



This is the 1st Affidavit
of George James (Jim) Williams in this case
and was made on February 16, 2015

No. B-150075
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA
IN BANKRUPTCY AND INSOLVENCY

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL
OF WILLIAMS MOVING & STORAGE (B.C.) LTD.**

AFFIDAVIT

I, George James (Jim) Williams, of 2401 United Boulevard, Coquitlam, British Columbia, businessman, SWEAR THAT:

1. I am the President and Chief Executive Officer of Williams Moving & Storage (B.C.) Ltd. (the “**Company**”), the debtor in these proceedings, and also of Williams Holdings Ltd. (“**Holdings**”) and Williams Transfer Ltd. (“**Transfer**”), and together with Moving and Holdings, the “**Williams Group**”, and as such I have personal knowledge of the facts hereinafter deposed to except where stated to be on information and belief, in which case I verily believe them to be true. I have worked for the Williams Group, which is owned directly or indirectly by the Williams family, for over 38 years, the last approximately 15 years of which as President and CEO.

2. On January 21, 2015 (the “**Filing Date**”), the Company filed a Notice of intention to Make a Proposal (the “**NOI**”) pursuant to section 50.4 of the *Bankruptcy and Insolvency Act* (the “**BIA**”). Deloitte Restructuring Inc. was appointed as trustee under the NOI (in such capacity, the “**NOI Trustee**”).

3. For approximately 86 years prior to the Filing Date, the Company provided moving, storage and freight forwarding services in Western Canada. As at the Filing Date, the Company employed approximately 171 staff and 49 contractors and had facilities in Coquitlam, Victoria, Prince George, Prince Rupert, Terrace, Kelowna and Calgary. The operating assets used in the business of the Company are primarily owed by it. The premises it operates out of are primarily owned by Holdings and Transfer. The Company and its predecessors have always been the main operating entities of the Williams Group.

4. The Company has suffered significant losses in its business since 2007. Based on our most recent financial statements I believe those losses to be in approximately \$18 million and the vast majority of these losses have been funded, directly, or indirectly, through mortgages of real property owned by other members of the Williams Group. The Company's financial difficulties were caused or contributed to by the following issues:

- (a) declining margins due to increased labour and fuel costs;
- (b) a decline in corporate and government clients; and
- (c) increased competition from small independent moving companies.

5. In or around July 2014, the Williams Group began discussions with Deloitte Restructuring Inc. ("**Deloitte**") with a view to restructuring its affairs and returning the Company's operations to profitability. The Williams Group formally engaged Deloitte in October 2014.

6. Through internal review and aided by Deloitte's assistance, it became apparent that the Company's business had severe cash flow issues and that notwithstanding loans and advances from other members of the Williams Group the economics were such that continued losses were likely to continue into the foreseeable future.

7. Starting in or around September 2014, the Williams Group began the process of identifying possible purchasers for the Company's business as a going concern, either as a whole or by sale of the divisions through which the Company operated. As part of this analysis, the Williams Group considered the nature of the Company's operations and focussed on those

parties which operated (or had shown interest in operating) similar businesses to the Company in the relevant geographic areas, and who would be in a position to negotiate and complete a purchase quickly (which was crucial given that the Company's cash flow was becoming increasingly problematic).

8. By early December 2014, the extent of the Company's cash flow issues had become clearer. In light of those issues, and given the Company's long-term and continuing losses, the Williams Group determined that its best option was to sell the Company's assets, as well as certain assets of Holdings and Transfer, in order to realize on the value of those assets.

9. By January 2015, the Company's cash flow issues had become critical. In order to allow the Company time to wind down its operations and realize on its assets in an orderly manner, and to have the opportunity to formulate and make a proposal to its creditors, the Company's directors resolved to file the NOI on the Filing Date.

Asset Sales

10. One of the parties identified by the Williams Group in the course of the process described in paragraph 7 above was Metlakatla Development Corporation ("**MDC**"), which was party to a joint venture agreement with the Company, pursuant to which the joint venture entity, Gat Leedm LLP ("**Gat Leedm**"), has provided overland transportation services from two properties owned by the Williams Group in Prince Rupert, British Columbia (the "**Boulevard Properties**"). MDC is an arm's length business entity that is owned by the Metlakatla First Nation. Given the relationship between MDC and the Company, and the fact that Gat Leedm has a verbal lease agreement with the Williams Group for use of certain of the Boulevard Properties, the Williams Group considered MDC to be the party likely to provide the most advantageous offer to purchase the Boulevard Properties and two other properties owned by the Williams Group in the same vicinity (collectively with the Boulevard Properties, the "**Prince Rupert Properties**"). To that end, the Williams Group began negotiations with MDC for the purchase of the Prince Rupert Properties in October 2014.

11. In order to determine the purchase price for the Prince Rupert Properties, the Williams Group engaged Steve Cullis Appraisals Ltd., an accredited appraiser, to perform a valuation of

the Prince Rupert Properties. A copy of the appraisal provided by Steve Cullis Appraisals Ltd. (the “**Cullis Appraisal**”) is attached hereto as **Exhibit “A”**.

12. The Cullis Appraisal subsequently was reviewed by DTZ Vancouver Real Estate Ltd., which concurred with the appraisal value as set out in the Cullis Appraisal. Copies of letters from DTZ Vancouver Real Estate Ltd. to Transfer, dated September 24, 2014 and October 7, 2014, are attached together hereto as **Exhibit “B”**.

13. Attached collectively hereto as **Exhibit “C”** are copies of the 2014 Property Assessment Notices in respect of the Prince Rupert Properties.

14. Negotiations between the Williams Group and MDC continued with the assistance of the parties’ respective counsel over the course of several months, and reached agreement on the commercial terms of the proposed sale of the Prince Rupert Properties on December 12, 2014. Attached hereto as **Exhibit “D”** is a copy of a signed letter of offer dated December 12, 2014 from MDC to Transfer in respect of the Prince Rupert Properties.

15. The parties and their counsel continued their discussions and in early February 2014 MDC, the Company, Transfer and Holdings entered into agreements for the purchase and sale of the Prince Rupert Properties, copies of which are attached to the NOI Trustee’s First Report to the Court dated February 16, 2015 (the “**First Report**”).

16. In or around November 2014, the Williams Group approached on a confidential basis three parties it had identified as part of the process described in paragraph 7 above, as prospective purchasers for Company’s business either as a whole or by way of sale of the discrete streams of its operations.

17. In or around early December 2014, the Company began discussions with the principal of ABC Warehousing Ltd. and ABC Truck Leasing Ltd. (together, “**ABC**”), who was one of the prospective purchasers the Williams Group had approached in November 2014. ABC is an arm’s length entity which is also in the moving and storage business.

18. In the course of those discussions, in or around mid-December 2014, the Company and ABC (with the assistance of their respective counsel) entered into negotiations for the purchase

and sale of the Company's personal property assets (warehouse assets and customer contracts) utilized in the Company's operation of long-term storage facilities at Coquitlam, Prince George, Kelowna and Calgary (the "**Long-Term Storage Assets**").

19. Those negotiations culminated in the Company and ABC entering into an agreement for the purchase and sale of the Long-Term Storage Assets (the "**LTS Agreement**"), a copy of which is attached to the First Report. In considering whether the purchase price payable by ABC under the LTS Agreement was reasonable, the Company reviewed similar transactions of which it was aware.

20. The Williams Group is continuing to negotiate with a number of potential purchasers for the Company's assets and certain of the assets of Holdings and Transfer. It is also in the process of reviewing the proposals received from equipment auctioneers and expects to be in a position to enter into an agreement with one of those auctioneers in the next few days.

The Proposal

21. As stated in the First Report, the assets of the Williams Group are subject to security in favour of:

- (a) Business Development Bank of Canada ("**BDC**");
- (b) BCMP Mortgage Investment Corporation in connection with Dominion Lender Centres Commercial Capital Inc., Pen-Cor Mortgage and Investment Advisors Ltd. and Pencor Capital Corp. (collectively, "**PenCor**");
- (c) Dundarave Mortgage Investment Corp. ("**Dundarave**"); and
- (d) Trailer Wizards Ltd. ("**TWL**"). I note that the TWL security is in respect of personal property of the Company only and that current management of the Company, including me, were unaware of this alleged security. The grant of the security interest to TWL apparently was contained in the small print of a contract for trailer rentals signed many years ago with a predecessor of TWL by a dispatcher then (but no longer) employed by the Company. We are reviewing the circumstances of that security, but in any event our records show a debt of

approximately \$15,000 and TWL advises they believe the amount outstanding is approximately \$30,000, so it is relatively small in the circumstances. It is also subsequent in priority to the other secured creditors and is therefore likely unsecured.

22. As a result of the Company filing the NOI, an event of default has occurred pursuant to the security in favour of BDC, PenCor and Dundarave (collectively, the “**Lenders**”). As a result, the Lenders would be in a position to enforce their security against the assets of Holdings and Transfer (and would be in a similar position with respect to the Company’s assets absent the stay of proceedings currently in effect from the Filing Date). However, given the costs and delay associated with an enforcement process, as well as the likely lesser value achievable for the assets in a forced liquidation scenario, I believe that a greater net recovery can be achieved for the Company’s creditors by allowing the Williams Group to continue the orderly realization process. In this regard, this Court should be aware that the other members of the Williams Group are generally liable to the Lenders on the same debt and so will be liable for the almost certain shortfall the Lenders will suffer. Thus, every penny recovered from the assets of the Company will reduce the ultimate liability of Transfer and Holdings to the Lenders. We are therefore keenly interested to ensure that there is the highest possible recovery at the lowest possible cost and we would not be entering into sales if we believed that a more elaborate, time-consuming process would increase the net recovery.


23. The Company is indebted to the Lenders and its other secured creditors for approximately \$12.9 million dollars, and the total value of its assets is not sufficient to satisfy those secured obligations in full. Therefore, in a bankruptcy (or receivership), there would be no return for the Company’s unsecured creditors and a proposal to those creditors represents their best chance for any return on their debts. Although the other members of the Williams Group have already funded significant losses, the Williams Group does intend to fund a proposal that will provide an enhanced recovery to the Company’s arm’s length creditors and Transfer and Holdings will in that context agree not to take any distribution in the proposal. I note that given the significant losses of the past eight years, the Company has significant tax losses which we believe will be preserved if we are able to successfully pursue a proposal and those losses should have value to the other members of the Williams Group.

