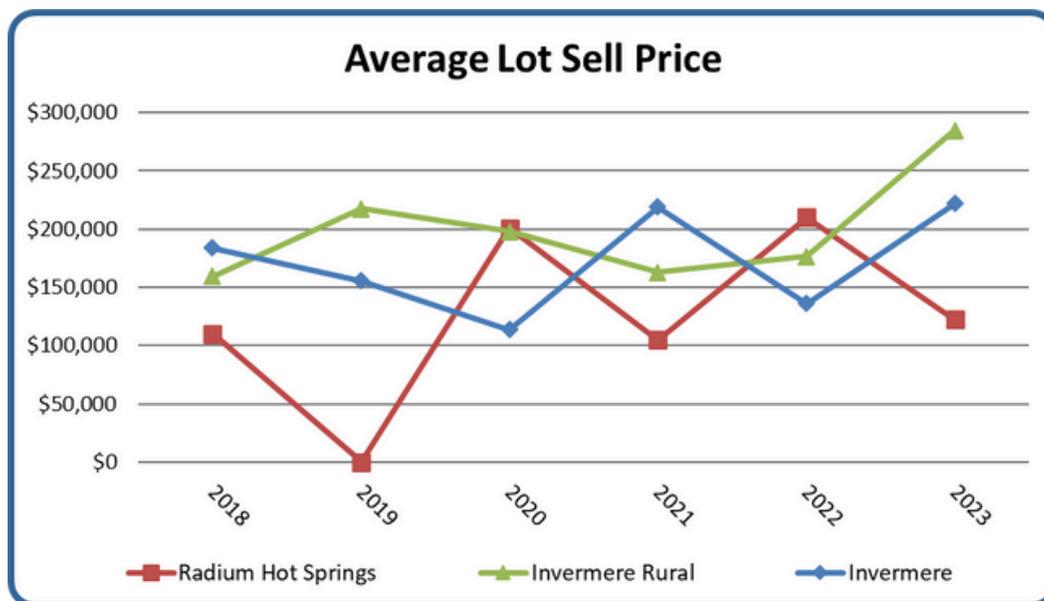


Chart 2

### 3.2.3 Commercial/Industrial Sales

Radium Hot Springs	2019	2020	2021	2022	2023	31-Aug-24
Units Sold	3	1	2	1	0	2
Average Sale Price	\$113,627	\$180,000	\$660,000	\$155,000	\$0	\$2,027,500
Average Days on Market	337	59	838	81	0	311

Source MLS

Table9

Invermere Rural	2019	2020	2021	2022	2023	31-Aug-24
Units Sold	4	1	6	3	0	2
Average Sale Price	\$208,750	\$260,000	\$816,500	\$2,258,333	\$0	\$345,000
Average Days on Market	204	551	162	271	0	91

Source MLS

Table10

Invermere	2019	2020	2021	2022	2023	31-Aug-24
Units Sold	5	1	7	2	3	1
Average Sale Price	\$717,300	\$125,000	\$398,837	\$1,170,000	\$741,667	\$2,600,000
Average Days on Market	201	30	130	39	55	102

Source:MLS

Table11

KAR	2019	2020	2021	2022	2023	31-Aug-24
Units Sold	62	61	115	78	55	41
Average Sale Price	\$499,405	\$413,643	\$658,361	\$835,422	\$1,142,564	\$705,184
Average Days on Market	222	298	208	147	188	154

Source MLS

Table12

### 3.2.4 Building Statistics

	2019		2020		2021		2022		2023		30-Jun-24	
	Value	#	Value	#	Value	#	Value	#	Value	#	Value	#
RDEK - Area E	\$2,900,661	35	\$2,413,510	47	\$3,913,700	37	\$6,711,403	38	\$6,263,200	40	\$2,798,000	11
RDEK - Area F	\$24,823,755	127	\$31,630,963	126	\$61,255,565	228	\$77,083,777	183	\$61,520,765	186	\$23,091,563	94
RDEK - Area G	\$3,092,000	27	\$3,532,946	28	\$3,841,000	32	\$5,729,500	25	\$6,780,061	27	\$2,559,870	13
EastKootenay	\$72,413,803	427	\$84,277,823	491	\$130,622,389	603	\$155,587,831	503	\$136,101,198	487	\$53,037,747	200

Source: Regional District of East Kootenay

Table 13

### 3.2.5 Summary

Residential property values in Radium and surrounding areas have been increasing in recent years. From 2019 to 2023 the average residential sale price within Radium Hot Springs increased from \$388,322 to \$623,567. In nearby Invermere and Invermere Rural, prices have also increased, but to higher average sale prices in 2023 of \$714,196 and \$860,197, respectively. In the first eight months of 2024, Radium has experienced ten sales, 89 in Rural Invermere, and 35 sales in Invermere, with average sale prices of \$588,750, \$868,080, and \$764,623, respectively.

There are extremely limited sales of vacant lots in Radium Hot Springs in any given year, but the 11 transactions in 2022 show an average sale price of \$210,385 and the seven transactions in 2023 show an average sale price of \$122,414. In 2023, Rural Invermere and Invermere average sale prices of vacant residential lots was \$284,769 and \$221,818, respectively. There have been three vacant land sales in Radium Hot Springs in the first eight months of 2024, Rural Invermere has experienced 32 sales, and Invermere five.

There is an extremely limited commercial market in Radium Hot Springs, Invermere, and Invermere Rural, and there were only six total commercial MLS transactions across these three areas in 2022. Radium and Rural Invermere saw no commercial activity in 2023, while Invermere saw three transactions. In 2024, through to the end of August, there have been two commercial sales in Radium, two in Rural Invermere, and one in Invermere.

Of the 62 commercial transactions across the Kootenay Association of Realtors in 2019, the average sale price showed a modest improvement over 2018 values with an average sale price of \$499,405. There were 61 commercial sales in 2020 with an average price of \$413,643, a drop of roughly 17.2% over 2019. However, in late 2020 and through 2021, across the Kootenays it appeared that certain commercial market segments with lower perceived risk were receiving above-average demand from a broader geographic market base. Properties like apartment buildings and manufactured home parks were particularly active with out-of-area purchasers as well. The same goes for properties with secure, longer-term tenancies, and/or with investment returns greater than those seen in larger urban centres in British Columbia and Alberta. Consequently, 2021 proved to be a record year with 115 sales and an average value of \$658,361. 2022 saw a decrease in number of sales to 78; however, the average sale price increased to \$835,422. 2023 figures indicate a reduction in sales volume from recent years, as well as an increase in overall average price to \$1,142,564. However, the average sale price is based on only 55 sales and therefore has high potential to be skewed by outliers. There have been 41 sales in the first eight months of 2024, with a decrease in average sale price to \$705,184.

In Canada, interest rates had been rising (by 1.25%) throughout 2017 and 2018. However, beginning on March 4, 2020, the Bank of Canada began lowering interest rates significantly as a response to the economic risks associated with the COVID-19 pandemic. On March 4, March 13, and March 27 of 2020, the Bank of Canada reduced the interest rate three times resulting in an overall decrease from 1.75% to 0.25%. More recently, the markets have identified significant risks associated with increased inflation, which was at a high of 8.1% in July 2022. In 2022/23, the Bank of Canada introduced multiple incremental interest rate increases, to a key interest rate of 5.0%, the highest since 2001. Although the central rate has declined 0.75% over the previous three financial quarters, the possibility of continued elevated interest rate increases to manage inflation, combined with the potential for global economic disruptions caused by political unrest overseas, the market remains uncertain and potentially fragile, and a correction is a possibility, particularly if supply increases.

**The primary** trend experienced over the last few years has established record pricing and increased the risk of a significant market correction resulting from rapidly rising interest rates and cost of living due to extraordinary inflation growth. **The current levels of uncertainty in the market, particularly on a macroeconomic level, warrant a high degree of caution.**

### 3.3 Market Exposure

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With reference to Tables 7 - 10 above, the average number of days on market for commercial properties in the Radium and surrounding areas which are limited. MLS figures for commercial properties can be misleading particularly on such small sample sizes. Properties are often re-listed more than once and therefore the full marketing term is difficult to determine from the sales statistics.

- i) Estimated Market Exposure: +/- 3 to +/- 6 months
- ii) Effective Prior to: September 5, 2024  
(If listed within 10% of estimated value)

## 4.0 Subject Property

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### 4.1 Location

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- i) Province: British Columbia
- ii) Region: Regional District of East Kootenay
- iii) Community: Village of Radium Hot Springs
- iv) Map: General location of subject



Source: Google Earth

Map 1

## 4.2 Legal Description

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i) Source: Land Title and Survey Authority of BC (LTSA)

ii) Description:

PID	Legal Description
006-566-588	Lot 2, Plan NEP16989, District Lot 2580, Kootenay Land District
018-350-216	Lot A, Pan NEP20655, District Lot 2580, Kootenay Land District

*Table 14*

iii) Taxation Authority: East Kootenay Assessment Area  
Village of Radium Hot Springs

## 4.3 Ownership

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i) Source: Land Title and Survey Authority of BC (LTSA)

ii) Owner: J & Jung Enterprise Ltd, Inc. No. A0105040

## 4.4 Sales History

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The Canadian Uniform Standards of Professional Appraisal Practice require the most recent three years of sales history for the subject property to be reported, as well as any listing/marketing activity which has occurred within the past year.

There are no known sales transactions of the subject properties within the past many years.

The subject property is currently under contract for purchase and sale with the client for \$8,000,000. A copy of the purchase and sale agreement has been provided to the appraiser for review.

## 4.5 Site

- i) Location: The subject comprises of two separate titles with the improved portions of the property built over the interior lot lines and the site will be considered as a single productive entity.

The subject location is on Highway 93 at the intersection with Highway 95, in the Village of Radium Hot Springs, and at the entrance to Kootenay National Park. This is a relatively busy highway route and benefits from a combination of commercial, tourist, as well as local traffic. The site is relatively flat and at-grade with the highway access points but drops steeply along the northern perimeter which permits a basement lower grade access at exterior grade.

Both access to the site and exposure are superior features, particularly for a gas station use, and a major driver for a going concern valuation. Surrounding property uses are largely commercial with a tourist orientation.

More information on the subject site can be found in the maps, photographs, and descriptions to follow:

General location  
of subject



Source: Google Earth

Map 2

ii) Area:

PID	Size (sq. ft.)	Size (acres)
006-566-588	23,914.00	0.55
018-350-216	13,993.00	0.32
<b>Total:</b>	<b>37,907.00</b>	<b>0.87</b>

Table 15

iii) Shape: Irregular, two lots

iv) Topography: Level site

v) Services:

Water:	Municipal
Sewer:	Yes
Street Lighting:	Yes
Fire Protection:	Yes
Natural Gas:	Yes
Hydro-Service:	Yes
Telephone:	Yes
Paved Road:	Yes
Sidewalk:	Yes
Street Parking:	No

vi) Access/Egress/Exposure: The site is located on the northwest side of Highway 93 at the intersection of Highway 95 and provides good visibility to highway traffic. There is minimal pedestrian traffic in the neighborhood. Exposure to and access for vehicular traffic is rated good.

vii) Soil Conditions: An Environmental Site Assessment has not been provided to the writer for consideration and it is noted that the subject site includes gas storage and there is an increased risk of contamination. This report assumes that any contamination, if existing, would fall within prescribed regulatory levels for this type of property. Further, it is assumed that soil conditions are capable of supporting the existing structure and site improvements for their estimated life expectancies.

Should these assumptions be incorrect all value estimates would be subject to review.

viii) Site Photos:

Intersection of Highway 93 and Highway 95  
Facing Southwest  
Subject to Right



Photo 3

Kootenay Highway  
(Highway 93)  
Facing Northeast  
Subject to Left



Photo 4

Subject Site  
Main Building  
Front (Southeast) Elevation



Photo 5

Subject Site  
Main Building  
Side (Southwest) Elevation



Photo 6

Subject Site  
Main Building  
Rear (Northwest) Elevation



Photo 7

Subject Site  
Car Wash Building  
Front (East) Elevation



Photo 8

Subject Site  
Parking Area

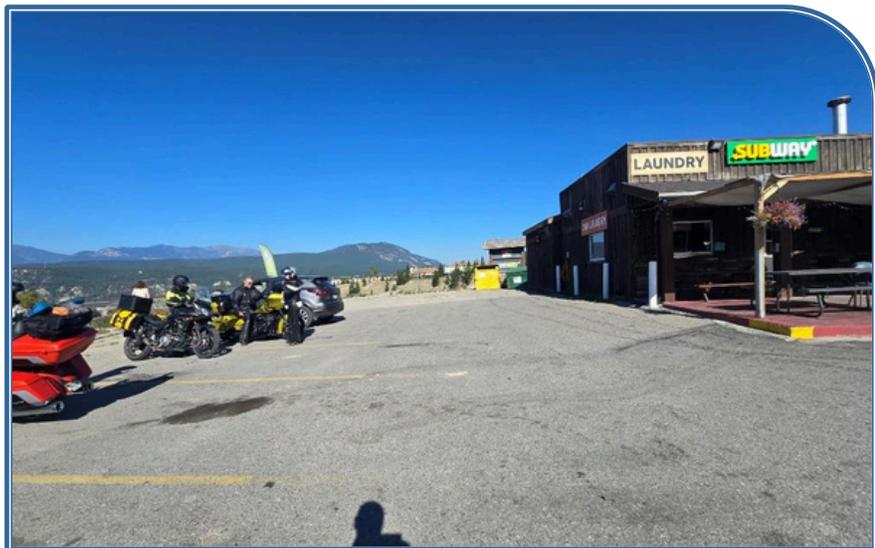


Photo 9

Subject Site  
Car Wash Exit / Vacuum Area



*Photo 10*

Subject Site  
Rear Yard (Residential)



*Photo 11*

## 4.6 Improvements

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### 4.6.1 Reference

The following descriptions are based on information provided by the owner and observations and assumptions made by the writer. This is not a complete building detail. It contains typical descriptions consistent with this type of construction. It is meant to assist the reader.

### 4.6.2 Building Description

i)

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General:

The parcels are improved with a main gas station store with subway franchise (+/- 5,120-square-foot), and laundrette, with basement staff residential improvements (seven bedrooms), and detached three-bay carwash.

The main building is constructed in wood frame with an exterior facade with a combination of stucco, faux rock, and wood. The main roof is asphalt shingle with covered entry and storage area.

The gas station store includes front kiosk, coffee bar, various commercial retail shelving, ATM, and coolers providing the usual selection of snacks and drinks. The store includes a Subway franchise with associated baking, food prep, and storage equipment including walk-in cooler. The retail area includes three washrooms. Overall, the main gas station building is considered to be in average condition.

The gas station equipment and fuelling area includes four covered gas fuelling kiosks and a separate propane station.

The residential basement area contains two independent apartments with a total of seven bedrooms (3 & 4), two full bathrooms, each apartment with kitchen, dining, and living room. There is also an exterior garden deck. The apartments are used for staff accommodation and are in slightly below-average condition.

More information on the subject buildings and improvements can be found in the photographs and descriptions to follow:

Subject Exterior  
Main Building and  
Gas Pump Canopy



Photo 12

Subject Exterior  
Main Building (Centre),  
Gas Pump Canopy (Left), and  
Car Wash Building (Right)