24. Since the Filing Date, management of the Williams Group has been almost exclusively focussed on preserving and completing those asset sales which were negotiated prior to the Filing Date and implementing the sale process for its remaining assets. Therefore, we have not yet had the opportunity to formulate the exact terms of the proposal. However, what is envisaged is Holdings and Transfer guaranteeing an enhanced recovery to unsecured creditors under the proposal. Until the realization process of the assets of the Company is substantially complete, we will not know what the recoveries of the Lenders in the Company will be and as noted above Transfer and Holdings will be responsible for any shortfall to the Lenders. Transfer and Holdings therefore do not know what amount of equity will be available to them to fund both the proposal and their own obligations. I can say that what will be proposed will be in excess of the pension obligations and employee obligations referred to in the NOI Trustee's report and will include consideration in respect of the tax losses which would be otherwise lost.

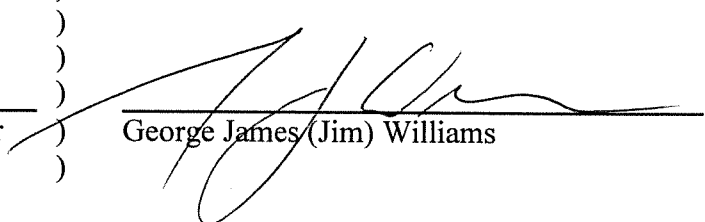
25. The Company has acted, and continues to act, in good faith and with due diligence and does intend to pursue a proposal along the lines noted above. It is our intention to draft that proposal over the next 45 days with the assistance of the NOI Trustee.

26. I swear this affidavit in support of the Company's application for orders authorizing it to sell certain of its assets outside of the ordinary course and extending the period for making a proposal to its creditors, as well as other related relief.

SWORN BEFORE ME at Vancouver,)
British Columbia, on February 16, 2015.)



A Commissioner for taking Affidavits for)
British Columbia)



George James (Jim) Williams

VICKI TICKLE
Barrister & Solicitor
Fasken Martineau DuMoulin LLP
2900 - 550 Burrard Street
Vancouver, BC V6C 0A3
604 631 3229

This is Exhibit A referred to in the
affidavit of George James (Jim) Williams
made before me on this 16th
day of FEBRUARY 20 15
Valli Tulek

A Commissioner for taking
Affidavits for British Columbia

STEVE CULLIS APPRAISALS LTD
2-2823 CLARK STREET
TERRACE, BC V8G 3R9

AN APPRAISAL OF AN
INDUSTRIAL PROPERTY

1600 PRINCE RUPERT BOULEVARD
PRINCE RUPERT, BC



FOR
WILLIAMS TRANSFER LTD.

Steve Cullis Appraisals Ltd.

2 – 2823 Clark Street
Terrace, B.C., V8G 3R9
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Appraisal Institute
of Canada

September 19, 2014

Tom Williams
Williams Transfer Ltd.
2401 United Boulevard
Coquitlam, BC V3K 5Y3

Dear Mr. Williams:

**RE: 1600 Prince Rupert Boulevard & 1651 Prince Rupert Boulevard
Prince Rupert, BC**

As requested, I have completed an appraisal of the aforementioned property. The appraisal has been completed in conformity with the Canadian Uniform Standards of Professional Appraisal Practice. It may be used for executive decision making purposes.

The purpose of the appraisal is to estimate the market value of the subject property as of September 5, 2014. The property rights being appraised are those of the "fee simple" owner.

The final estimate of value for the subject property as of September 5, 2014 is \$1,750,000.

ONE MILLION, SEVEN HUNDRED AND FIFTY THOUSAND DOLLARS

Enclosed herewith is an appraisal report which describes my methods of approach and contains data gathered during my investigations which, to the best of my knowledge, are correct and subject to the assumptions and limiting conditions herein set out.

Respectfully submitted,

Steve R. Cullis, AACI, P.App., FRI

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INTRODUCTION AND EXECUTIVE SUMMARY

Type of Property	Industrial	
Property Address	1600 Prince Rupert Boulevard, Prince Rupert, BC 1651 Prince Rupert Boulevard, Prince Rupert, BC	
Date of Appraisal	September 5, 2014	
Site Size	1600 Prince Rupert Boulevard ±5.502 acres 1651 Prince Rupert Boulevard .73 acres	
Building Size	Main Building ±12,078 ft ² , site coverage Smaller Building ±3,636 ft ² , site coverage	
2014 Actual Value*	1600 PR Boulevard	1651 PR Boulevard
* as per BC Assessment,	Land \$ 467,000	\$74,100
	Building <u>640,000</u>	<u>0</u>
	Total \$1,107,000	\$74,100
2014 Property Taxes	1600 PR Boulevard	1651 PR Boulevard
	\$46,103.01	\$2,690.40
Zoning	M-1, Light Industrial Zone	
Highest and Best Use	Industrial (shop, warehouse)	
Estimate of Value by the Cost Approach	Not Applicable	
Estimate of Value by the Income Approach	\$1,679,000	
Estimate of Value by the Direct Comparison Approach	\$1,807,000	
Final Estimate of Value	\$1,750,000	
Recent Sales	See page 2	
Exposure Time	Six months	

DEFINITION OF THE APPRAISAL PROBLEM**PURPOSE OF THE APPRAISAL**

The purpose of the appraisal is to estimate the market value of the subject property as of September 5, 2014.

DESCRIPTION OF LAND

Parcel Identifier: 005-880-971

Legal Description: Lot A, District Lot 251, Range 5, Coast District, Plan 9668, Except Plan 11090

Parcel Identifier: 004-733-100

Legal Description: Lot 1, District Lot 251, Range 5, Coast District, Plan 11090

PROPERTY RIGHTS APPRAISED

The property rights being appraised in this report are all of the rights of "fee simple", clear of any liens, encumbrances or indebtedness.

DEFINITION OF FEE SIMPLE INTEREST

An absolute fee: A fee without limitations to any particular class of heirs or restrictions, but subject to the limitations of eminent domain, escheat, police power and taxation. It is an inheritable estate.

EFFECTIVE DATE OF THE APPRAISAL

The inspection of this property was performed on September 5, 2014. The effective date of this appraisal is also September 5, 2014.

RECENT SALES

There are no recent sales arms length sales or listings to the best of my knowledge. However, there is a non arms length transaction registered from February 2012. However, this is not a true sale. The owner's name was Williams Transfer Ltd before and after the entry was made at the Land Title and Survey Authority.

INTENDED USE OF APPRAISAL

The intended use of this appraisal is for executive decision making reasons by Tom Williams of Williams Transfer Ltd.

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DEFINITION OF MARKET VALUE

Market value is defined by the Canadian Uniform Standards of Professional Appraisal Practice as: 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 is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. The buyer and seller are typically motivated;
2. Both parties are well informed or well advised, and acting in what they consider their best interests;
3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in terms of cash in Canadian dollars or in terms of financial arrangements comparable thereto; and
5. 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.

SCOPE OF APPRAISAL	4
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To appraise the subject property, I have performed an on-site inspection. However, this should not be considered as a detailed inspection such as that carried out by an engineer or qualified building inspector. An environmental assessment has not been carried out by this firm.

Sales of other properties have been reviewed to make a comparison with the subject and to determine a capitalization rate.

The appraisal has been performed completely by the author except for the clerical work necessary to put the report together.

The appraisal being performed on the subject property is a current narrative report.

Information regarding the subject property has been obtained from the on site inspection, information on file at this office, from the BC Assessment Authority, Land Title and Survey Authority, the City of Prince Rupert and other sources including on site representatives of the company.

LIMITING CONDITIONS	5
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This report is subject to the following limiting conditions:

This appraisal of 1600 Prince Rupert Boulevard & 1651 Prince Rupert Boulevard, Prince Rupert, BC is prepared at the request of Tom Williams of Williams Transfer Ltd. for executive decision making purposes. It is not reasonable for any party other than Mr. Williams and other representatives of Williams Transfer Ltd. to rely on this appraisal without first obtaining authorization from the client and this appraiser. The report is prepared on the assumption that no other person will rely on it for any purpose and that all liability to such persons is denied.

It is assumed that the legal description is correct.

No responsibility is taken regarding matters of a legal nature, and no opinion is offered regarding the title which is assumed to be marketable.

I have not inspected woodwork or other parts of the structures which are covered, unexposed or inaccessible, and I am, therefore, unable to report that such parts of the property are free from rot, beetle or other defects.

This appraisal should not be regarded as a detailed building inspection with respect to the condition of the structure. If the client has concerns regarding the soundness of the structures, an engineer or qualified building inspector should be consulted.

It is assumed that the improvements lie entirely within the subject lot, and that no encroachments exist from without.

All opinions, estimates, data and statistical information supplied for the preparation for this appraisal are assumed to be correct.

The estimate of value arrived at in this appraisal, applies only to the improvements and site described.

Maps and plans contained within this report are included for the sole purpose of visual reference and should not be considered as legal surveys.

The final estimate of value is not based on the completion of any public improvements.

Should the author of this report be required to give testimony or appear in court or in any proceedings relating to this report, prior arrangements shall be made therefore, including provision for additional compensation to provide for adequate time for preparation and for any appearance which may be required.

The property rights appraised herein exclude mineral rights, if any.

The value estimate contained herein is expressed in Canadian dollars. This report is valid only if it bears the original signature of the author.

Market data has been obtained, in part, from documents at the Land Title and Survey Authority, sales reports of the B.C. Assessment Authority and/or from real estate board reports. Except as noted herein, a reasonable attempt has been made to verify this information.

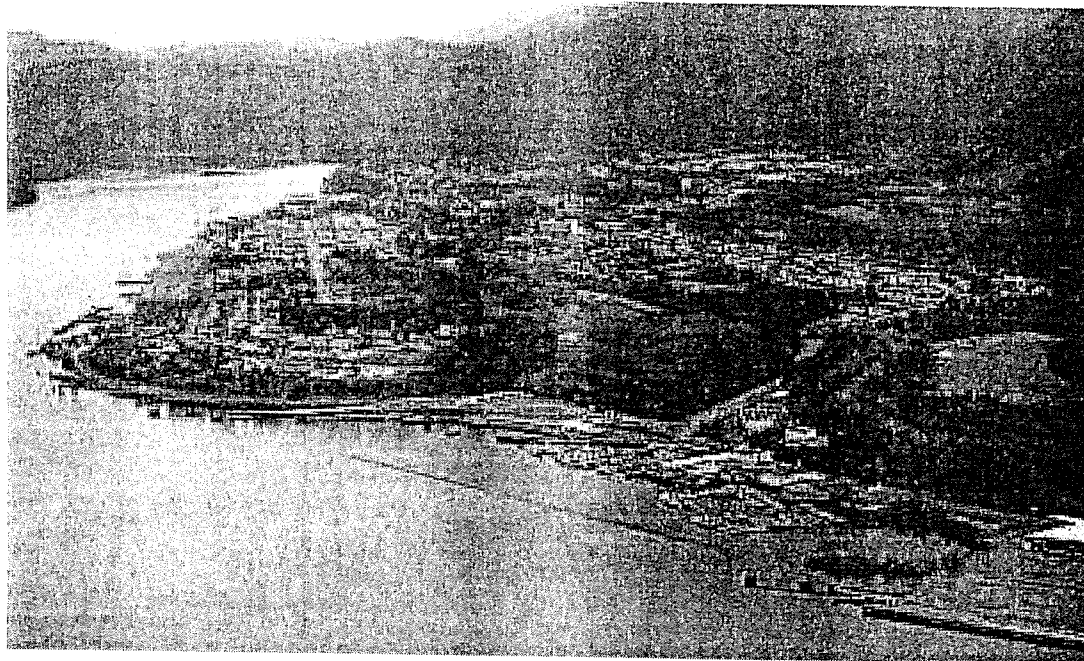
No opinion as to the environmental condition of the site is expressed or implied. If there is a concern as to the environmental integrity of the site, a qualified consultant should be employed to conduct an assessment.