Photo 13

Subject Exterior  
Car Wash Building



Photo 14

Subject Interior  
Convenience Store  
Retail Area



Photo 15

Subject Interior  
Convenience Store  
Retail Area



Photo 16

Subject Interior  
Convenience Store  
Retail Area

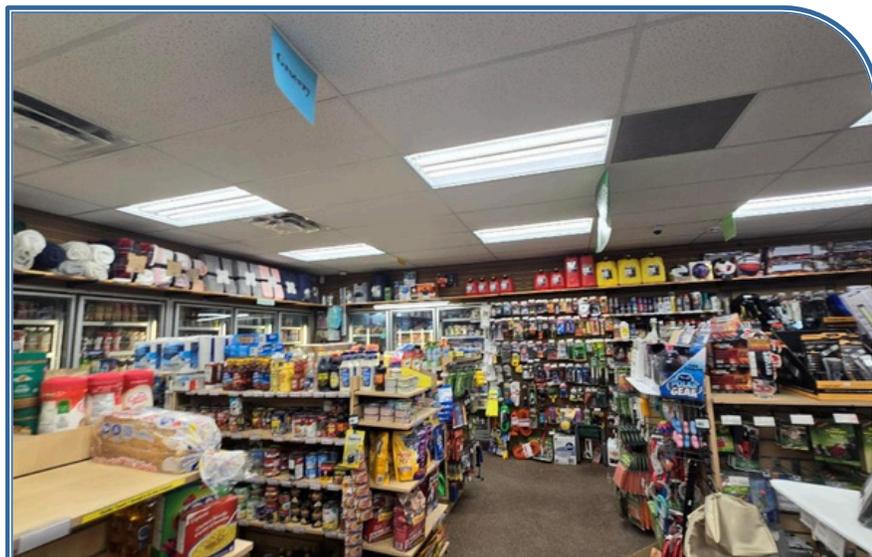


Photo 17

Subject Interior  
Convenience Store  
Rest Rooms and Retail Area

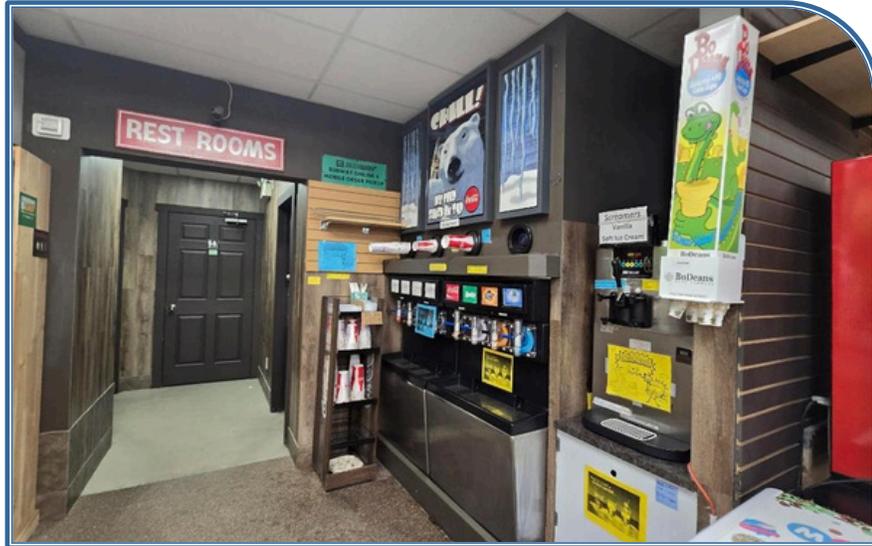


Photo 18

Subject Interior  
Convenience Store  
Coffee Bar



Photo 19

Subject Interior  
Convenience Store  
Subway Kiosk

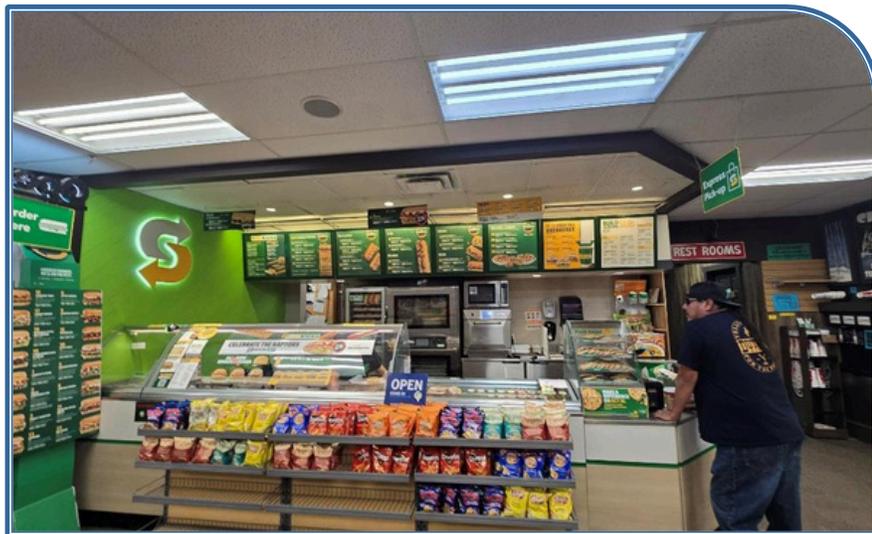


Photo 20

Subject Interior  
Convenience Store  
Checkout Area

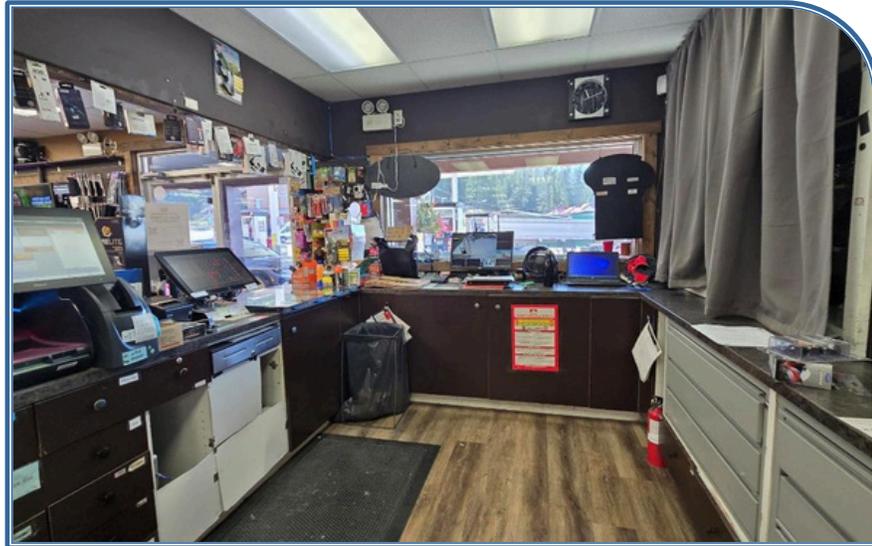


Photo 21

Subject Interior  
Convenience Store  
Drink Storage / Walk-In Cooler

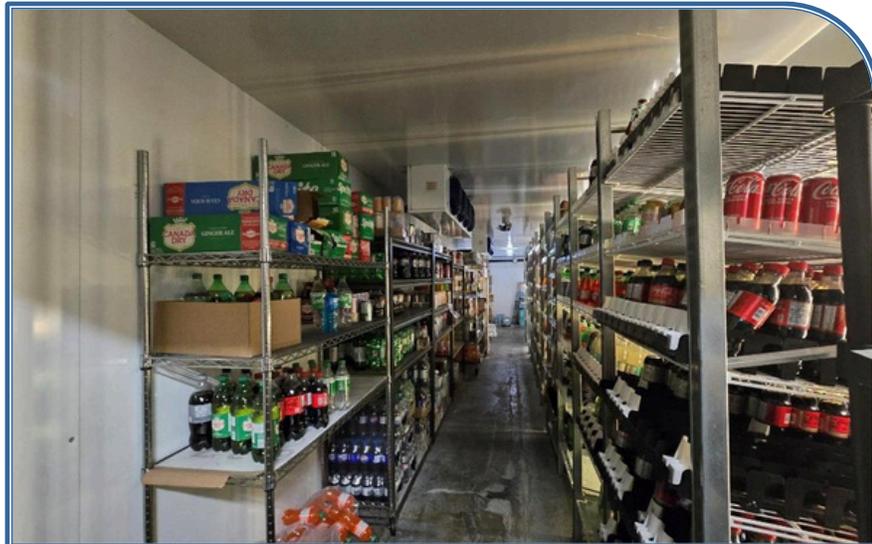


Photo 22

Subject Interior  
Convenience Store  
Office

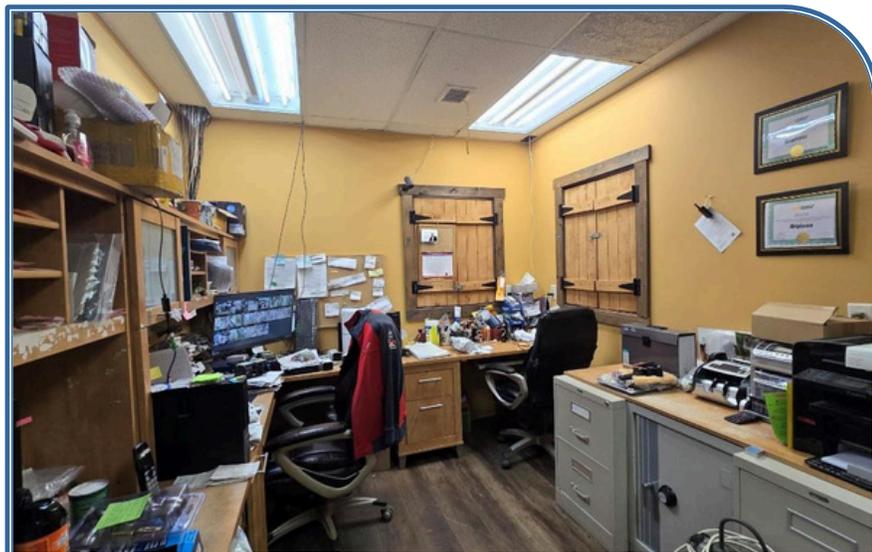


Photo 23

Subject Interior  
Convenience Store  
Rest Room

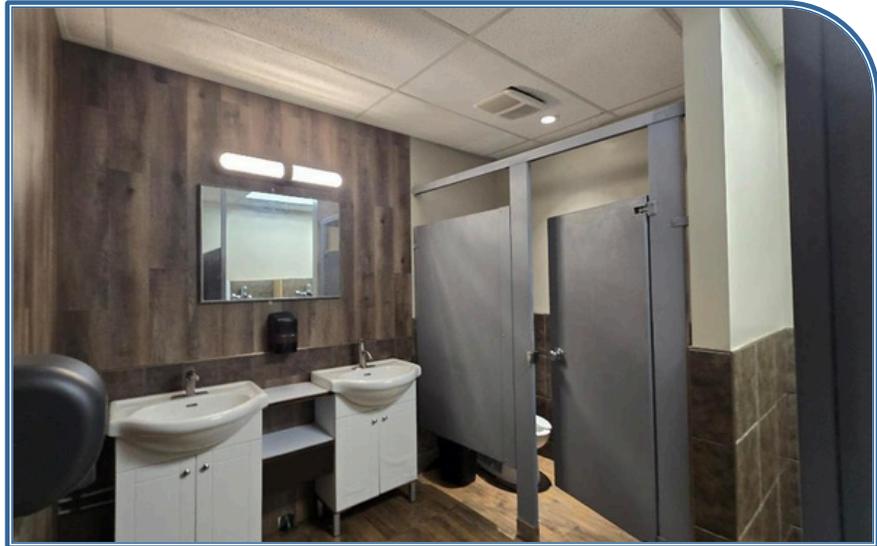


Photo 24

Subject Interior  
Convenience Store  
Subway Kitchen



Photo 25

Subject Interior  
Laundromat



Photo 26

Subject Interior  
Residential Units  
Typical Kitchen

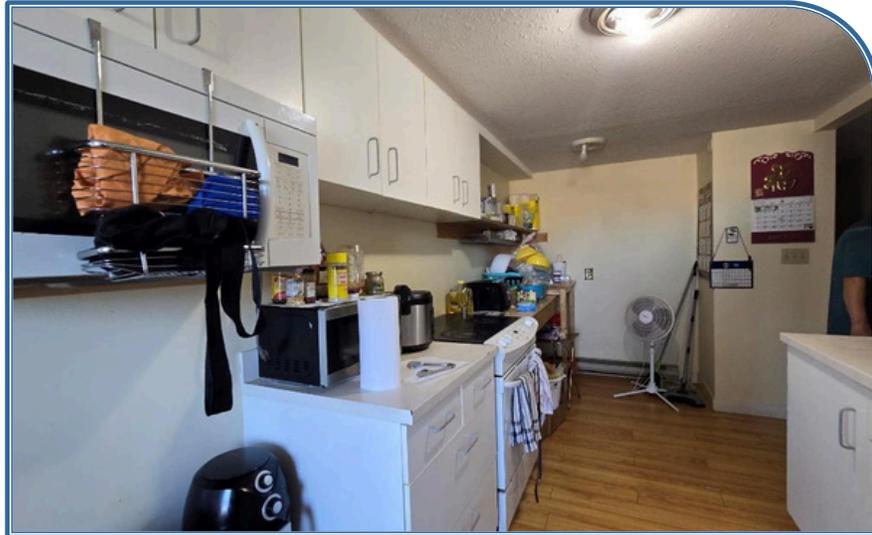


Photo 27

Subject Interior  
Residential Units  
Typical Bedroom



Photo 28

Subject Interior  
Residential Units  
Typical Kitchen



Photo 29

Subject Interior  
Residential Units  
Typical Living Area



Photo 30

Subject Interior  
Residential Units  
Typical Washroom

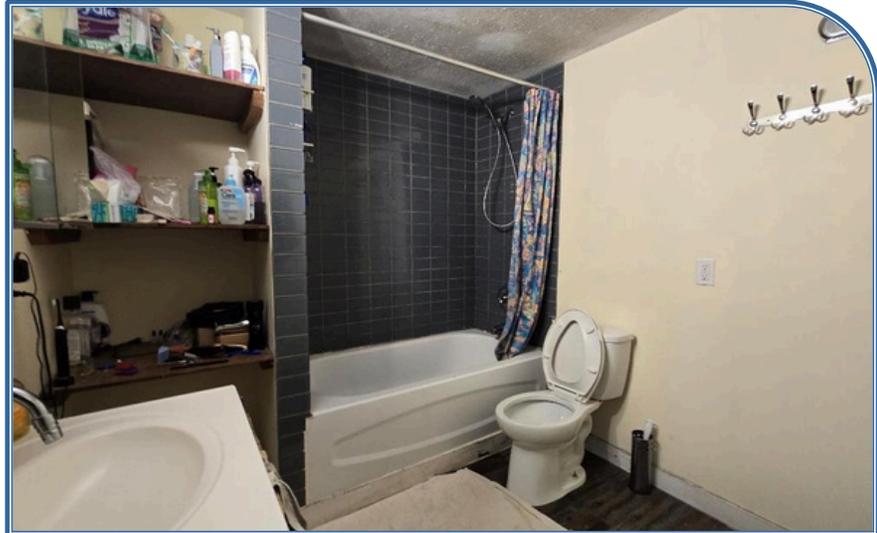


Photo 31

Subject Interior  
Residential Units  
Typical Hallway

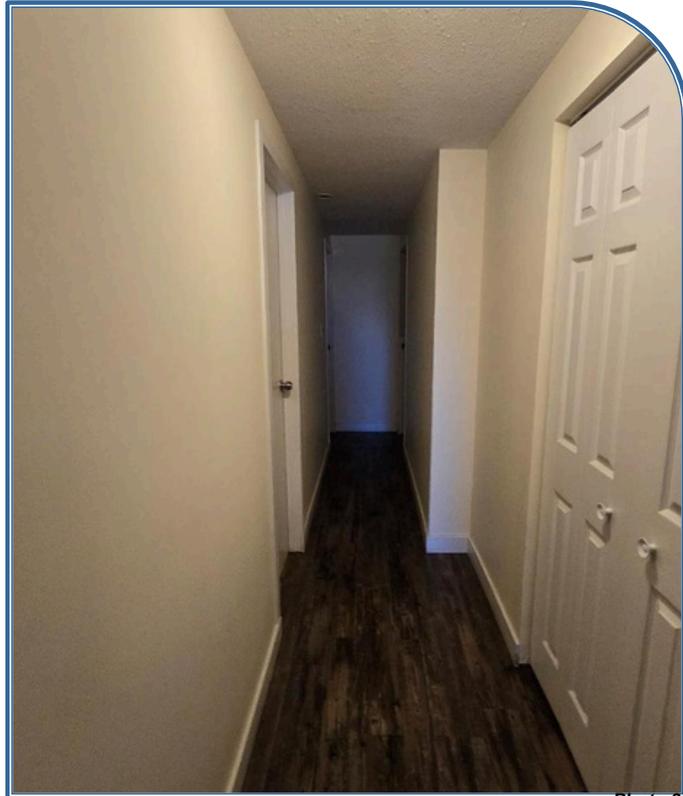


Photo 32

Subject Interior  
Residential Units  
Typical Laundry

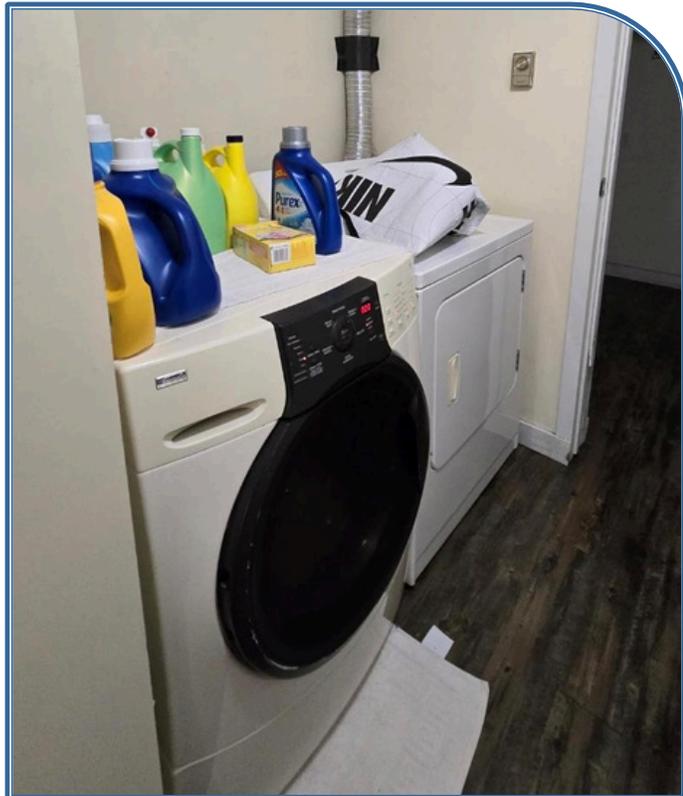


Photo 33

- ii) Tenancies: Owner-occupied
- iii) Site Coverage: +/- 6%
- iv) Heights: Interior +/- 8' – 9" feet.
- v) Foundation: Poured concrete foundation, assumed to building code
- vi) Frame: Wood frame
- vii) Floors: Store: Composite and engineered  
Residence: Engineered flooring
- viii) Exterior: Stucco, wood and faux stone
- ix) Windows/Doors: Mixed commercial and residential quality
- x) Internal Walls: Finished drywall and commercial paneling
- xi) Ceilings: Finished drywall and ceiling tile
- xii) Roof System: Main Building: Asphalt Shingle  
Carwash: Metal
- xiii) Insulation: Assumed adequate
- xiv) Heating and Cooling: Various heating and cooling (reported 12 years old)
- xv) Hot Water: Assumed adequate
- xvi) Plumbing: Mixed
- xvii) Sprinklers: No
- xviii) Electrical: Assumed adequate
- xix) Hazardous Substances: No obvious items observed
- xx) Year Built: +/- 1986
- xxi) Effective Age: Mixed +/-30 years
- xxii) Remaining Economic Life: Mixed +/-35 years

Marshal and Swift Costing Manuals indicate that a building of this type would have a physical life in the range of 65 years, though it should be noted that many of the buildings in the Kootenays are much older than this and they continue to provide an economic return. The estimates of remaining economic life above assume regular repairs and maintenance, standard for this geographic region and property type.

- xxiii) Work Orders: None known
- xxiv) Condition Rating: Average

- xxv) **Equipment:** The improvements include four dual gas pumps with storage tanks and monitoring system, above-ground propane tank, various retail equipment including coolers, display shelves, fast-food franchise equipment, POS, and laundrette equipment. For the purpose of our analysis, we have assumed that the equipment is in proper working order and consolidated into the going concern valuation.
- xxvi) **Comments:** The subject building has been partially improved since the current owners acquired the property.

## 4.7 Assessment and Taxes

i) Roll Numbers:

PID	Roll Number
006-566-588	567-03910.000
018-350-216	567-03901.000

Table 16

ii) Assessment Year: 2024

iii) Valuation Date: July 1, 2023

iv) Assessment (combined):

PID	Land	Improvements	Total
006-566-588	\$ 591,700	\$ 1,570,000	\$ 2,161,700
018-350-216	\$ 139,000	\$ 56,100	\$ 195,100
<b>Total:</b>	<b>\$ 730,700</b>	<b>\$ 1,626,100</b>	<b>\$ 2,356,800</b>

Table 17

v) Tax Class: Commercial

vi) Taxes (2024):

PID	Taxes
006-566-588	\$ 27,109.96
018-350-216	\$ 2,922.84
<b>Total:</b>	<b>\$ 30,032.80</b>

Table 18

vii) Comments: In British Columbia, property taxes are based on a tax rate that applies to all properties with the same property classification. The tax rate, or mill rate, is multiplied by the property's assessed value and the resulting figure, less any exemptions that may apply, equals the annual property taxes owing.

The assessed values do not necessarily represent the current Market Value of the property, but rather a measure of value at a certain point in historical time; July 1, 2023 for the 2024 Assessment Roll, based on their physical state and condition as at October 31, 2023, and state of title as at November 30, 2023. Equity amongst property types within taxing jurisdictions is a priority for each local assessment office.

BC Assessment regularly updates their assessments and will collect information through a variety of sources, not limited to the following:

- Building Permits
- Land titles office
- Real estate transactions (MLS)
- Property owner-initiated updates
- Requests sent to property owners
- A visit to the property
- Aerial and street-front imagery

People wishing to request an independent review of their assessment must file their written notice of complain with the assessor by January 31.

## 4.8 Land Use

### 4.8.1 Reference

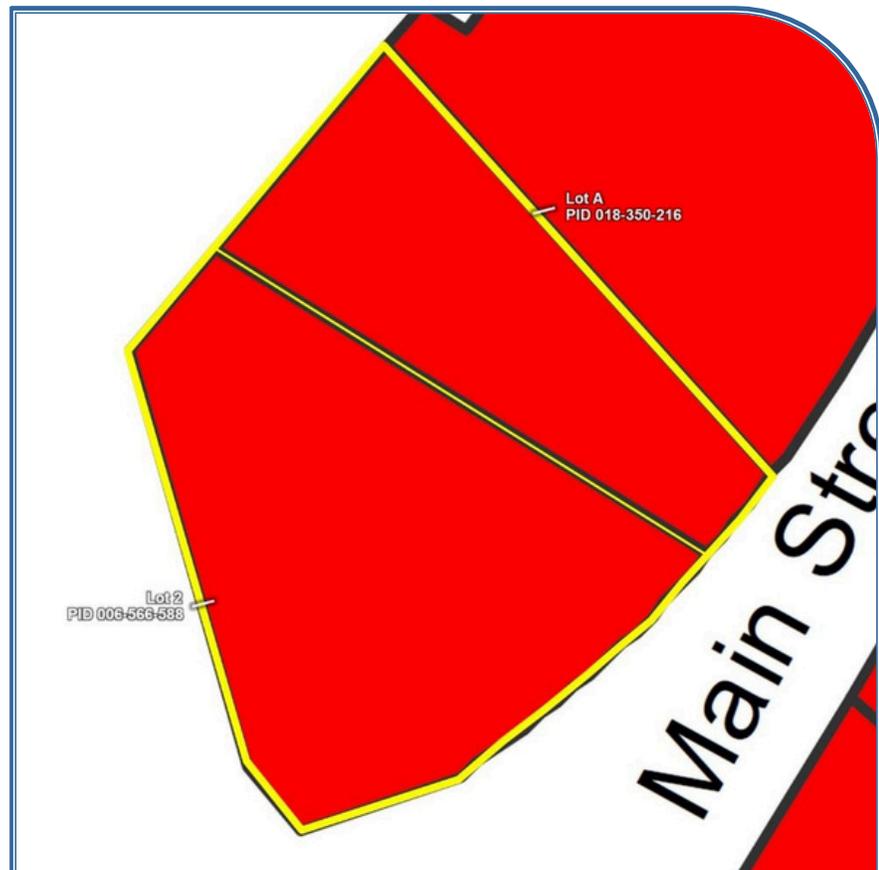
This report addresses the two primary regulators of land use, the Official Community Plan and Zoning Bylaw.

### 4.8.2 Official Plan

- i) Bylaw: Village of Radium Hot Springs Official Community Plan, Bylaw No 396, 2013
- ii) Date: Consolidated to July 2024
- iii) Designation: HC: Highway Commercial
- iv) Conformance: Current use conforms
- v) Map:

**Legend**

- R Rural (R)
- P Park (P)
- SFR Single Family Residential (SFR)
- MFR Multiple Family Residential (MFR)
- MHR Mobile Home Residential (MHR)
- MU Mixed Commercial Residential (MU)
- CR Comprehensive Residential (CR)
- HC Highway Commercial (HC)
- TRC Tourism Recreational Commercial (TRC)
- RE Resort (RE)
- IND Industrial (IND)
- INST Institutional (INST)
- RV Recreational Vehicle (RV)



Source: Village of Radium Hot Springs

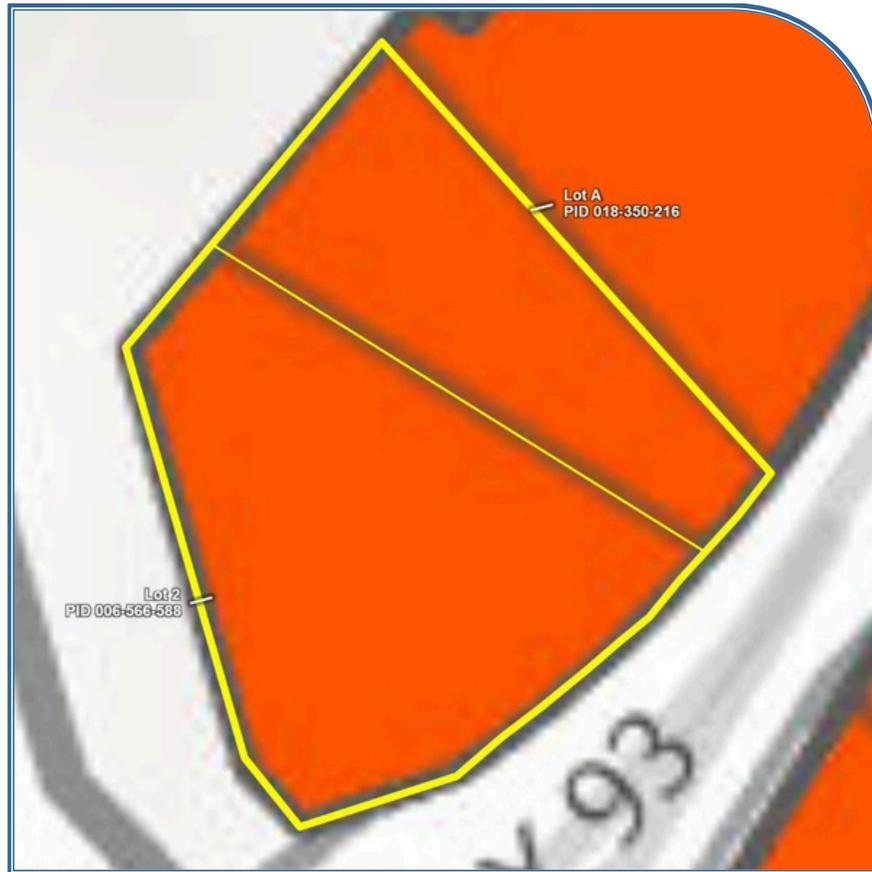
Map 3

### 4.8.3 Zoning

- i) Bylaw: Village of Radium Hot Springs Zoning Bylaw No. 480, 2022
- ii) Date: Consolidated to May 2024
- iii) Designation: C-1: Highway Commercial
- iv) Map:

**Legend**

- AR - Agricultural and Rural Residential
- C1 - Highway Commercial
- C2 - Pedestrian Commercial/Residential
- C4 - Recreation Vehicle Park
- C5 - Golf Course
- I1 - Light Industrial
- I2 - Heavy Industrial
- P1 - Public Institutional
- P2 - Parks and Open Space
- R1 - Single Detached Residential
- R1(MH) - Single Detached Residential, MH
- R2 - Two Unit Residential
- R3 - Multiple Unit Residential Three
- R4 - Multiple Unit Residential Four
- RTA1 - Residential Tourist Accommodation
- VCR1 - Village Core Mixed Residential
- VCR2 - Village Core Infill Residential
- VCR3 - Village Core Multiple Unit Residential
- PR - Private Road
- RPE - Road Path or Easement



Source: Village of Radium Hot Springs

Map 4

- v) Permitted Uses: C-1: This designation allows for a range of commercial-oriented uses. Uses include [abbreviated]:
  - Automobile parts and supply store
  - Car wash
  - Entertainment facility
  - Grocery store
  - Hotel, motel
  - Office
  - Person's services establishment
  - Restaurant
  - Retail sales
  - Service station and convenience store
  - Tourist information booth

Please See Addendum B – Zoning Bylaw.

- vi) Current Regulations:
  - Minimum parcel area: 555 m<sup>2</sup>
  - Minimum parcel frontage: 7.6 m
  - Maximum height of principal building: lesser of 3 storeys or 15 m
  - Minimum setback from parcel lines:
    - Front: 0.0 m
      - Gasoline pumps, pump island, underground and over ground storage tanks, and canopies over gasoline pumps and pump island: 0.0 m
    - Rear: 0.0 m
      - Abutting a residential area: 1.5 m
      - Serviced by a lane: 0.0 m
    - Internal side: 0.0 m
    - External side: 0.0 m
  
- vii) Parking Requirements: The Village of Radum zoning bylaw stipulates 4 parking spaces per 100 m<sup>2</sup> of gross floor area for general commercial-uses.
  
- viii) Orders to Comply: None known
  
- ix) Conformance: Appears to conform

## 4.9 Highest and Best Use

### 4.9.1 Reference

#### Theory and Principle of Highest and Best Use

An accepted definition of Highest and Best Use is:

***“The reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, and financially feasible and that results in the highest value”<sup>2</sup>***

Determining the highest and best use of a property is the critical component in the appraisal of real estate. It provides the valuation framework that market participants and appraisers require to identify and analyze comparable market information for valuation purposes. An appraiser considers the highest and best use of the property as if vacant separately from the highest and best use of the property as improved. This is because the highest and best use of the site, as if vacant and available for development, determines the value of the land, even if the property’s existing improvements do not represent the highest and best use of the site.

Typically, a property owner will renovate or retain an existing property “as-is” while the improvements continue to contribute to the total market value of the property or until the return from a new improvement would more than offset the cost of demolishing the existing development and constructing a new one. The highest and best use is the most profitable use to which an owner could put a property at a specific point in time even if the improvements have remaining economic life. In order to determine the highest and best use of a property, an appraiser measures the interactions of the following criteria for each alternative use:

- **Legally Permissibility** – deals with all of the public and private land use controls that may apply to a specific site. Public legal restrictions include: local zoning bylaws, official community plans (OCPs), building codes, the Agricultural Land Reserve (ALR), designated flood plain areas, environmental laws, statutory rights of way, building codes etc. Private restrictions include: easements, restrictive covenants, long term leases, licenses etc. For improved properties, this test determines whether or not the existing improvements conform to the current land use controls. It also determines how non-compliance impacts the property’s value if modifications are necessary and permission for legally non-conforming use is not desirable or obtainable.
- **Physically Possibility** – deals with the myriad of tangible characteristics that are specific to each vacant or improved site including: access, servicing, site size, shape, frontage, topography, soil load-bearing characteristics, existence of creeks or environmentally sensitive areas and so forth. Taken together, these characteristics put limitations on a site’s overall utility and the scope of improvements that can be built upon it. For improved properties, this test determines whether or not the improvements require renovation or modernization in order to cure physical and functional depreciation and make them conform to current market preferences.
- **Probability** - considers not only current legal restrictions, but also the likelihood that these may be changed at some time in the future. Probability is a product of the evolving interaction between: social trends, economic circumstances, government controls and regulations, and environmental conditions. The proposed highest and best use must be within the realm of probability and not speculative or conjectural; and there must be a demand for the use selected and economic conditions which make it probable that such use will take place. The Probability Test is used in conjunction with the tests of Physical Possibility and Legal Permissibility.
- **Financial Feasibility and Marketability** – for income producing properties, this test determines which use will provide the greatest internal rate of return (IRR) on capital investment. An investor will normally expect the IRR to be about equal to or greater than other investments available in the marketplace with a similar degree of risk over the investment time frame. The cash flows out include all capital expenditures to develop a site, and cash flows in include rents plus the final reversion. The “return on” and “return of” capital normally is spread out over an extended time period (i.e. 5 – 20 years or more).

<sup>2</sup> The Appraisal of Real Estate **Second Canadian Edition**

For properties that are not income producing, the return on and return of capital is a single cash flow over the course of a shorter investment window (subdivision development will have more than one cash flow due to the creation of multiple titles; however, there is normally only one cash flow per title unless the developer has offered financing terms). For non-income producing properties, the IRR must also be comparable to other investments available in the marketplace with a similar degree of risk. In both cases, the marketability of the finished product is a key determinant as to whether or not the IRR objectives will be met.

- **Maximum Productivity** – this test is used to determine the best alternative from the possible uses that have passed the previous tests. It may also examine other value attributes such as opportunity costs, uncertainty (sensitivity analysis), and whether or not additional land value can be created from assemblage or subdivision. The Maximally Productive use should produce the highest residual land value which is consistent with the market's acceptance of risk and rate of return. For improved properties, if the value of the property with the existing improvements is higher than the net value of the property after demolition and building new improvements (even if physical or functional changes are required) then the highest and best use is continuation of the existing use).

#### 4.9.2 Highest and Best Use of the Site as if Vacant

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The use of a property is based on the assumption that the parcel of land is vacant or can be made vacant through demolition of any improvement. The improvements may or may not contribute to the value of the land. That is why property is always valued on its highest and best use as if vacant; separate from highest and best use as if improved.

The subject location on Highway 93 at the intersection with Highway 95, in the Village of Radium Hot Springs and at the entrance to Kootenay National Park. This is a relatively busy highway route and benefits from a combination of commercial, tourist, as well as local traffic. The site is relatively flat and at-grade with the highway access points but drops steeply along the northern perimeter which permits a basement lower grade access at exterior grade. Both access to the site and exposure are superior features, particularly for a gas station use, and a major driver for a going concern valuation. Surrounding property uses are largely commercial with a tourist orientation.

It is therefore reasonable to conclude that, due to the subject's location, the most probable Highest and Best Use for this property, as if vacant, would be development in accordance with the C-1 zoning.

#### 4.9.3 As Though Improved

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The parcels are improved with a main gas station store with subway franchise (+/- 5,120-square-foot), and laundrette, with basement staff residential improvements (seven bedrooms) and detached three-bay carwash. The main building is constructed in wood frame with an exterior facade with a combination of stucco, faux rock, and wood. The main roof is asphalt shingle with covered entry and storage area. The gas station store includes front kiosk, coffee bar, various commercial retail shelving, ATM, and coolers providing the usual selection of snacks and drinks. The store includes a Subway franchise with associated baking, food prep, and storage equipment including walk-in cooler. The retail area includes three washrooms. Overall the main gas station building is considered to be in average condition. The gas station equipment and fuelling area includes four covered gas fuelling kiosks and a separate propane station. The residential basement area contains two independent apartments with a total of seven bedrooms (3 & 4), two full bathrooms, each apartment with kitchen, dining, and living room. There is also an exterior garden deck. The apartments are used for staff accommodation and are in slightly below-average condition.