Because market conditions, including economic, social and political factors change rapidly and, on occasion, without warning, the market value expressed as of the date of this appraisal cannot be relied upon to estimate the market value as of any other date except with further advice from the appraiser.

Extraordinary Limiting Condition

The cost approach has not been included in this report because construction costs exceed market value in Prince Rupert.

Prince Rupert is incorporated as a City and has a population of approximately ±12,508 according to the 2011 census. This is a decline of ±2.4% from the 2006 census.



Prince Rupert is located on Kaien Island, ±725 kilometres north of Vancouver by air. The city's location on the coast at the western end of Highway 16, and its surrounding natural harbour, has resulted in the development of a world-class sea port. Major exports include coal, grain and forest products. Ridley Island and Lelu Island offer large parcels of industrial land adjacent to deep tidewater where docking for ocean-going ships can be built. LNG Plants are proposed for both of these islands.

Prince Rupert is served daily by Hawkair and Air Canada Jazz, with regional carriers flying to Haida Gwaii and other destinations. Other modes of transportation include ferry service to Haida Gwaii, Vancouver Island and Alaska. Canadian National provides rail service running to Prince George and eastern Canada. Greyhound Bus lines also travels to destinations east.

Historically, the largest employer in the area was the fishing industry, followed by pulp production and port related businesses. The Pulp Mill is now shut down and it will not reopen. This initially had a negative effect on the local economy, but container development has occurred at the Fairview Terminal at the port and other projects are proposed.

Other business activities have also increased lately and employment has increased at the Ridley Island Terminal.

Transportation, forestry, government and services also employ substantial numbers. Tourism is also important to the local economy. The Coal and Grain Terminals at Ridley Island and the expanded Fairview Terminal also contribute to a relatively stable workforce.

The City of Prince Rupert is served by primary, elementary and high schools provided by School District #52. There is an extension campus of the Northwest Community College located in the city. Recreational facilities include an ice arena, golf course, swimming pool, tennis, racquetball and squash courts as well as various ball parks and a curling rink. Fishing in the area is considered excellent.

Prince Rupert is served by telephone, natural gas and hydro. Communication and media is by way of radio, television and several newspapers. Because of Prince Rupert's proximity to the coast, it has a moderate climate with heavy precipitation.

The real estate market has improved in the past year as a result of some projects in progress such as the expansion of Ridley Island and the construction of the Pellet Exporting Terminal. However, there is some speculation in the market as well resulting from many proposed LNG Terminals for Prince Rupert, and area. Most of the following information has been obtained from the Prince Rupert and Port Edward Economic development's website regarding proposed projects.

Ridley Rail and Utility Corridor

The \$90 million project will be constructed to include an access road, rail loop, utilities, onshore terminal infrastructure and marine components. The completion of this project will act as a catalyst for further developments at the Ridley Island Industrial Park.

British Gas LNG Terminal (Prince Rupert LNG)

The British Gas Group is proposing to build an LNG terminal that could be used to load Western Canadian gas onto ships bound for consumers in Japan, South Korea and China.

Ridley Terminals Expansion

The \$200 million multi-phase project will allow Ridley Terminals Inc. to increase its annual shipping capacity from 12 million tonnes to 24 million tonnes by 2014.

Canpotex Potash Terminal

Canpotex Terminals Limited, the world's largest exporter of potash, is proposing to construct a \$400 million Potash Export Terminal in response to increased demands for Canadian potash. A decision on this project is due soon.

Fairview Terminal – Phase 2

This project represents an estimated \$650 million capital expansion plan that will increase the current terminals capacity from 500,000 TEU's to over 2,000,000 TEU's.

Watson Island LNG

Watson Island is being evaluated as a potential site for an LNG Terminal.

Westview Pellet Terminal

Pinnacle Renewable Energy Group, the longest established pellet producer in Western Canada has constructed a \$42 million wood pellet export facility in Prince Rupert located at the Westview Terminal. The terminal has an annual capacity to receive and export 2,000,000 tonnes of wood pellets.

Pacific Northwest LNG Terminal

Petronas has proposed an \$11 billion LNG facility that would facilitate BC Natural Gas exports to global markets. The final design and capacity of the facility is still being developed, but it could include two to three LNG trains and an export terminal and jetty to accommodate ocean-going LNG carriers.

Aurora LNG Terminal

An option to purchase or enter into a long term lease of land at Grassy Point, north of Prince Rupert has recently been awarded to Aurora LNG. However, Nexen, the proponent of Aurora LNG is also evaluating a site at Digby Island. If they proceed, they will select one of these locations.

Grassy Point LNG Terminal

Woodside Energy entered into a similar agreement to Aurora at Grassy Point.

WCC Exxon/Imperial Oil

This company is also evaluating a site for a potential LNG Terminal on the eastern end of the Prince Rupert Harbour and Tuck Inlet.

Orca LNG

This is the latest company to announce an LNG proposal for the Prince Rupert area. An exact location has not been selected, but an export license has been applied for with the National Energy Board.

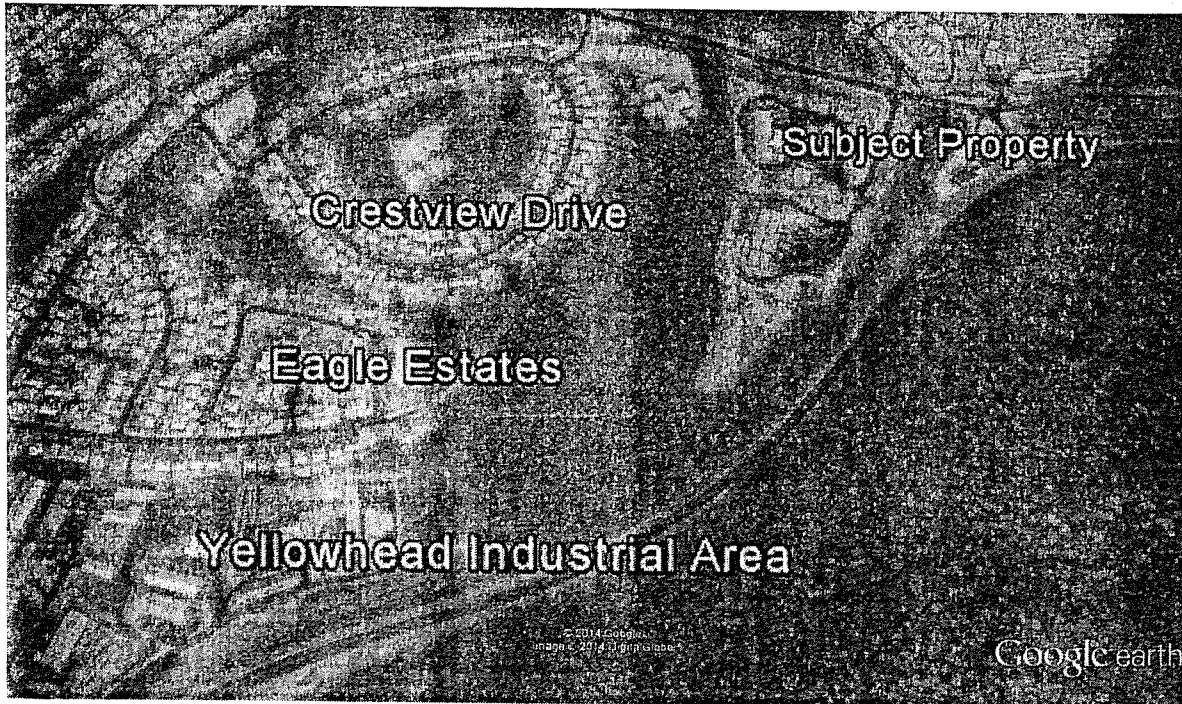
The local real estate market also improved dramatically after the container port announcement was made in April 2005. Initially, prices for most types of property increased by more than 70% after the announcement. However, prices subsequently decreased until 2012. As previously mentioned, the market has recently turned around and prices are increasing.

The last Prince Rupert CMHC rental survey from April 2014 was not released for confidentiality/reliability reasons. The most recent available CMHC vacancy survey from October 2013 revealed a rate of 11.1% which is down from slightly from October 2012 when it was 11.8%. However, in April 2013, the rate dipped to 3.9%. The vacancy rate in October 2011 was 13.6% and the April 2011 rate was 14.4%. These are significant declines from April 2010 when the vacancy rate was 18.3%. It is expected that once the proposed projects get underway the vacancy rate will decline significantly.

The vacancy rate for commercial and industrial properties is considered to be approximately 10%. However, many light industrial properties are owner occupied. Consequently, the exact rate is difficult to determine. Second and higher floors have a greater level of vacancies. The major company in Canada that conducts occupancy surveys for hotels and motels is PKF Canada. They inform me that there is no survey available for Prince Rupert. It appears that the occupancy level varies significantly among the various hotels and motels in this city and many have recently experienced an increase in occupancies.

NEIGHBOURHOOD DATA

The subject property is situated within a light industrial area between a residential portion of Section 9, the Yellowhead Industrial area and the Prince Rupert Industrial Park. Technically, the subject is located within the general area that is described as Section 9. It is situated approximately 3.5 kilometres east of downtown Prince Rupert. The following Google earth view shows the subject's location in relation to some other areas within the Section 9 neighbourhood.



Properties in the immediate area are primarily industrial warehouses and work shops. There are no adverse influences that would affect the subject's value or marketability.