A review of the financial statements of the operation indicates a significant net financial return on these improvements.

The improved property significantly exceeds the underlying land value of the subject property. Thus, the Highest and Best Use is deemed to be the subject property's current use.

## 5.0 Valuation

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### 5.1 Approaches to Value

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#### 5.1.1 Reference

There are three traditional approaches typically utilized in the valuation of real property. Within each approach are numerous methods. The type of property and the interest being valued determines which approaches and methods are applicable.

#### 5.1.2 Cost Approach

This method is based on the cost of a property's improvements, less all sources of depreciation. This depreciated cost figure is added to an estimated land value, usually derived via the Direct Comparison Approach.

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The Cost Approach is most effective when valuing new or relatively new properties and can be useful where market data is scarce. It is also often used if a property is unique or has a special use and therefore none or very few comparables. However, the approach can become very unreliable where property value does not significantly exceed its replacement costs due to market factors and when used on older buildings because the measurement of all the various forms of depreciation may become unduly subjective and conjectural. It is not a suitable approach in this assignment.

#### 5.1.3 Direct Comparison Approach

The Direct Comparison Approach takes into consideration sales of other properties similar to the subject. It normally has validity since prices paid reflect the motivations of purchasers and vendors in the market, thereby taking into account both tangible and intangible factors influencing prices. It is the most readily understood approach and usually comes closest to reflecting the realities of the market where reliable data are available. However, the composition of gas stations throughout the East and West Kootenays varies significantly and sales include a range of commercial activities including restaurants, residential influence, liquor stores, recreational activities, etc. Therefore comparison based on units of composition such as unit improved area can be challenging and misleading.

#### 5.1.4 Income Approach

The Income Approach attempts to establish a value representing the present worth of future benefits derived from ownership of a parcel of real estate. In assessing the investment opportunity that an income stream from real estate represents, a sampling of activity in the real estate market will provide an indication of the rate of return which owners of similar properties consider satisfactory. This rate may then be applied to the income stream from the subject and capitalized into a lump sum value. The approach is used extensively for valuation of industrial, commercial, and multi-family and residential properties.

Given the multifaceted use of the buildings with several income sources, the income approach is a particularly suitable approach to the subject.

#### 5.1.8 Conclusion

The Direct Comparison and Income Approaches are most often used for this type of commercial property operation; however, it is noted that review of gas station sales across the Kootenays indicates significant variability of value when using the Direct Comparison Approach due to wide range of composition and profitability of individual properties. Location, proximity to competing operations, unique compositional factors that include restaurants, stores, recreational facilities, accommodations, etc., make this approach challenging and inclusion of the Direct Comparison Approach can be misleading. For these reasons an extraordinary assumption has been employed and only the Income Approach will be utilized in this analysis.

Therefore, only the Income Approach Analysis will be used (see extraordinary assumption section).

## 5.2 Income Approach

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### 5.2.1 Reference

For income producing properties, the Income Approach represents the most reliable valuation technique considering investors utilize the income capability of an investment as a measure of value. The employment of the Income Approach requires the discounting of the subject property's stabilized net operating income by an appropriate overall capitalization rate extracted from concurrent sales of similar income producing investment properties. The capitalization rate or price-earnings ratio relates the subject property's net operating income to its most probable selling price. Important factors influencing the overall capitalization rate selection include:

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

The Income Approach is comprised of six basic steps.

- Estimate the subject property's potential gross annual rental income, based on 100% occupancy, and deduct an allowance for vacancy and bad debts resulting in an effective gross income/revenue projection (EGI).
- Estimate the annual, non-recoverable operating expenses, which include all normal expenditures that must be made to generate and protect the projected income stream.
- Determine the net operating income (NOI), which is the income remaining after deducting non-recoverable operating expenses from the effective gross revenue, but before debt servicing and depreciation.
- Select an appropriate method of capitalization.
- Select the appropriate capitalization rate (Ro)
- Convert the net income into an indication of capital value ( $\text{NOI} \div \text{Ro}$ ).

The initial step in the valuation of revenue producing real estate investments involves an estimation of the property's actual or potential stabilized gross annual income. This includes revenue from all sources associated with the operation of the real estate but excludes, for appraisal purposes, interest income, dividends on reinvested earnings and other revenue which are not produced directly from the operation of the property.

## 5.2.2 Estimate of Value

The property and going concern operation have been structured into three distinct corporate entities which for the purpose of this analysis are described as follows:

- HoldCo: J & J Enterprises Ltd. which holds title to the real estate assets and extracts revenues from the two operational companies in the form of rents and management charges.
- GasCo: PDQ Holdings Ltd. which operates the main gas station operation including store, carwash and launderette.
- SubCo: 0805693 BC Ltd. which operates the Subway franchise operation.

Financial statements including Statement of Income were provided for each of the three corporation for the prior three years up to year ending February 29, 2024 for the two operational corporations. No financial records after that date were provided for the current financial year, however, at the request of the author, the owner's agent has stated that there are no significant departures from general operational trends in the current year. The opinion of value provided relies upon the accuracy and completeness of these statements. It is further noted that the statements provided are based upon a compilation standard and have not been scrutinized by an independent professional. The accuracy and completeness of these statements depends entirely on the ownership directors. Considerable caution is warranted, and it is recommended that a qualified accounting professional review the accuracy and completeness of these statement to ensure they reflect a true and fair record of the business performance. For the purpose of this analysis an extraordinary assumption has been employed to support the assumption that these records are reliable.

The financial statements are attached to this report and relevant portions extracted and summarised below in order to normalize the income statements for valuation purposes, with weight given to the last two years to minimize the impact to the analysis of the 2020-2021 pandemic and capture more recent inflationary pressures. The questions posed by the appraiser and responded to by the company director are also attached:

Income & Expenses Statements	Feb 29, 2024	Feb 29, 2023	Stabilized
<b>GrossProfit</b>	\$	\$	\$
From GasCo Operations	1,812,869	1,843,219	
From SubCo Operations	406,605	410,532	
<b>EffectiveGross Income</b>	<b>2,219,474</b>	<b>2,253,751</b>	<b>2,220,000</b>
<b>Expenses (consolidated Op Co x 2)</b>			
Insurance Interest and	31,113	26,544	31,100
Bank Charges Meals and	104,757	119,653	112,000
Entertainment Office	4,566	3,310	4,000
Professional Fees Property	6,829	5,948	6,500
Taxes Repairs and	7,300	13,711	12,000
Maintenance Salaries and	33,114	25,234	30,033
Wages Travel Utilities	28,915	29,216	30,000
Vehicle	306,757	304,852	307,000
	12,248	8,373	10,000
	50,414	52,201	51,000
	23,600	21,524	22,000
<b>Sub-total Op Expenses</b>	<b>609,613</b>	<b>610,564</b>	<b>615,633</b>
<b>AdditionalExpenses (consolidated)</b>			
Management Fees	140,000	140,000	180,000
Rental Fees	624,000	624,000	-
Amortisation	21,883	24,709	-
<b>Sub-total</b>	<b>785,883</b>	<b>788,709</b>	<b>180,000</b>
Capital Reserve +/- 5% of EGI	-	-	110,000
<b>Total Stabilized Expenses</b>			<b>905,633</b>
<b>Reported Net Income (Consolidated)</b>	<b>823,978</b>	<b>854,476</b>	

<b>STABILIZED NET OPERATING INCOME</b>			<b>1,314,367</b>
<b>EGI as % of Gross Revenue</b>			<b>26.3%</b>
<b>NOI as % of Gross Revenue</b>			<b>15.6%</b>

Table 19

### Analysis Comments

Sales and Cost of Sales to arrive at Gross Profit was established based upon the consolidation of the two operational company financial statements, for the previous two-year period of reporting. Effective gross Income has been normalised at the mid-range of these two years.

The residential units are assumed to be a staff benefit and integral cost of the business, which is also offset by the corresponding value to rent that space. Meal expenses are assumed to be staff benefits and typical for a business of this type and size. No adjustments are required.

Recorded wages appear appropriate based on the off-book inclusion of residential benefits for employees.

A capital reserve allowance of 5% has been applied on top of repairs and maintenance, to account for the lifespan of the structural components of the buildings, fuel station mechanical equipment and other going concern improvements.

Management expenses have been stabilized at \$15,000 per month, \$180,000 to reflect a large and profitable business, and the appropriate management level for the investment.

Reported rent is considered a shareholder draw and removed in the statements.

Stabilized expenses have been established at +/- \$905,633 which is deemed reflective of expenses required to drive the business as an owner-investor business with gross revenue in excess of \$8.4 million. The Effective Gross Income (stabilized) as a percentage of Sales is 26.3% and compares favourably with the market assessment tabled below:

Index	Location	Description	Gross Sales	EGI as a % of Gross Sales	Net Operating Income
1	Radium	Store/Gas/Carwash/Restaurant	\$7,276,000	20%	8.2%
2	Nanoose	Store/Gas/Carwash/Restaurant	\$4,135,000	12%	5.6%
3	Duncan Alberni	Store/Gas/Carwash Store/Gas	\$7,500,000	15%	5.0%
4	Highway	Store/Gas/Carwash Store/Gas	\$4,238,000	15%	6.84%
5	Parksville	Store/Gas Store/Gas Store/Gas	\$5,687,900	12%	4.3%
6	Campbell River	Store/Gas	\$3,661,000	13%	5.0%
7	Comox		\$3,750,000	11%	4.5%
8	Sparwood West		\$4,300,000	13%	3.3%
9	Kootenay West		\$7,700,000	20%	3.2%
10	Kootenay		\$1,900,000	11%	1.5%

Table 20

### Summary Analysis: (As a Going Concern)

Based on the foregoing analysis, a typical or stabilized operating year is therefore estimated at:

Stabilized Net Operating Income      **\$ 1,315,000**

### 5.2.3 Capitalization Rates

The capitalization rate generally reflects the degree of risk associated with the property investment. It also reflects relative liquidity, competing rates of return on other investments, the prospect of income growth as well as the level of management and maintenance expenditure, and other factors.

Real estate, as a commodity, must compete in the marketplace along with other interest earning investments, including bonds, money market accounts, stocks and a myriad of other investments. The very nature of real estate indicates that it does not have the liquidity of cash and therefore entails risk.

Fundamental to the development of a capitalization rate is the perceived risk of the investment. This risk assessment reflects not only the physical characteristics of the subject property, but also the security and ongoing viability of the income stream.

### 5.2.4 Market Indicator Chart – OCR Rates for Going Concern

To determine an appropriate capitalization rate, and due to the scarcity of commercial sales in Creston Rural areas, an analysis was completed across the greater Kootenay region with a focus of gas station and related businesses. It is worth noting that gas stations as an investment class typically trade at a higher OCR due to the markets perceived risk associated with the possibility of competition. The following table summarizes the pertinent data for each comparative capitalization rate index used in the Business Income Approach analysis:

Index	Community	Type	Sale Date	Sale Price	Est. OCR
1	Radium	C-Store/Gas/Carwash/Rest	Feb/18	\$6,000,000	10.00%
2	Comox	"C" Store/Gas	Oct/17	\$5,500,000	11.40%
3	Parksville	"C" Store/Gas	Jan/17	\$2,240,000	11.77%
4	Sparwood	"C" Store/Gas/Liquor	Apr/18	\$1,285,000	10.80%
5	Grindrod	"C" Store/Gas/Residence	April/11	\$1,350,000	12.15%
6	Nakusp	"C" Store/Gas/Laundromat	April/10	\$750,000	13.33%
7	Osoyoos	"C" Store/Gas /Residence	Nov/11	\$1,500,000	8.00%
8	Montrose	"C" Store/Gas/Liquor/Carwash	Apr/15	\$865,000	8.67%
9	Nicholson	"C" Store/Gas	Oct/14	\$247,675	9.20%
10	Christina Lake	"C" Store/Gas/Liquor/Apt	Jun/15	\$639,000	10.6%
11	Genelle	C-Store/Gas/Liquor/PO	Nov/15	\$585,000	10.85%
12	Wasa	"C" Store/Gas/Carwash	Feb/16	\$610,000	11.40%
14	Cranbrook	C-Store/Gas/CasWash	Apr/16	\$2,700,000	11.03%
15	Creston*	C-Store/Gas/Residential/Liquor	Jan-21	\$1,175,000	6.81%
16	Kaslo	C-Store/Gas/Fast-food	Jan/24	\$1,025,000	11.51%

\* IncludessignificantresidentialrevenuewhichappearstohavereducedOCR

Table 21

#### Chart Observations

	Low+/-	High+/-	Average +/-	Median +/-
Sale Date	Apr 2010	Jan 2024		
Sale Price	\$247,675	\$6,000,000	\$1,764,778	\$1,175,000
Overall Capitalization Rates	6.81%	13.33%	10.50%	10.85%

ObservationTable 1

Considering:

- the location with exposure to both highway and local traffic.
- the improvement scope, age and improving condition.
- the size of the investment.
- the stability of a well-established business.
- the current demand for real estate investment.
- that management costs have been assumed.
- 2022 financials show an improving trend.
- broader economic challenges and the current cost of commercial borrowing.

The rate selected from the available evidence is considered appropriate for this type of investment as it relates to the risk factors and security of income of the business enterprise. It is concluded therefore that the appropriate overall capitalization rate to apply to the subject property's annual net operating income is best represented by a business capitalization rate of 10.50%.

### 5.2.5 Business Value Estimate

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Going Concern with Land and Buildings:

Projected Annual Net Income:	\$ 1,315,000
Capitalized at 10.5%	$\frac{\$ 1,315,000}{0.105}$
Income Approach Estimate:	\$ 12,523,809

### 5.2.6 Value Estimate Income Approach

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The market value calculation for the subject property via the Income Approach:

**Total Value via Income Approach:**

**\$12,525,000 (as going concern)**

(Based on the assumptions and limiting conditions contained within this report.)

## 5.3 Final Value

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i) Direct Comparison Approach:

**NA – see Extraordinary Assumptions**

The Direct Comparison Approach takes into consideration sales of other properties similar to the subject. It normally has particular validity since prices paid reflect the motivations of purchasers and vendors in the market, thereby taking into account both tangible and intangible factors influencing prices. It is the most readily understood approach and usually comes closest to reflecting the realities of the market where reliable data are available. There is limited data available for the subject property, all of the comparisons differed from the subject to a large degree and the available data excluded actual business performance for most comparables. This approach will be given no weight for this reason.

ii) Income Approach:

**\$12,525,000 (As a Going Concern)**

The Income Approach considers actual and economic income characteristics in relation to overall capitalization rates derived from sales of similar properties. This approach considers the income potential to the building. An acceptable amount of rental and business income data and capitalization rate data was available with which to make comparisons to the subject property.

iii) **Final Value:**

**\$12,525,000 (As a Going Concern)**

**As of September 5, 2024, and subject to the assumptions and limiting conditions within this report.**

## 6.0 Additional References

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### 6.1 Ordinary Assumptions and Limiting Conditions

The certification that appears in this appraisal report is subject to compliance with the Personal Information and Electronics Documents Act (PIPEDA), Canadian Uniform Standards of Professional Appraisal Practice (“CUSPAP”) and the following conditions:

- i) This report is prepared at the request of and 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. Diligence by all authorised users is assumed.
- ii) Because market conditions, including economic, social, and political factors change rapidly and, on occasion, without warning, the market value estimate expressed as of the effective date of this appraisal cannot be relied upon as of any other date except with further advice from the appraiser and confirmed in writing.
- iii) The appraiser 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. No registry office search has been performed and the author assumes that the title is good and marketable and free and clear of all encumbrances. 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.
- iv) 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;
- v) 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. 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.
- vi) 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;
- vii) 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, 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 the site visit 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 this 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;

- viii) The appraiser is not qualified to comment on detrimental environmental, chemical, or biological 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. Unless expressly stated, the property is assumed to be free and clear of pollutants and contaminants, including but not limited to moulds and/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;
- ix) The analyses set out in this report relied on written and verbal information obtained from a variety of sources the appraiser considered reliable. Unless otherwise stated herein, the appraiser did not verify client-supplied information, which the appraiser believed to be correct;
- x) The term “inspection” refers to observation and reporting of the general material finishing and conditions seen 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, in accordance with the CUSPAP;
- xi) 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 ~~The ability/surance of 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 appraiser.
- xii) 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 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 CUSPAP 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 and in accordance with the PIPEDA;
- xiii) The appraiser has agreed to enter into the assignment as requested by the client named in this report for the use specified by the client, which is stated in this report. The client has agreed that the performance of this report and the format are appropriate for the authorised use.
- xiv) This appraisal report, its content and all attachments/addendums and their content are the property of the appraiser. 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.
- xv) This report form is the property of the Appraisal Institute of Canada (AIC) and for use only by AIC members in good standing. Use by any other person is a violation of AIC copyright. This appraisal report, its content and all attachments/addendums and their content are the property of the author. The client, authorised 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;

- xvi) 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 reasonably relied upon without fault;
- xvii) Where the authorised 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.
- xviii) Written consent from the authors must be obtained before any part of the appraisal report can be used for any use by anyone except the client and other authorised users identified in the report. Where the client is the mortgagee and the loan is insured, liability is extended to the mortgage insurer. Liability to any other party or for any other use is expressly denied regardless of who pays the appraisal fee;
- xix) The legal description of the Property and the area of the site were obtained from BC Assessment and the Land Titles Office. Further, the plans and sketches contained in this report are included solely to aid the recipient in visualizing the location of the Property, the configuration and boundaries of the site and the relative position of ALR zoning;
- xx) Keystone Appraisals Inc. cannot advise on legal matters, opinions of titles, questions of survey, hidden or unapparent conditions of the Property, toxic wastes or contaminated materials, soil, or sub-soil conditions, environmental, engineering, or other technical matters, which might render this Property more or less valuable than as stated in this report. If it came to our attention as the result of our investigation and analysis that certain problems may exist, a cautionary note has been entered in this report;
- xxi) The data and statistical information in this report were gathered from reliable sources and are believed to be correct. However, these data are not guaranteed for accuracy, even though every attempt has been made to verify the authenticity of this information;
- xxii) The estimated market value of the Property does not necessarily represent the value of the underlying shares, if the asset is so held, as the value of the shares could be affected by other considerations. Further, the estimated market value does not include consideration on any extraordinary financing, rental or income guarantees, special tax considerations or any other atypical benefits which may influence the ordinary market value of the Property, unless the effects of such special conditions, and the extent of any consequent special value have been described and measured in this report;
- xxiii) Should title to the Property currently be held (or changed to a holding) by a partnership, in a joint venture, through a co-tenancy arrangement or by any other form of divisional ownership the value of any associated fractional interest may be more or less than the percentage of ownership appearing in the contractual agreement pertaining to the structure of such divisional ownership;
- xxiv) In the event of syndication, the aggregate value of the limited partnership interests may be greater than the value of the property rights being appraised by reason of the possible contributory value of non-realty interests or benefits such as provisions for tax shelter, potential for capital appreciations, special investment privileges, particular company and income guarantees, special financing or extraordinary agreements for management services;
- xxv) The final estimated market value is predicated upon the condition that the Property would be sold on the basis of cash over the amount of conventional current market mortgage financing and subject to any contractual agreements and encumbrances as noted in this report, without any contingent agreements or caveats. Other financial arrangements, good or cumbersome, may affect the price at which the Property might sell in the open market;

- xxvi) Neither this or any other of these assumptions nor limiting conditions is an attempt to limit the use that might be made of this report should it properly become evidence in a judicial proceeding. In such case, it is acknowledged that it is the judicial body, which will decide the use of this report, which best serves, the administration of justice;
- xxvii) The value expressed in this report is in Canadian Dollars;
- xxviii) All copyright is reserved to Keystone Appraisals Inc. and this report is considered confidential by Keystone Appraisals Inc. Possession of this report or any copy of this report thereof, does not carry with it the right to reproduction or publication in any manner, in whole or in part, nor may it be disclosed, quoted from, or referred to in any manner without the prior consent and approval of Keystone Appraisals Inc. as to the purpose, form and content of any such disclosure, quotation or reference;
- xxix) Without limiting the generality of the foregoing, neither all nor any part of the contents of this report shall be disseminated to the public in any manner whatsoever or through any media whatsoever or disclosed, quoted from or referred to in any report, financial statement, prospectus, or offering memorandum, or in any documents filed with any governmental agency without the prior written consent and approval of Keystone Appraisals Inc. as to the purpose, form and content of such dissemination, disclosure, quotation or reference;
- xxx) As the writer of this report is not an expert on legal matters of title, the clients should seek professional legal advice with regard to all notations and charges on title.
- xxxi) Values contained in this appraisal are based on market conditions as at the time of this report. This appraisal does not provide a prediction of future values. In the event of market instability and/or disruption, values may change rapidly, and such potential future events have NOT been considered in this report. As this appraisal does not and cannot consider any changes to the property appraised or market conditions after the effective date, readers are cautioned in relying on the appraisal after the effective date noted herein.
- xxxii) When preparing an appraisal for lending purposes, appraisers do not investigate if the prospective loan and applicant satisfy prudent loan underwriting criteria. Correspondingly, we assume no responsibility for loans made where the borrower lacks the ability or motivation to repay the loan, or where the lender has not followed prudent lending practices. When we authorize a lender to rely on this report, we grant such authorization subject to the lender completing a thorough due diligence investigation, which reasonably concludes that the borrower has the intention and capacity to repay the loan.
- xxxiii) Inherent in this valuation is a clear title, other than noted in the report, that would not pose any undue delays in the marketing or trading of the property. As the writer of this report is not an expert on legal matters of title, the clients should seek professional legal advice with regard to all notations and charges on title.
- xxxiv) The size of the subject site was obtained from sources considered reliable; however, no current legal survey has been provided. The subject improvements are assumed to be constructed within the boundaries of the subject site. Should any of these assumptions be proven incorrect, the appraiser reserves the right, for a fee, to update the value conclusions contained within this report.
- xxxv) If this appraisal report has been completed for potential selling purposes, users of this report should be aware that the subject property may sell for more or less than the market value estimate contained within this report. A single transaction may not necessarily reflect market value, particularly when local supply and demand characteristics are unbalanced.

## 6.2 Extraordinary Assumptions

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- i) The opinion of value in part relies upon the extraordinary assumption that the owner's financial statements and additional financial records are true and accurate reflection of the entire business. (**note 1**)
- ii) The opinion of value is based on the extraordinary assumption that the Income Approach is the only reasonable approach to valuing the subject property due to the unique composition of this commercial segment across the Kootenays. (**note 2**)

## 6.3 Hypothetical Conditions

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- i) None

### Notes:

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1. Considerable weight has been placed on the reliance of the financial statements and corporate directors' response to questions relating to these records. It is noted that the statements are produced to a compilation standard which is the lowest financial reporting standard. Whilst there was no evidence to suggest these records are not a fair and complete record, the author is not qualified to form any opinion on the accuracy and completeness of these statements and the accountants did not make themselves available to discuss the financial reports. Given the weight of importance being placed on these records an extraordinary assumption has been employed to support the report findings and underline the importance and risk associated with relying on this assumption. It is recommended that any authorised user of this report satisfy themselves of the accuracy of the financial statements.
2. Due to the absence of truly similar gas station sales in the subject region and the high degree of variability, the author considers the inclusion of the Direct Comparison Approach to be unhelpful and potentially misleading, and therefore only the Income Approach has been employed.

## 7.0 Certification

I certify to the best of my knowledge and belief that:

1. The statement of fact contained within this report are true and correct;
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my impartial and unbiased professional analyses, opinions, and conclusions;
3. I have no past, present or prospective interest in the property that is the subject of this report, and no personal and/or professional interest or conflict with respect to the parties involved with this assignment.
4. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment;
5. My engagement in and compensation for this assignment were not contingent upon developing or reporting predetermined results, the amount of the value estimate, or a conclusion favouring the client, or the occurrence of a subsequent event;
6. My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the CUSPAP.
7. I have the knowledge and experience to complete this assignment competently, and where applicable this report is co-signed in compliance with CUSPAP;
8. Except as herein disclosed, no one has provided significant professional assistance to the person(s) signing this report;
9. As of the date of this report the undersigned has fulfilled the requirements of the AIC's Continuing Professional Development Program;
10. The undersigned is (are all) members in good standing of the Appraisal Institute of Canada. Where a report bears two signatures, both the signing appraiser and co-signing appraiser assume full responsibility for this report.

**CO-SIGNING AIC APPRAISER'S CERTIFICATION** If an AIC appraiser has co-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 appraisal and the appraisal report."

### PROPERTY IDENTIFICATION

**Address:** 4921-4929 Highway 93      **City:** Radium Hot Springs      **Province:** BC      **Postal Code:** V0A 1M0  
**Legal Description:** Lot 2, Plan NEP16989 and Lot A, Plan NEP20655, District Lot 2580, Kootenay Land District  
 PIDs: 006-566-588 & 018-350-216

Based upon the data, analyses and conclusions contained herein, the market value of the interest in the property described, as at September 5, 2024, is estimated at:

**\$12,525,000 (as going concern)**

**As of September 5, 2024, and subject to the assumptions and limiting conditions within this report.**

As set out elsewhere in this report, this report is subject to certain assumptions and limiting conditions, the verification of which is outside the scope of this report.