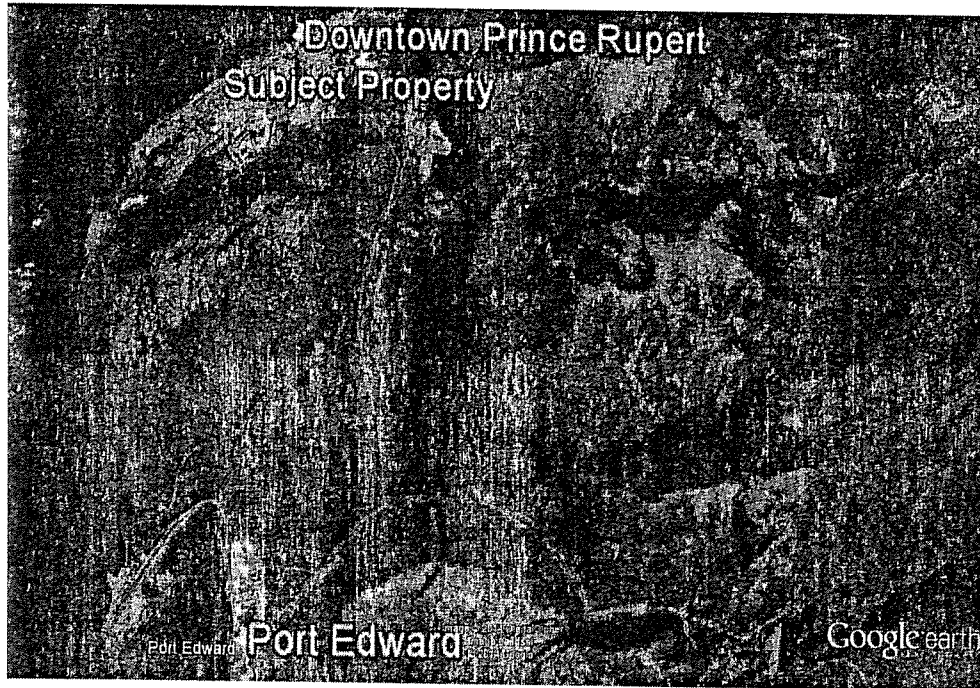
This neighbourhood comprises a desirable light industrial area that is well positioned for the proposed projects for the Prince Rupert area. It is in close proximity to the highway and located a reasonable distance to other industrial areas between Prince Rupert and Port Edward.

The area is serviced with water, sewer, electricity, telephone and others.

DESCRIPTION OF SITE

The Google earth view below shows the subject's location in the Prince Rupert between downtown Prince Rupert and Port Edward. Port Edward is the proposed site of the Petronas LNG Terminal. The BG LNG Terminal would be on Ridley Island between the subject property and Port Edward. There is also an LNG plant proposed for Watson Island which is within the City of Prince Rupert's municipal boundary.

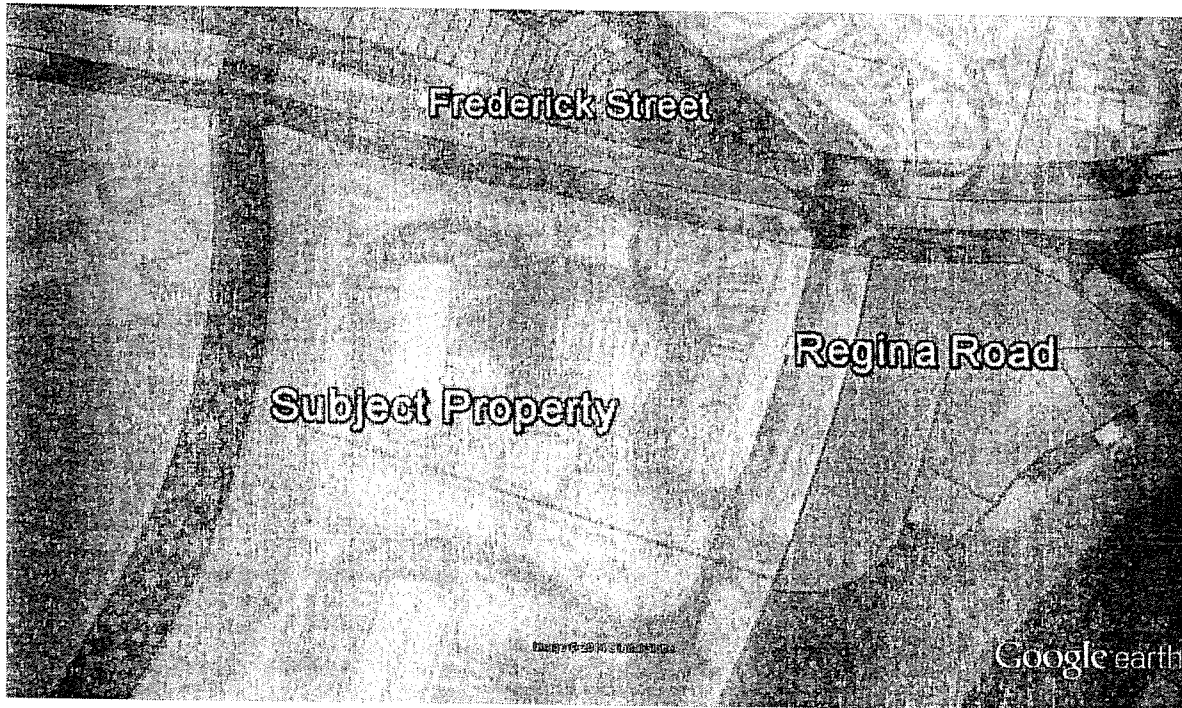
The location is already considered to be desirable, but if these projects get regulatory approved and the final investment decision is favourable, the location could be very valuable for light industrial use. The following Google earth view shows the subject's location.



According to the BC Assessment Authority, the subject property comprises ± 6.23 acres and the survey plan shows a size of 2.522 hectares. These are essentially the same sizes. However, there is also an except plan (Plan 11090). The plan that has been removed comprises .2953 hectares, leaving a size of ± 2.2267 hectares. This is assumed to be reasonably accurate and the size of ± 2.2267 hectares or ± 5.502 acres will be used in this report. However, if an exact size is needed, a survey should be performed. See the lot plan in the addendum.

The difference appears to be Lot 1, Plan 11090. This plan has been removed from the subject's main site, but it is still owned by Williams Transfer Ltd. Therefore, the total size of ± 6.23 acres is correct.

Notwithstanding the subject's location that is stated as being 1600 Prince Rupert Boulevard, the subject is located at the corner of Frederick Street and Regina Road. The following Google earth view illustrates the subject's configuration and its corner location.



Most of the subject property is relatively level, cleared and highly useable except for a small strip on the western side of the site that is steep and treed. The perimeter is fenced where visible. 1651 Prince Rupert Boulevard is situated directly across the street and is relatively level.

There are no negative features evident; however, an environmental assessment has not been carried out. All neighbourhood services are available and the area is protected by the City of Prince Rupert Fire Department.

DESCRIPTION AND ANALYSIS OF IMPROVEMENTS
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The following is a brief description of the main structure:

Construction Type	One storey steel building with mezzanine
Actual Age	±33 Years
Effective Age	30 Years
Remaining Economic Life	30 years
Size	±12,078 ft ² , site coverage (±1,800 ft ² mezzanine)
Foundation	Poured concrete
Roof	Metal
Exterior Wall Finish	Metal siding over steel frame
Interior Walls	Varies considerably from drywall in the office/reception area to open to the insulation in the shop areas
Ceilings	Open to the insulation, textured in the office/reception area
Floors	Concrete in the shop, plywood in the mezzanine and vinyl in the office/reception area
Heating	Natural gas ceiling units and electric baseboards
Insulation	The walls and roof are insulated where visible, others are assumed to be insulated
Electrical	200 amps and others
Plumbing	Copper and plastic

Comments

This building has a standard warehouse area on the south side of the structure and a separate warehouse area that has loading docks on the north side. Separating the two warehouse areas is a relatively good office space with a mezzanine area above. The office comprises approximately 1,800 ft².

The condition of the main building ranges from average to good based on this cursory inspection. However, if an in depth examination of the building is required, a qualified building inspector or engineer should be consulted. It appears that the finish in the office area is relatively new and in good condition.

There are two 2 piece washrooms on the main floor and a 2 piece and 4 piece washroom are on the mezzanine level. The overhead doors range from 8 feet to 16 feet in height.

Smaller Workshop

In addition to the main warehouse there is also a smaller repair shop that is located on the southern side of the site. This building has similar finish to the main shop and it is also a steel frame building. However, the roof leaks on occasion and it appears that it has been patched. The tenant indicates that it leaks from time to time.

This building measures 60.3 feet by 60.3 feet for a total area of ±3,636 ft² and there is also a small mezzanine in the northwest corner of the structure. The shop area has a concrete floor and the interior finish in the shop is minimal. However, the walls and roof are insulated. In addition to the shop area there is also a parts room and a 2 piece washroom. The upstairs has an office, staffroom and an open area. The finish in the mezzanine is fair with the floors being vinyl and plywood, the walls are panel and drywall, while the ceilings have tiles.

There are three 16' overhead doors at the front of the structure and one 16' overhead door is located at the rear. The building appears to be in below average condition and the floor has a distinct downward slope from west to east.

ZONING

The subject property is zoned M1, Light Industrial under the provisions of the City of Prince Rupert Zoning Bylaw 3286, 2009. This type of zoning the following uses;

- (a) Automobile body and repair shops, sales and rentals.
- (b) Light industrial use.
- (c) Service commercial use.
- (d) Office.
- (e) Retail use.
- (f) Contractor offices, shops, works and storage use.
- (g) Travel accommodation.
- (h) Accessory buildings and structures.
- (i) Entertainment centre.
- (j) Freight and truck terminal.

The subject is being used as a freight warehouse and repair shop. These uses are allowed under point (a) and (j).

It is concluded that the property is being used in a legal and conforming manner.

HIGHEST AND BEST USE

The highest and best use may be described as "the use which, at the time of the appraisal, is most likely to produce the greatest net return in money or other amenities over a given period of time."

The predominant factors determining the use of real estate are the legal aspects, namely zoning regulations in effect, the trend of surrounding uses, government control and the possibility of economic transition from a lesser to a more profitable use. These transitions arise out of supply and demand, anticipation, balance, surplus productivity, contribution and competition.

AS IMPROVED

The subject is currently improved with an industrial shop and warehouse. This type of use is likely to have continued demand and there are no other uses that would be classed as higher or better uses of the property as it currently exists.

Therefore, the highest and best use of the subject property at present is the current use as a shop and warehouse.

AS VACANT

The same considerations would be made if the site was vacant. If the buildings were not present, one of the potential uses of the site would be for the construction of a similar use. This would take advantage of the location and size of the site and it would be complementary to other businesses in the area. However, another consideration is that the cost of construction has generally been higher than market value.

Therefore, the highest and best use of the site as if vacant would be for the erection of similar structures to what currently exists. This is contingent on it being feasible subject to the cost of construction. However, it is also noted that the subject has a larger than average site. Therefore, if the property was vacant an alternate light industrial use that would utilize the property more intensively could be a possible higher or better use.

PREAMBLE TO THE THREE APPROACHES TO VALUE

The three generally accepted approaches to value are as follows:

COST APPROACH - This method is based on the reproduction cost of a property's improvements less accrued depreciation from all sources. The resulting figure is added to the estimated land value as if vacant.

INCOME APPROACH (overall capitalization method) - This method is based on the property's net income which is capitalized by the correct rate. The capitalization rate is based on the market evidence.

DIRECT COMPARISON APPROACH - This approach employs sales of comparable properties with adjustments being made for justifiable differences.

These approaches are connected in part because they are based on the general market. The cost approach is based on the market value of the land as well as the market value or cost of the various components and trades.

The income approach is based on a property's net income. However, sales of properties are utilized to obtain capitalization rates. Market rents, expenses and vacancy rates must be analyzed from the market place.

The direct comparison approach examines the size and other units of comparison.

19	COST APPROACH
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This approach has not been a reliable method of appraising existing commercial buildings in Prince Rupert for many years. Therefore, the cost approach has not been completed in this report.

INCOME APPROACH-overall capitalization method
--

This method of valuation is usually best suited for income producing properties and therefore, it will be completed in this appraisal. There is sufficient information available to estimate the subject's net income and there are enough sales to obtain an appropriate capitalization rate.

POTENTIAL GROSS INCOME

There are no arms length leases on the main structure, but the smaller building is rented to First Canada ULC for \$3,609 per month or \$43,308 per year. This works out to a rental rate of \$11.91/ft² based on the measured size of ±3,636 ft² or \$12.03/ft² based on the indicated size of ±3,626 ft². These sizes and rates are similar and point towards a rent of approximately \$12/ft². This rental agreement is on a month to month basis and it appears to be between gross and net.

Although there are no arms length leases in place on the main structure, information has been provided to me showing 4,500 ft² of the structure being offered for rent for \$.95/ft² per month or \$11.40/ft². There is no indication of the rent being triple net, gross or somewhere in between. However, a purchase order from Ridley Terminals shows an order for \$35,000. If this is for the 4,500 ft², it works out to \$7.78/ft². It is dated June 2013.

A recent rental survey of other light industrial buildings shows that some newer warehouses are rented for \$8/ft² and higher. I have also been informed that a proposed warehouse will have rental rates (asking) of \$12/ft² and higher on a triple net basis. However, whether these rates will actually be obtained will likely depend on at least one of the proposed LNG projects going ahead.

The subject may be classed as inferior to the buildings that are rented and proposed to be rented for up to \$12/ft², triple net. However, the subject has a much larger site. Taking this into account, a rental rate of \$10/ft², triple net is appropriate for the subject's two buildings. This rate would be applied to the main floor area of both buildings, but it would include the use of the mezzanine in each structure and the large site. This is also based on the buildings and site being used by the same tenant. If the buildings are rented to separate entities, the rental rate would be higher in the large building and lower in the smaller structure.

Although there is no evidence in Prince Rupert for buildings on large sites such as the subject being rented, there are similar buildings in Terrace being rented for \$10/ft² and higher on a triple net basis. There is a new shop under construction in Terrace that has a lease in place for slightly more than \$14/ft², applied to the main floor only (will have a smaller finished mezzanine). It is almost triple net, but the landlord pays the building insurance.

As mentioned the appropriate market rent for this property of \$10.00/ft², triple net will be the basis of this appraisal. This rate includes the use of the site and the mezzanine areas.

The total size of both buildings is ±15,714 ft², (site coverage). This will be the basis of the potential gross income calculation. The potential gross income for the subject property is calculated as follows;

$$\pm 15,714 \text{ ft}^2 @ \$10.00/\text{ft}^2 = \$157,140$$

The potential gross income projection for the subject property is \$157,140.

VACANCY RATE

There are no vacancies in this property at present, but the overall vacancy rate in the community must be taken into account. At present the vacancy rate for similar buildings is estimated to be approximately 5% to 10%. However, the rate has fluctuated in recent years. There are proposed projects that could lower the rate to 0% in the near future, but none of them are approved to date. Therefore, the appropriate vacancy rate to use in this appraisal is considered to be 5%.

The vacancy allowance is calculated as follows:

$$\$157,140 \times .05 = \$7,857.$$

The appropriate vacancy allowance is \$7,857.

EFFECTIVE GROSS INCOME

When the vacancy allowance is deducted from the potential gross income, the resulting effective gross income is \$149,283 (i.e. \$157,140 - \$7,857).

EXPENSES

Typically, expenses for a commercial and industrial buildings range from 8% to 20% of the effective gross income and they are broken down as follows:

EXPENSE	LOW	HIGH	SUBJECT
Repairs/Maintenance	3%	7%	4%
Management	3%	10%	4%
Miscellaneous (includes accounting/legal)	<u>2%</u>	<u>3%</u>	<u>2%</u>
Total	8%	20%	10%

Repairs/Maintenance

This expense refers to repairs and maintenance of a structural nature only. Other maintenance would be at the expense of the tenant with a triple net lease. A significant amount of the subject's income is attributable to the large site. There are very few items that would require repairs and maintenance for the site and as a result, a lower than average R & M expense is appropriate, even though there is some work needed to the buildings. The estimated expense allowance for this item is 4% of the effective gross income or \$5,971.

Management

This expense may increase with the number of tenants. The subject should be a below average property to manage since it will likely only be rented to one or two tenant (although more are possible). This expense has been estimated at 4% of the effective gross income or \$5,971.

Miscellaneous

There are very few miscellaneous expenses, but the owner of this structure may incur expenses for accounting, legal and licenses. This expense has been estimated at 2% of the effective gross income or \$2,986.

The estimated expenses are summarized as follows:

Repairs/Maintenance	\$5,971
Management	5,971
Miscellaneous	<u>2,986</u>
Total	\$14,928

Therefore, the total estimated expenses are \$14,928.

NET OPERATING INCOME

After the estimated expenses are deducted, the indicated net operating income is \$134,355 (i.e.: \$149,283 - \$14,928). This amount must be capitalized by the correct rate as taken from market evidence.

CAPITALIZATION RATE

The index properties contained in the direct comparison approach indicate the following capitalization rates:

Index #	Sale Date	Sale Price	Capitalization Rate
1	August 2013	\$250,000	9.60%
2	January 2014	\$200,000	9.88%
3	April 2012	\$962,500	10.60%
4	July 2014	\$554,000	10.25%
5	April 2012	\$1,250,000 (adj.)	7.27%
6	May 2014	\$500,000	7.20%
7	March 2014	\$300,000	7.33%

The sales listed on the table above have capitalization rates that range from 7.20% to 10.60%. The median rate is 9.60% and the mid-point between the extremes is 8.90%. However, when the high and low end rates are eliminated, the range is 7.27% to 10.25%, with a revised mid-point of 8.76%. There appears to be downward pressure on capitalization rates at present and another consideration is that a significant amount of the market rent estimate is based on the large site. Typically capitalization rates for land are lower. A rate of 8.0% is considered to be appropriate.

CAPITALIZATION PROCESS

The subject's value is calculated as follows:

$$\$134,355 \div .08 = \$1,679,000 \text{ (rounded)}$$

The income approach is summarized as follows;

Potential Gross Income	\$157,140
Less Vacancy Allowance	- <u>7,857</u>
Effective Gross Income	\$149,283
Less Expense Allowance	- <u>14,928</u>
Net Income	\$134,355

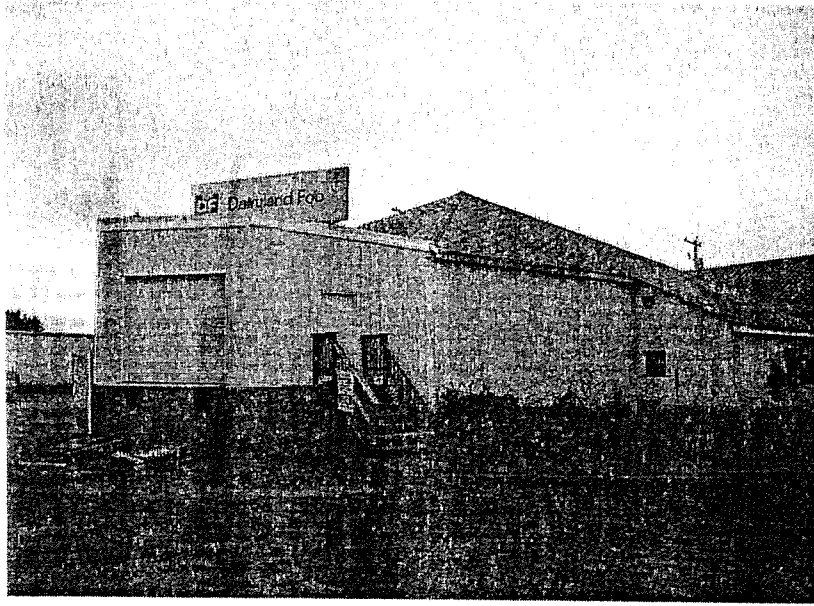
Capitalization Process $\$134,355 \div .08 = \$1,679,000$ (rounded)

The estimated value of the subject property by the income approach is \$1,679,000.

DIRECT COMPARISON APPROACH

The following sales have been utilized to obtain capitalization rates, gross income multipliers and prices per square foot:

INDEX 1



Address:	50 Charlie Currie Rd, Prince Rupert
Sale Date:	August 2013
Sale Price:	\$250,000
Building Size:	4,200 ft ²
Price/ft ² :	\$59.52
Zoning:	C-5, Marine Commercial
Gross Income:	\$28,000 (projected)
Gross Income Multiplier:	8.93
Net Income:	\$24,000
Indicated Cap. Rate:	9.60%
Net Income/ft ² :	\$5.71

Comments: This property is situated in Cow Bay and it is an older and inferior warehouse. It is included in the appraisal because of the lack of recent sales. Although the building is inferior, the value of the site would be fairly high.