### APPRAISER

**Signature:**



**Name:** Oliver Berkeley

**AIC Designation/Status:** AACI, P.App

**Membership#:** 910980

**Date of Report/Date Signed:** September 16, 2024

**Personally Inspected the Subject Property** Yes

**Date of Inspection:** September 5, 2024

**Type of Inspection:** Visual, on site, interior & exterior

**Source of Digital Signature Security:** Password-protected

**Note:** For this appraisal to be valid, an original or a password-protected digital signature is required

## 8.0 About the Appraiser

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### 8.1 Summary of Appraiser's Qualifications

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**Oliver Berkeley,**  
**AACI, P.App.**  
**Keystone Appraisals Inc.**  
**5 – 320 Vernon Street**  
**Nelson, BC V1L 4E4**

#### Background

After graduating with honours from University College London, Oliver trained in the City of London banking and financial sector in a specialist Corporate Recovery department, completing a four-year Chartered Accounting training contract with a leading international corporate bank. His exposure to a highly dynamic commercial real estate sector across Western Europe developed skillsets and experience that rapidly raised his role to Senior Project Manager across a diverse range of real estate investments. Oliver developed a reputation as a critical thinker and strategic manager, with an ability to successfully deliver complex projects on time and within budget.

More recently Oliver acquired and expanded a commercial and residential appraisal firm that specialises in providing consulting acquisition services across the interior of BC. This firm is now the largest commercial valuation and consulting service provider in the Kootenays, and its geographic service area extends across the interior.

He is an advisor to senior government of voluntary land acquisition in post-disaster situations and works on strategic policy development in this expanding field.

#### Professional Experience 2017-Present:

Keystone Appraisals Inc.    **Partner (Real Estate Consulting)**

Senior Partner providing real estate consulting and appraisal services primarily focussing on the commercial and development sector, delivering comprehensive real estate services support including project feasibility and risk analysis, project directorship and valuation. Oliver works with many local commercial and non-profit organisations in managing their real estate needs and is currently the Program Director for one of the largest and most successful municipal Voluntary Land Acquisition programs in the province's history. He was the project leading consultant for the Granite Pointe Golf Society Revitalisation Plan which included the rezoning of 16 acres of park land into a complex mixed use development project with an estimated build of \$300 million.

Oliver works in an advisory capacity with senior government on the development of voluntary land acquisition policy and frameworks, as well as designing specific programs for natural disaster impacted communities.

2015-2017:                      Midpoint Holdings Ltd.    **Independent Director**

Independent Director and Chairman of the Audit Committee providing strategic business consulting services to a Canadian public company with an UK operational base. Primarily focussing on development of a North American Strategic Business Plan but also providing operational start up support within Canada. Midpoint is a financial disruptor technology creating a peer-to-peer currency exchange platform that eliminates foreign currency exchange costs.

2004-2015:                      KLV Group, BC, Canada:    **CEO**

The primary driving force behind the real estate development group responsible for the **Kootenay Lake Village** project in British Columbia. A master planned 400-acre waterfront development that outsold the sum of all other real estate projects between 2004 and 2010, establishing the highest prices paid for residential property in the region. The KLV Group includes a real estate investment corporation, a sales and marketing consultancy, a civil works construction company, a private water and sewer utility, and an aggregate mine operation. Record sales values, volumes and profitability rigorously managed by value driven financial model that executed a seven-year construction project within 2.5% of budget.

1998 – 2004:                      Berkeley Investments Ltd:    **CEO**

A real estate development consultant and investor in a variety of real estate projects including project directorship of the Silver Basin Resort project in British Columbia. An 8000-acre international ski, golf and waterfront resort proposal that included reclamation of 80 acres of contaminated industrial waterfront lands.

1994 -1998                      Banque Indosuez (London) **Project Manager**

London based senior level Project Manager offering turnkey business and commercial property investment support to a broad field of international corporate clients including Banque Indosuez (London) and Robson Rhodes. Key responsibilities included project feasibility and risk management assessment, start-up, turnaround and change management, deal structuring, negotiation, and project financing.

1989 – 1994: S&W International, London: **Corporate Insolvency**

Three years financial and professional business/accounting training in a high volume and high-profile corporate insolvency team specialising in corporate investigation, pre-financing evaluation, administration, and receivership. This was a high demand, challenging role working with an industry leader on a variety of international projects with a strong focus in the commercial real estate and construction sector.

#### **Education & Credentials**

AACI P.App. professional designation with the Appraisal Institute of Canada. Bachelor of Science with Honours from University College

London and awarded a University of London Laureate for achievement.

Whilst working within the banking sector he completed four years training as a Chartered Accountant.

Oliver was a 2021 AIC National Conference Presenter and the Law Society of British Columbia CEP Presenter on post-natural disaster voluntary acquisition programs, providing insight into his work as Program Director for Canada's largest and most successful acquisition program.

#### **Appraisal and Valuation Training (Sauder School of Business)**

- Micro Foundations of Real Estate Economics
- British Columbia Real Estate Law
- Urban and Real Estate Economics
- Real Estate Development
- Commercial Property Analysis
- Real Estate Investment Analysis and Advanced Income Appraisal
- Statistical and Computer Applications in Valuation
- Case Studies in Appraisal I & II
- AIC National Conference Presenter: Voluntary Land Acquisition Programs 2021
- Law Society of British Columbia, Continuing Education Program Presenter 2022
- BC Land Summit 2024 Presenter: Pricing Mechanisms in Voluntary Acquisition

#### **Valuation Experience**

- Residential
- Industrial
- Commercial
- Investment
- Mixed Use Residential
- Land
- Development
- Voluntary Land Acquisition
- Expropriation
- Highest and Best Use
- Market Rent Studies

#### **Consulting Experience**

- Real Estate Development – Turnkey support from Preliminary Analysis to Full-cycle Acquisition & Development
- Real Estate Acquisition and Negotiation
- Project and Construction Management
- Public Sector Land Acquisition Programs

# Addendum

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### Addendum A: Title Search

Page 1 of 4

**TITLE SEARCH PRINT**  
File Reference: 240446  
Declared Value \$1000000

2024-09-04, 02:38:42  
Requestor: Shannon McIlmoyle

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

<b>Land Title District</b>	NELSON
Land Title Office	NELSON
<b>Title Number</b>	CA6649731
From Title Number	KW93831
<b>Application Received</b>	2018-02-28
<b>Application Entered</b>	2018-03-09
<b>Registered Owner in Fee Simple</b>	
Registered Owner/Mailing Address:	J & JUNG ENTERPRISE LTD., INC.NO. A0105040 GENERAL DELIVERY, 4921 HIGHWAY 93 RADIUM HOT SPRINGS, BC V0A 1M0
<b>Taxation Authority</b>	East Kootenay Assessment Area Radium Hot Springs, Village of
<b>Description of Land</b>	
Parcel Identifier:	006-566-588
Legal Description:	LOT 2 DISTRICT LOT 2580 KOOTENAY DISTRICT PLAN 16989

**Legal Notations**

THIS TITLE MAY BE AFFECTED BY A PERMIT UNDER PART 29 OF THE MUNICIPAL ACT XB1524 18 01 1988

THIS TITLE MAY BE AFFECTED BY A PERMIT UNDER PART 14 OF THE LOCAL GOVERNMENT ACT, SEE LB548792

THIS TITLE MAY BE AFFECTED BY A PERMIT UNDER PART 26 OF THE LOCAL GOVERNMENT ACT, SEE LB64242

### Addendum A: Title Search

Page 2 of 4

**TITLE SEARCH PRINT**

File Reference: 240446  
Declared Value \$1000000

2024-09-04, 02:38:42  
Requestor: Shannon McIlmoyle

**Charges, Liens and Interests**

Nature:  
Registration Number:  
Registration Date and Time:  
Remarks:

EASEMENT  
30946D  
1947-10-06 11:45  
INTER ALIA  
APPURTENANT TO LANDS AS THEREIN SET OUT PART  
REFERENCE PLAN 28606D SEE 28607D & 71879I INTER  
ALIA RELEASED AS TO PART (ROAD ONLY) IN PLAN  
16969  
CANCELLED AS TO LOT A PLAN 4750 XE11390  
30 05 1991  
CANCELLED AS TO LOT 1 PLAN 5422 XE11391  
30 05 1991  
CANCELLED AS TO LOT 2 EXCEPT PART INCLUDED  
IN PLAN 4750 DISTRICT LOT 2580 PLAN 2508  
XE11392 30 05 1991  
CANCELLED XE21955 20/9/1991 AS TO LOT 1 PLAN 12770

Nature:  
Registration Number:  
Registration Date and Time:  
Registered Owner:  
Remarks:

MORTGAGE  
CA6650139  
2018-02-28 09:04  
ROYAL BANK OF CANADA  
INTER ALIA

**Duplicate Indefeasible Title**

NONE OUTSTANDING

**Transfers**

NONE

**Pending Applications**

NONE

**Addendum A: Title Search**

*Page 3 of 4*

**TITLE SEARCH PRINT**

File Reference: 240446

2024-09-04, 02:38:42

Requestor: Shannon McIlmoyle

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

**Land Title District**  
Land Title Office

NELSON  
NELSON

**Title Number**  
From Title Number

CA6649732  
KW93830

**Application Received**

2018-02-28

**Application Entered**

2018-03-09

**Registered Owner in Fee Simple**

Registered Owner/Mailing Address:

J & JUNG ENTERPRISE LTD., INC.NO. A0105040  
GENERAL DELIVERY, 4921 HIGHWAY 93  
RADIUM HOT SPRINGS, BC  
V0A 1M0

**Taxation Authority**

East Kootenay Assessment Area  
Radium Hot Springs, Village of

**Description of Land**

Parcel Identifier:

018-350-216

Legal Description:

LOT A DISTRICT LOT 2580 KOOTENAY DISTRICT PLAN NEP20655

**Legal Notations**

THIS TITLE MAY BE AFFECTED BY A PERMIT UNDER PART 29 OF THE MUNICIPAL ACT SEE W14675

THIS TITLE MAY BE AFFECTED BY A PERMIT UNDER PART 26 OF THE LOCAL GOVERNMENT ACT, SEE LB64242

**Charges, Liens and Interests**

Nature:

MORTGAGE

Registration Number:

CA6650139

Registration Date and Time:

2018-02-28 09:04

Registered Owner:

ROYAL BANK OF CANADA

Remarks:

INTER ALIA

**Duplicate Indefeasible Title**

NONE OUTSTANDING

**Transfers**

NONE

**Addendum A: Title Search**  
*Page 4 of 4*

**TITLE SEARCH PRINT**

File Reference: 240446

2024-09-04, 02:38:42

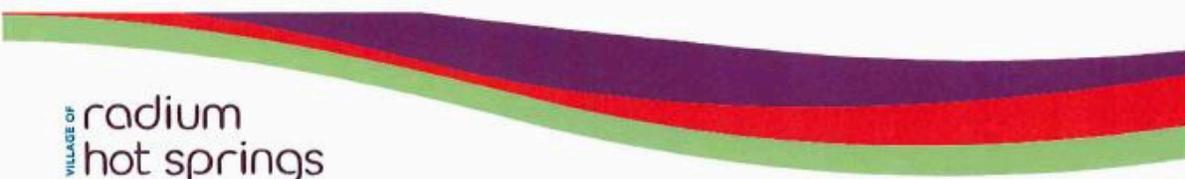
Requestor: Shannon McIlmoyle

**Pending Applications**

NONE

## Addendum B: Zoning Bylaw

Page 1 of 3



VILLAGE OF **radium hot springs**

**7.0 COMMERCIAL**

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**7.1 C1 ZONE – Highway Commercial** **C1**

**Intent:** To provide a *Zone* to accommodate and regulate highway-oriented commercial development and compatible accessory uses to support the needs of the community.