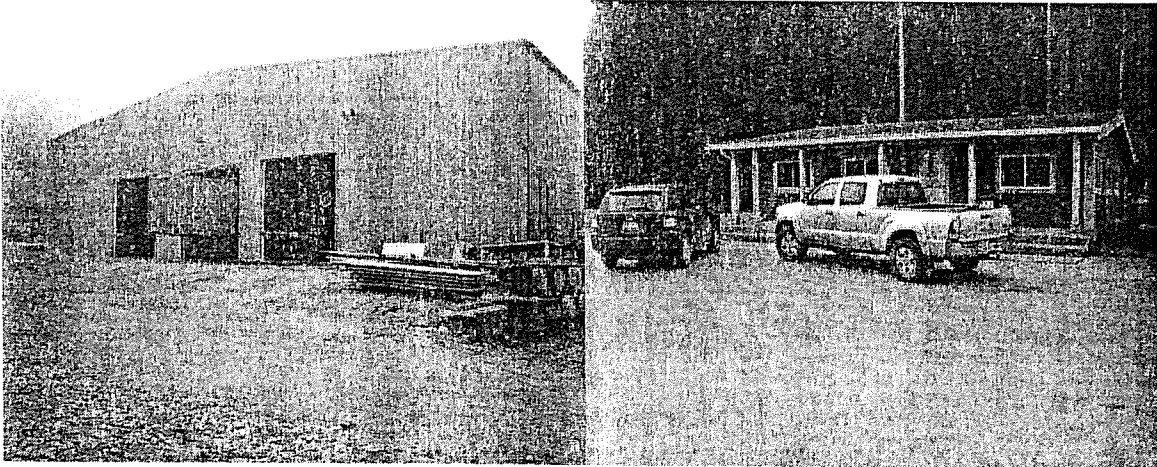
INDEX 2



Address:	801 Fraser Street, Prince Rupert
Sale Date:	January 2014
Sale Price:	\$200,000
Building Size:	±3,288 ft ²
Price/ft ² :	\$60.83
Zoning:	C-3, Service Commercial
Gross Income:	\$21,958
Gross Income Multiplier:	9.11
Net Income:	\$19,762
Indicated Cap Rate:	9.88%
Net Income/ft ² :	\$6.01

Comments: This building is inferior to the subject and the lot is much smaller.

INDEX 3



Address:	273 Skeena Drive, Port Edward
Sale Date:	April 2012
Sale Price:	\$962,500 (2 properties)
Building Size:	42,097 ft ²
Price/ft ² :	\$22.86
Zoning:	A-1, Rural and C-3, Commercial
Gross Income:	\$120,000 (proj.-prior to reno's)
Gross Income Multiplier:	8.02
Net Income:	\$102,000 (proj.-prior to reno's)
Indicated Cap Rate:	10.60%
Net Income/ft ² :	\$2.42

Comments: This property is located in Port Edward. It comprises two large warehouses and three other buildings including a former restaurant that has been converted and renovated to be used as an office. At the time of purchase, the restaurant building was in poor condition and the other structures were not being used to any great degree. The main site that includes the large warehouses was originally developed as a fish hatchery. However, without work to the site and buildings, there were very limited alternate uses for the property. Consequently, the property sold for a very low amount compared to its cost. The purchaser of this property spent a considerable amount of money renovating the former restaurant, filling and fencing the site and performing other work to the large building to make them useable as warehouses for his trucking business. One of the buildings needed a concrete floor. The income capabilities have improved with the renovations, but the income projections made above are intended to reflect the condition that the buildings existed in prior to the purchase and subsequent renovations. It is noted that there was another sale for part of this property from September 2005 for \$2,737,000. This sale did not include the restaurant, but it was not an arms length sale. However, that price is considered to be more indicative of what the value may have been if the fish hatchery was feasible. Prices have increased significantly since it occurred. This site is slightly larger at 6.75 acres, but it is much inferior in terms of topography.

INDEX 4



Address:	1241 Prince George St., Prince Rupert
Sale Date:	July 2014
Sale Price:	\$554,000
Building Size:	±15,913 ft ²
Price/ft ² :	\$34.81
Zoning:	M-1, Light Industrial
Gross Income:	\$71,000 (approximate-projected)
Gross Income Multiplier:	7.80
Net Income:	\$56,800 (approximate-projected)
Indicated Cap Rate:	10.25%
Net Income/ft ² :	\$3.57

Comments: This is an under-utilized bowling alley building that has been operated with varying degrees of success. It may not be its highest and best use because demand has increased for industrial storage and work buildings. However, it would require renovations to be used for different purposes. A much higher price would apply to the subject on a price per ft² because of the building, but also because the subject has a much larger site. This property comprises .93 acres.

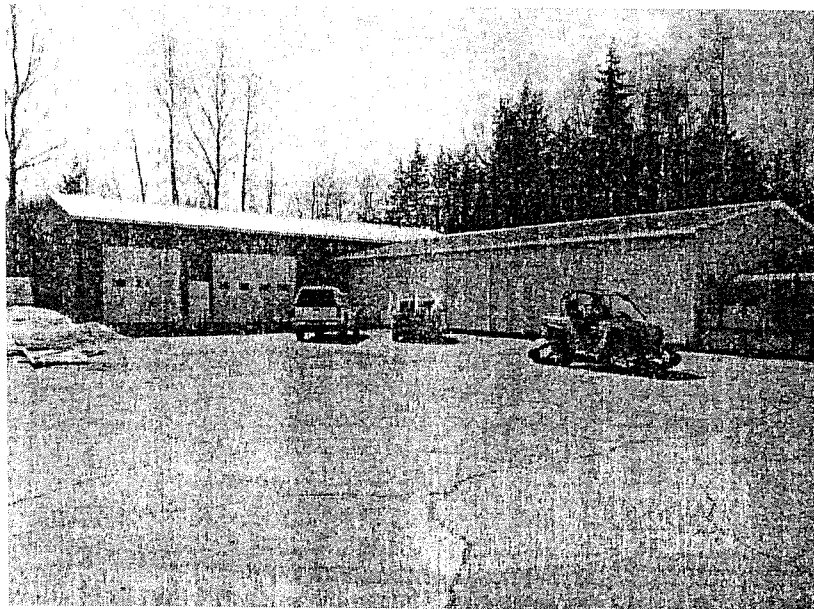
INDEX 5



Address:	3550 Hwy 16 East, Thornhill
Sale Date:	April 2012
Sale Price:	\$1,750,000 – \$500,000 for surplus = \$1,250,000
Building Size:	±10,750 ft ²
Price/ft ² :	\$116.28
Zoning:	M-1, Light Industrial
Gross Income:	\$102,125 (projected)
Gross Income Multiplier:	12.24
Net Income:	\$90,891 (projected)
Indicated Cap. Rate:	7.27%
Net Income/ft ² :	\$8.45

Comments: This sale has been adjusted for the extra land size. It is reasonably comparable to the subject, but prices have increased since it occurred. This lot comprises 15.25 acres.

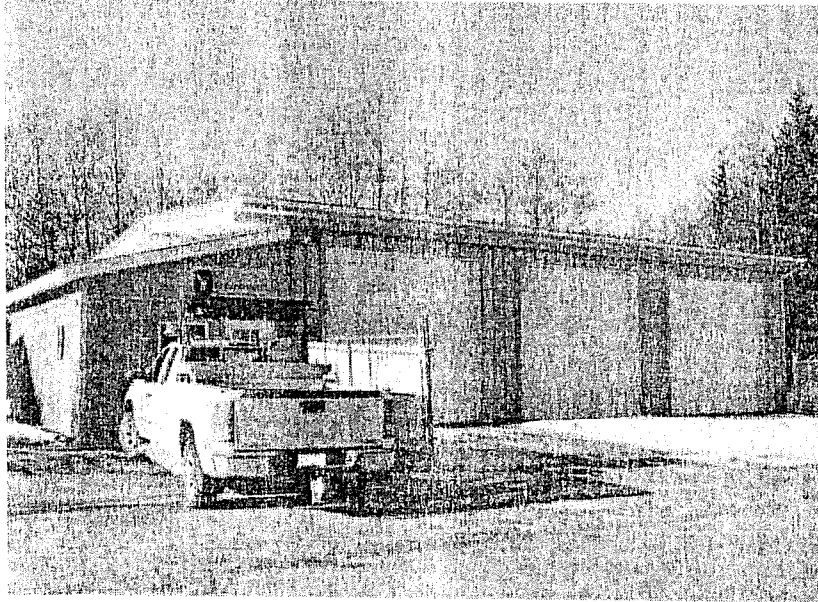
INDEX 6



Address:	Lot B, Substation Road, Terrace
Sale Date:	May 2014
Sale Price:	\$500,000
Building Size:	5,652 ft ²
Price/ft ² :	\$88.46
Zoning:	C-3, Highway Commercial
Gross Income:	\$41,000 (projected, owner occupied)
Gross Income Multiplier:	12.20
Net Income:	\$36,000 (projected, owner occupied)
Indicated Cap. Rate:	7.20%
Net Income/ft ² :	\$6.37

Comments: This is a newer building that is situated outside of Terrace. The zoning is commercial, but while the site is visible from Highway 37, it does not have highway frontage. This property was not hooked up to the Thornhill water system and there was no sewage disposal system on site at the time of sale. This site is much smaller at .738 acres.

INDEX 7



Address:	3723 Highway 16 East, Terrace
Sale Date:	March 2014
Sale Price:	\$300,000
Building Size:	3,674 ft ²
Price/ft ² :	\$81.65
Zoning:	M1, Light Industrial
Gross Income:	\$24,500 (projected)
Gross Income Multiplier:	12.24
Net Income:	\$22,000 (projected)
Indicated Cap. Rate:	7.33%
Net Income/ft ²	\$5.99

Comments: This property is situated in Thornhill along the highway frontage road east of Terrace. Therefore, it has fairly good exposure. This property has three separate buildings that together comprise 3,674 ft². There is a large shop, a smaller less desirable shop and an attached office. A higher price per square foot would apply to the subject property.

SALES SUMMARY

Index #	Sale Date	Sale Price	Price/ft ²	Comments
1	August 2013	\$250,000	\$59.52	Inferior
2	January 2014	\$200,000	\$60.83	Inferior
3	April 2012	\$962,500	\$22.86	Inferior
4	July 2014	\$554,000	\$34.81	Inferior
5	April 2012	\$1,250,000	\$116.28	Superior, but prices have increased
6	May 2014	\$500,000	\$88.46	Inferior
7	March 2014	\$300,000	\$81.65	Inferior

There are very few recent comparable sales and therefore, large adjustments would be necessary to make the properties comparable to the subject. Also, some of the sales are situated in Terrace, ±140 km to the east. Therefore, they will be discussed and the differences will be explained rather than adjusted. There were other sales of warehouses/shops in the Prince Rupert Industrial Park dating back to 2005-2007, but they are not considered to be highly comparable. However, there are two sales of vacant land that have also been considered.

Index A

Address: 965 Chamberlin Avenue, Prince Rupert
 Sale Date: January 2014
 Sale Price: \$200,000
 Lot Size: .36 acres
 Price/acre: \$555,556
 Zoning: M-1, Light Industrial

Comments: The subject's location is possibly slightly inferior and this is a much smaller site. Typically, smaller sites sell for greater amounts per acre, all other variables being equal. Therefore, a much lower price is appropriate.

Index B

Address: 420 Kaien Road, Prince Rupert
 Sale Date: March 2014
 Sale Price: \$750,000
 Size: 2.48 acres
 Price/acre: \$302,419
 Zoning: M-3, Industrial

Comments: This property is smaller, but fairly comparable to the subject's site. This lot also sold in January 2011 for \$190,000 and in August 2011 for \$282,500.

The vacant sales have been included because of the lack of highly comparable improved transactions in Prince Rupert. The subject's value would be lower on a price per acre basis than either of these sales, but they do suggest a value of approximately \$200,000/acre for the subject property. The estimated size of the subject property is estimated to be ±6.23 acres when both lots are included.

Applying this value of \$200,000/acre to the subject's size of ±6.23 acres suggests a value of \$1,246,000 for the site (\$200,000 x ±6.23 acres).

The subject's total size of both buildings is ±15,714 ft² excluding the mezzanines. The seven sales have prices per square foot that range from \$22.86/ft² to \$116.28/ft². The last three sales are situated in Terrace, but they are considered to be the most comparable buildings. The best comparable is supplied by the high end sale, but it is newer and has more office space. It also has a larger site, but that has already been adjusted for in the indicated price per ft². Prices have increased since that sale occurred. The other sales from Terrace have much smaller lots than the subject.

It is concluded that the subject property has a value of approximately \$115/ft². This would include the use of the mezzanines and large site. The value is calculated as follows;

$$\begin{aligned} \pm 15,714 \text{ ft}^2 @ \$115/\text{ft}^2 &= \$1,807,110 \\ &\text{Rounded to } \$1,807,000 \end{aligned}$$

RECONCILIATION

The final estimates obtained earlier in this report are:

Cost Approach	Not applicable
Income Approach	\$1,679,000
Direct Comparison Approach	\$1,807,000

COST APPROACH

This approach to value is not considered to be reliable because it is obvious that the potential income could not support a value close to the cost. Also, it is somewhat difficult to accurately measure all forms of depreciation in this type and age of structure. Therefore, the cost approach was not employed.

INCOME APPROACH

The income approach is usually given the most credence when valuing a property capable of generating a cash flow. Considerable weight is placed on this method, but reliance is also placed on the direct comparison approach. A considerable amount of value is attributable to the large site and it is difficult to estimate this component with the income approach. However, the rental rate takes this into account.

DIRECT COMPARISON APPROACH

This method indicates a higher value, but it is considered in conjunction with the value arrived at with the income approach.

FINAL ESTIMATE OF VALUE

In arriving at the final estimate of value, consideration has been given to the values indicated, the age, location and potential uses of the property as well as the current economy in the Prince Rupert area. Consideration is given to the income and direct comparison approaches.

The final estimate of value for the subject property as of September 5, 2014 is \$1,750,000.

ONE MILLION, SEVEN HUNDRED AND FIFTY THOUSAND DOLLARS

EXPOSURE TIME

The following comments on exposure time are taken from the appraisal standards as outlined in the Appraisal Institute of Canada's Professional Standards:

Exposure Time is referred to in most market value definitions. In an appraisal, the term means 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 market value on the effective date of the appraisal; a retrospective estimate based upon an analysis of past events assuming a competitive and open market. It is always presumed to have preceded the effective date of the appraisal. Exposure time is different for various types of real estate and under various market conditions. The overall concept of reasonable exposure time encompasses not only adequate, sufficient and reasonable time, but also adequate, sufficient and reasonable marketing effort. The distinction between exposure time (i.e. past) and marketing time (i.e. future) must be made clear.

The difference between exposure time and marketing time is as follows: exposure time immediately precedes the effective date of the appraisal and marketing time follows it.

If the property had been offered for sale it would likely have taken approximately six months to sell at the appraised value.

CERTIFICATION

Re: 1600 Prince Rupert Boulevard & 1651 Prince Rupert Boulevard, Prince Rupert, BC

I have personally inspected the subject property and considered all factors affecting the value thereof. The subject property was inspected on September 5, 2014.

The information contained in this report is true and factual to the best of my knowledge and has been checked where possible. I have no past, present or contemplated future interest in the property being appraised and no personal interest or bias with respect to the parties involved.

The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, unbiased professional analyses, opinions and conclusions. I have completed this appraisal in conformity with the Canadian Uniform Standards of Professional Appraisal Practice. No one provided significant professional assistance to the person signing this report.

The Appraisal Institute of Canada has a Mandatory Recertification Program for designated member. As of the date of this report, I have fulfilled the requirements of the program.

Neither the employment to make the appraisal nor the compensation is contingent upon the amount of the valuation reported.

I am aware that my duty as an expert is to assist the Court and not to be an advocate for any party. I have made this report in conformity with that duty and I will, if called on to give oral or written testimony, give that testimony in conformity with that duty.

The final estimate of value for the subject property as of September 5, 2014 is \$1,750,000.

ONE MILLION, SEVEN HUNDRED AND FIFTY THOUSAND DOLLARS



Steve R. Cullis, AACI, P.App., FRI

September 19, 2014

ADDENDUM

CURRICULUM VITAE
STEVE CULLIS, AACI, P.App., FRI
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TERRACE, BC V8G 3R9
EMAIL cullis@citywest.ca
PHONE 1-250-635-5211/FAX 1-250-635-7931
TOLL FREE AT 1-800-863-5211

Qualifications of Steve Cullis

- Accredited Appraiser, Canadian Institute, Professional Appraiser (P.App.)
- Fellow of the Real Estate Institute of Canada (FRI)
- Certificate in Financial Management from Cornell University
- Certificate in Business Skills from Thompson Rivers University

January 1984 to Present

Since opening the appraisal practice in 1984, appraisals and real estate consulting have been performed on a wide range of properties. These assignments have mainly been performed in northwest BC from Smithers to Prince Rupert. However, specific projects have taken place from Haida Gwaii (Queen Charlotte Islands) to Fort Nelson and most of the communities in northern British Columbia, including Prince George. Appraisals have also been completed in Whitehorse, Yukon. Testimony has been given as an expert witness at various courts and tribunals.

1982 to 1984

Approximately two years was spent at the B.C. Assessment Authority in Terrace immediately prior to opening the appraisal practice. Additional training was obtained working at Cullis Appraisals in Quesnel before 1982.

TITLE SEARCH

Title Number CA2386427
 From Title Number BB264987
 Declared Value NA
 Application Received 2012-02-09
 Application Entered 2012-02-15
 Registered Owner in Fee Simple
 Registered Owner/Mailing Address: WILLIAMS TRANSFER LTD., INC.NO. BC0928388
 2401 UNITED BOULEVARD
 COQUITLAM, BC
 V3K 5Y3
 Interest:
 Taxation Authority CITY OF PRINCE RUPERT
 Description of Land
 Parcel Identifier: 005-880-971
 Legal Description: LOT A DISTRICT LOT 251 RANGE 5 COAST DISTRICT PLAN 9668 EXCEPT PLAN 11090
 Legal Notations FOR PROVISOS AND CONDITIONS IN CROWN GRANT SEE 81589-1
 THIS TITLE MAY BE AFFECTED BY A PERMIT UNDER PART 29 OF THE MUNICIPAL ACT SEE S16154
 Charges, Liens and Interests
 Nature: STATUTORY RIGHT OF WAY
 Registration Number: J9531
 Registration Date and Time: 1980-07-15 15:27
 Registered Owner: CITY OF PRINCE RUPERT
 Remarks: PART ON PLAN 9669 INTER ALIA
 Nature: EASEMENT
 Registration Number: J9532
 Registration Date and Time: 1980-07-15 15:28
 Remarks: PART ON PLAN 9669 APPURTENANT TO LOT B PLAN 9668
 Nature: MORTGAGE
 Registration Number: CA2647061
 Registration Date and Time: 2012-07-09 15:13
 Registered Owner: DUNDARAVE MORTGAGE INVESTMENT CORPORATION
 INCORPORATION NO. BC0829926
 Remarks: INTER ALIA EXTENDED BY CA3033121 MODIFIED BY BB4060901
 Nature: ASSIGNMENT OF RENTS
 Registration Number: CA2647062
 Registration Date and Time: 2012-07-09 15:13
 Registered Owner: DUNDARAVE MORTGAGE INVESTMENT CORPORATION INCORPORATION
 NO. BC0829926
 Remarks: INTER ALIA EXTENDED BY CA3033122
 Nature: MODIFICATION
 Registration Number: BB4060901
 Registration Date and Time: 2013-03-14 16:29
 Remarks: INTER ALIA MODIFICATION OF CA2647061
 Nature: MORTGAGE
 Registration Number: CA3506802
 Registration Date and Time: 2013-12-13 09:30
 Registered Owner: BCMP MORTGAGE INVESTMENT CORPORATION INCORPORATION
 NO. A40387
 Remarks: INTER ALIA
 Nature: ASSIGNMENT OF RENTS
 Registration Number: CA3506803
 Registration Date and Time: 2013-12-13 09:30
 Registered Owner: BCMP MORTGAGE INVESTMENT CORPORATION INCORPORATION
 NO. A40387
 Remarks: INTER ALIA, Duplicate Indefeasible Title NONE OUTSTANDING, Transfers NONE, Pending
 Applications NONE

Land Title District PRINCE RUPERT
 Land Title Office PRINCE RUPERT
 Title Number CA2386426
 From Title Number BB264986
 Declared Value NA
 Application Received 2012-02-09
 Application Entered 2012-02-15
 Registered Owner in Fee Simple
 Registered Owner/Mailing Address: WILLIAMS TRANSFER LTD., INC.NO. BC0928388
 2401 UNITED BOULEVARD
 COQUITLAM, BC
 V3K 5Y3
 Interest:
 Taxation Authority CITY OF PRINCE RUPERT
 Description of Land
 Parcel Identifier: **004-733-100**
 Legal Description: LOT 1 DISTRICT LOT 251 RANGE 5 COAST DISTRICT PLAN 11090
 Legal Notations FOR PROVISOS AND CONDITIONS IN CROWN GRANT SEE 81589-1
 Charges, Liens and Interests
 Nature: MORTGAGE
 Registration Number: CA2647061
 Registration Date and Time: 2012-07-09 15:13
 Registered Owner: DUNDARAVE MORTGAGE INVESTMENT CORPORATION
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 Duplicate Indefeasible Title NONE OUTSTANDING
 Transfers NONE
 Pending Applications NONE

ZONING

7.1.0 LIGHT INDUSTRIAL ZONE (M1)

- (a) Automobile body and repair shops, sales and rentals.
- (b) Light industrial use.
- (c) Service commercial use.
- (d) Office.
- (e) Retail use.
- (f) Contractor offices, shops, works and storage use.
- (g) Travel accommodation.
- (h) Accessory buildings and structures.
- (i) Entertainment centre.
- (j) Freight and truck terminal.