**7.1.1 Permitted Uses**

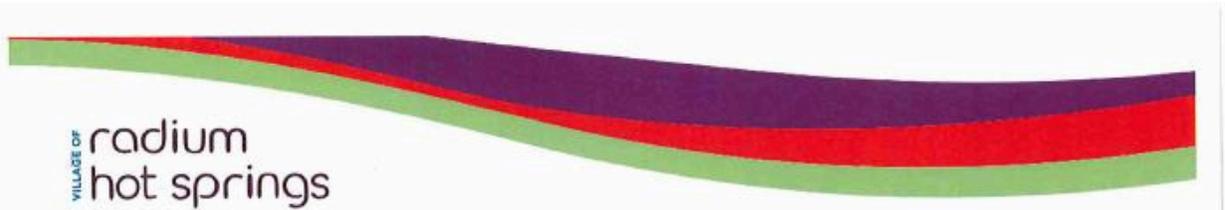
a) **Principal Uses**

The following *Uses* and no others are permitted in the C1 *Zone*:

- i Automobile parts and supply store
- ii Bakery
- iii Bank and financial institution
- iv Bus depot
- v *Cannabis retail store*
- vi Car wash
- vii *Childcare, major*
- viii *Community or assembly hall*
- ix Commercial printing and publishing
- x *Craft Brewery*
- xi *Distillery*
- xii *Entertainment facility*
- xiii *Funeral home*
- xiv Grocery store
- xv *Hotel*
- xvi *Liquor primary establishment*
- xvii *Medical office*
- xviii *Motel*
- xix *Office*
- xx *Off-street parking and loading facility*
- xxi *Personal services establishment*
- xxii *Place of worship*
- xxiii Public building including fire hall, police station, and post office
- xxiv *Recreation facility, outdoor*
- xxv *Recreation facility, indoor*
- xxvi *Restaurant*

Village of Radium Hot Springs Zoning Bylaw No. 480 | Page 57

**Addendum B: Zoning Bylaw**  
*Page 2 of 3*



VILLAGE OF **radium**  
**hot springs**

- xxvii *Retail liquor sales*
- xxviii *Retail sales*
- xxix *Service station and convenience store*
- xxx *Tourist information booth*

b) **Accessory Uses**

The following *Uses* and no others are permitted as accessory to the *Principal Uses* in the C1 Zone:

- i *Dwelling units attached to a permitted commercial use building*
- ii *Short term rental*
- iii *Accessory buildings and structures*

**7.1.2 Subdivision Regulations**

Minimum <i>parcel area</i> for all uses except <i>service station use, or hotel, motel</i>	555m <sup>2</sup>
Minimum <i>parcel area</i> for <i>service station</i>	1,000m <sup>2</sup>
Minimum <i>parcel area</i> for <i>hotel and motel</i>	1,500m <sup>2</sup>
Minimum <i>parcel Frontage</i>	7.6m

**7.1.3 Building Width**

The minimum width of a *principal building* is 6.1 m

**7.1.4 Setback Requirements**

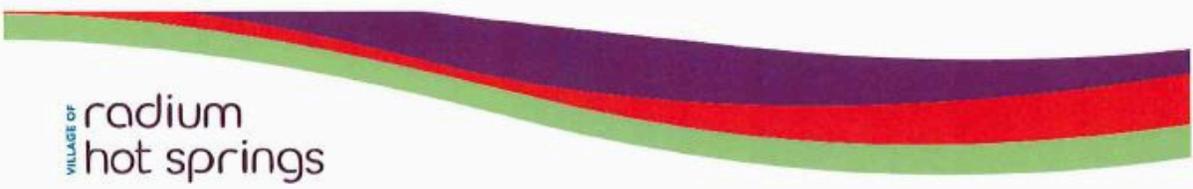
Minimum *setback* requirements are as follows:

a) **Principal Building:**

Front <i>parcel line</i>	0.0m
Front <i>parcel line</i> , for gasoline pumps, pump islands, underground and over ground storage tanks, and canopies over gasoline pumps and pump island	6.0m
Rear <i>parcel line</i>	0.0m
Rear <i>parcel line</i> abutting a <i>residential area</i>	6.0m
Rear <i>parcel line</i> serviced by a <i>lane</i>	1.5m
Internal <i>side parcel line</i>	0.0m
External <i>side parcel line</i>	1.5m

**7.1.5 Height**

**Addendum B: Zoning Bylaw**  
*Page 3 of 3*



VILLAGE OF **radium**  
**hot springs**

Maximum building *heights* are as follows:

<i>Principal building</i>	The lessor of 3 <i>storeys</i> or 15m
Accessory buildings and <i>Structures</i>	The lessor of 1 <i>storey</i> or 5.0m

**7.1.6 Other Regulations**

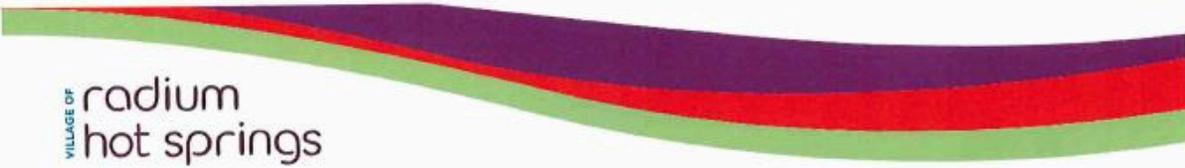
- a) Every business or undertaking shall be conducted within a completely enclosed building, except for display purposes, outdoor dining, parking, and loading facilities.
- b) A *dwelling unit* attached to a commercial use building shall meet each of the following conditions:
  - i be self-contained;
  - ii have a separate exterior entrance;
  - iii have a minimum floor area of 38m<sup>2</sup>;
  - iv be designed and constructed as an integral part of the building for where the commercial use is occurring; and
  - v be located on a separate *storey* or in the rear of the commercial use building.
- c) Principle buildings shall be placed on, or constructed on, a *permanent foundation* with any detachable towing and touring gear removed

**Addendum C: Off-Street Parking**  
*Page 1 of 2*

**Table 1 Required Parking**

<i>Residential Uses</i>	<i>Number of Required Spaces</i>	<i>Visitor Parking</i>
<i>Single-detached, two-unit dwellings</i>	<i>2 per dwelling unit</i>	<i>Not required</i>
<i>Secondary suites and detached accessory dwelling units</i>	<i>1 per bedroom up to a maximum of 2</i>	<i>Not required</i>
<i>Townhouses</i>	<i>2 per dwelling unit</i>	<i>10% of total required parking spaces</i>
<i>Apartments</i>	<i>1 per studio suite</i>	

**Addendum C: Off-Street Parking**  
*Page 2 of 2*



**VILLAGE OF radium hot springs**

	2 per <i>dwelling unit</i> with one or more bedrooms	10% of total required parking spaces
<i>Home occupation, major</i>	1 parking space per <i>employee</i> with a minimum of 1 parking space	Not required
<i>Employee accommodation</i>	0.5 per <i>employee dwelling unit</i>	Not required
<b>Commercial Uses</b>		<b>Number of Required Spaces</b>
All commercial uses in a commercial zone other than those specifically listed in this table		4 per 100m <sup>2</sup> of <i>gross floor area</i>
Golf course, standard		2.5 per hole
Mini Golf Course		0.5 per hole
<i>Hotels/motels</i>		1 per <i>sleeping unit</i>
<i>Recreational vehicle park &amp; campgrounds</i>		1 per space
<i>Office &amp; personal service establishments</i>		3 per 100m <sup>2</sup> of <i>gross floor area</i>
<i>Restaurants and liquor primary establishments</i>		4 per 100m <sup>2</sup> of <i>gross floor area</i>
<i>Retail Sales</i>		3 per 100m <sup>2</sup> of <i>gross floor area</i>
Short-Term Rentals		1 for every 2 <i>sleeping units</i> or bedrooms
<b>Industrial Uses</b>		<b>Number of Required Spaces</b>
All uses in the light industrial and heavy industrial zones		1 per 100m <sup>2</sup> of <i>gross floor area</i>
<b>Institutional Uses</b>		<b>Number of Required Spaces</b>
All uses in public institutional zone other than those specifically listed in this table		3 per 100m <sup>2</sup> of <i>gross floor area</i>
<i>Assisted living residence</i>		1 per 2 <i>sleeping units</i> or <i>dwelling units</i>
<i>Community or assembly hall</i>		3 per 100m <sup>2</sup> of <i>gross floor area</i>
<i>Public Building</i>		3 per 100m <sup>2</sup> of <i>gross floor area</i>
<b>Recreation Uses</b>		<b>Number of Required Spaces</b>
<i>Recreation facility, indoor</i>		3 per 100m <sup>2</sup> of <i>gross floor area</i>
Curling rink, bowling alley, racquet court		2 per alley, rink, or court
<i>Entertainment facility</i>		1 per 5 seats

**Addendum D: Financial Statements**  
Page 1 of 2

2022 Mar - 2023 Feb PQQ(petro canada) sale														
	2022 Mar	April	May	June	July	Aug	Sep	Oct	Nov	Dec	Jan, 2023	Feb	Total	
Total Net sale A+B (without GST, PST)	452,529	593,537	855,023	709,376	1,108,323	1,079,356	861,541	938,966	573,678	432,486	400,984	413,968	\$ 8,533,253	
Gas sale \$ - A	314,054.00	476,385	622,865	515,662	788,225	760,144	614,198	688,861	413,571	289,854	275,187	288,836	\$ 5,996,520	
Gas sale Liter	174,381	225,456	311,175	238,064	374,413	397,553	336,631	349,467	216,151	167,663	161,275	172,817	\$ 3,125,046	
Item(instore) sale - B	138,475	117,152	232,158	193,714	320,098	319,212	247,347	250,105	160,105	142,632	125,797	125,132	\$ 2,423,247	
Carwash													\$ 21,540.00	
Subway													\$ 7,340.00	
Rebate & Sales Bonus	Suncor gas sale	In store item purchase	Lottery sale	ATM fee revenue	Subway food purchase									
	50,001	14,850	10,565	5,890	3,300									

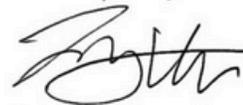
We, the Directors, general manager and ownership of the companies and businesses hereby confirm above and duly sign as below.

Director  
Richard Jung 

Director Jessie Jung 

2023 Mar - 2024 Feb PQQ(petro canada) sale														
	Mar-23	April	May	June	July	Aug	Sep	Oct	Nov	Dec	Jan, 2024	Feb	Total	
Total Net sale (A+B+C) (without GST, PST)	429,664	520,644	593,001	770,394	1,191,119	1,086,214	1,013,171	606,410	331,308	384,596	339,722	348,472	\$ 7,726,529	
Gas sale \$ - A	292,028	344,009	397,482	576,111	812,108	763,029	726,149	422,761	222,953	249,258	228,469	225,979	\$ 5,232,401	
Gas sale Liter	176,083	198,299	228,817	307,545	482,940	428,578	399,327	238,136	128,159	151,594	144,955	139,659	\$ 3,024,091	
Item(instore) sale - B	137,636	176,575	195,514	242,283	359,011	323,185	287,022	183,649	108,355	135,338	111,253	122,493	\$ 2,382,314	
Carwash													\$ 23,127.00	
Subway													\$ 5,090.00	
Rebate & Sales Bonus	Suncor gas sale	In store item purchase	Lottery sale	ATM fee revenue	Subway food purchase									
	48,385	16,450	10,444	4,890	3,427									

We, the Directors, general manager and ownership of the companies and businesses hereby confirm above and duly sign as below.

Director Richard Jung 

Director Jessie Jung 

## Addendum E: Appraiser Questions & Director Response

Page 1 of 2

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### PDQ Holdings

- Please confirm if PDQ Holdings is the main gas station operation and includes the revenues and expenses for the following: ---> YES
  - Gas station fuel and store sales?
  - Laundrette sales?
  - Carwash sales?
- Please provide Note 2 to the financial statements and explain to which person/entity the management fees and rental are paid to?
- -> Both were paid to the J&J Enterprise Ltd.
- Under expense line item "Salaries and Wages" – is all of the operational (day-to-day) management included in this line as well as all staffing costs?
- -> Yes. Salaries and Wages are all of the operational costs including all staffing.
- Interest and bank charges expenses only relate to the operations? Are there any debt servicing costs?
- -> Yes. only related the operations. We don't have any debt.

### 0805693 BC Ltd

- Is this corporation the Subway franchise and is that the only source of revenue and expense?
- -> Yes this corporation is the Subway franchise. No other revenue and expense.
- Please provide Note 2 to the financial statements and explain to which person/entity the management fees and rental are paid to?
- -> J&J Enterprise Ltd.
- Is there are formalised lease agreement with this business between the franchisee and the property ownership company? If so, please provide.
- -> No formal lease agreement.
- Is this business being acquired in the property/business transaction? Are all the assets and goodwill included in the purchase price?
- -> Yes all the assets(franchisee rights, equipment etc) and goodwill are included except real estate property.

### JJ Enterprises Ltd

- Is this the holding company for the subject property? Does it own any other assets?
- -> Yes JJ is the holding company for the subject property. No. don't have any other assets.
- What is the source of the revenue – please break the 2023 and 2022 revenue line down (I assume that this is largely the rental under note 2 but please confirm ).
- -> 2023 : Rental income PDQ \$600,000 + PDQ Management fee 70,000 + Subway Rental income \$ 24,000 + Subway Management fee \$ 70,000
- 
- -> 2022 : same with 2023
- Management salaries – who is being paid under management salary and how much work do they do in relation to the overall business operation including management of PDQ Holdings and 0805693 BC Ltd?
- -> Management Salary paid to the 2 owners(Richard and Jessie - JJ shareholders) and two sons. Richard is mainly operating for overall business.

## Addendum E: Appraiser Questions & Director Response

*Page 2 of 2*

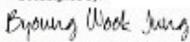
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- Jessie is helping him as an account receivable . Son Ricky and Alex are helping for new item purchase, accounting and consulting for the issues.
- In relation to the expenses, what do the following relate to:
  - o Repairs and maintenance - Radium building and land(asphalt) real estate repair and maintenance
  - o Salaries and wages - Richard and jessie wage/bonus
  - o Vehicle - Owner family 3 vehicles 's gas and amortization
  - o Office - Home office condo fee located in Radium

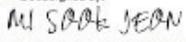
Please ask the property owner whether there have been any substantial deviations either in revenue or expense since the 2024 year ends for the operational companies.

-> No. There is no substantial deviations

We, the Directors, General Manager and Ownership of the property and Businesses above hereby confirm that the above response from us is correct and truthful and sign duly as below.

DocuSigned by:  
  
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DocuSign Envelope ID: F014A43B-E8CF-4FAF-8C2E-BED9A37CC8D4

Director, Richard Jung

DocuSigned by:  
  
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DocuSign Envelope ID: F014A43B-E8CF-4FAF-8C2E-BED9A37CC8D4

Director, Jessie Jung