Maximum Building Height (a) Principal building 12.0 metres.

(b) Accessory building 3.6 metres.

Building Setbacks

(a) 3 metres from any property zoned Residential.

Special provisions

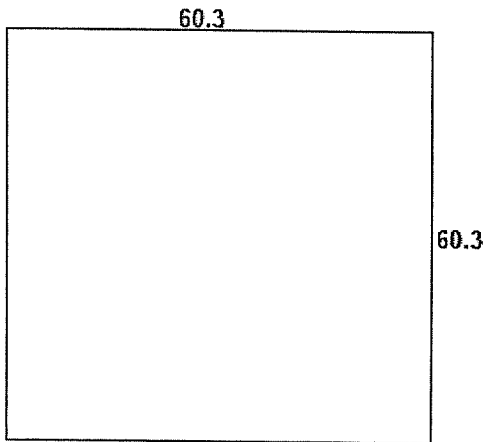
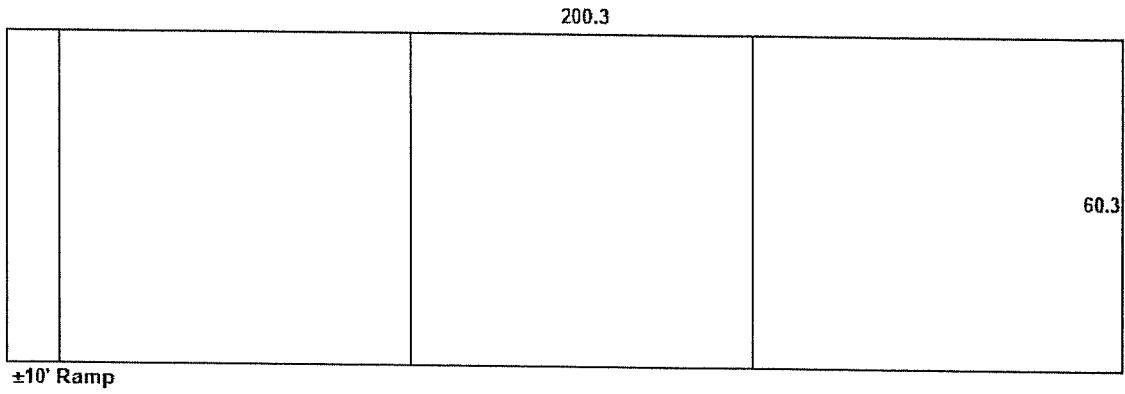
(a) A single residence as an ancillary use for the purpose of security is a permitted use.

(b) All storage yards shall be effectively screened by fences, building walls or other approved means to a height of not less than 2.4 metres above grade, and such screens shall be kept in good repair.

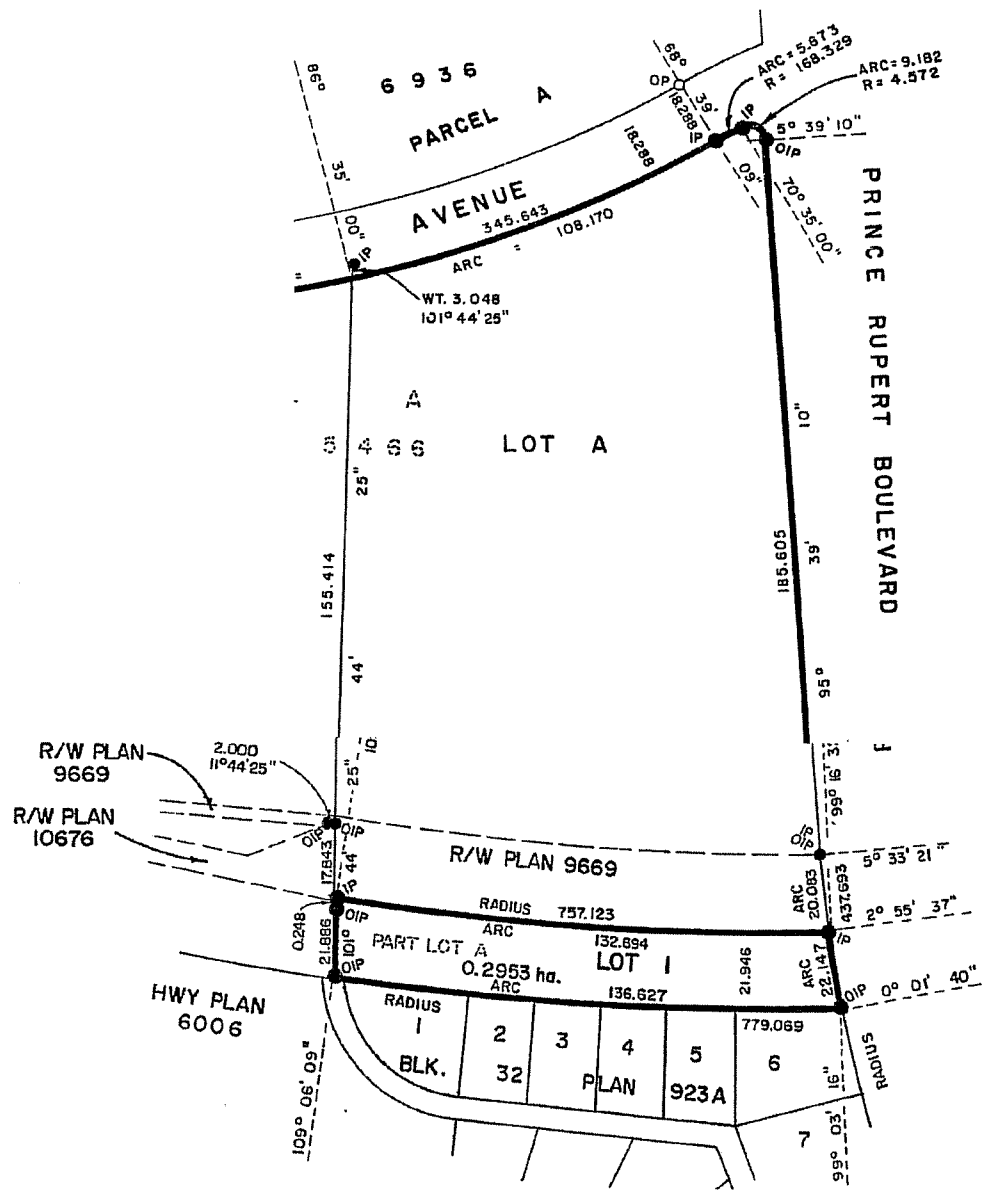
(c) Screen planting at least 1.5 metres high in a strip at least 1.5 metres wide or a solid fence of at least 1.5 metres high shall be provided along all property lines separating the developed portion of the site from any residential zoned land.

(d) A retail use shall not exceed a floor area of 1000 m².

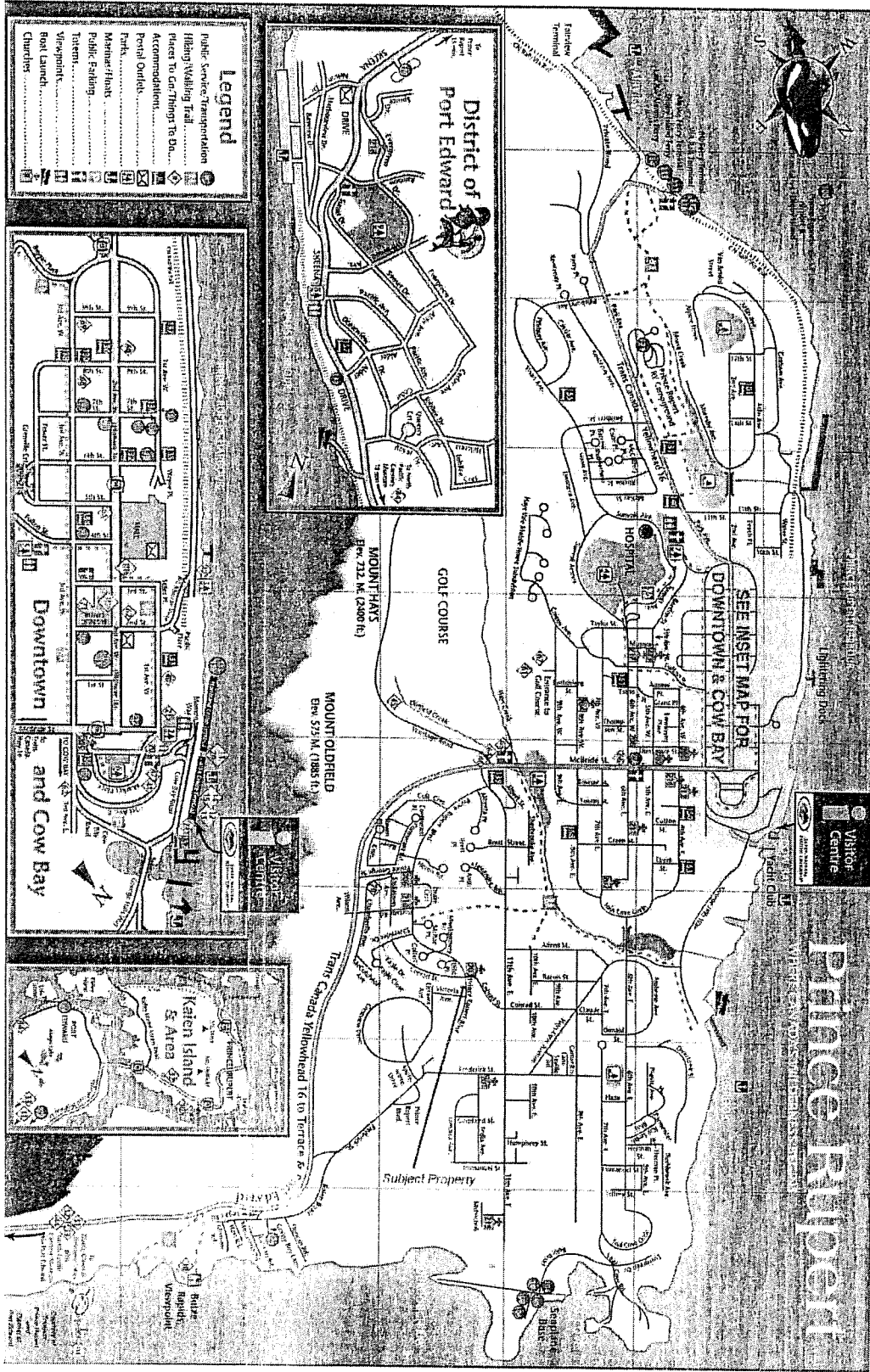
BUILDING SKETCH 42



LOT PLAN



LOCATION MAP



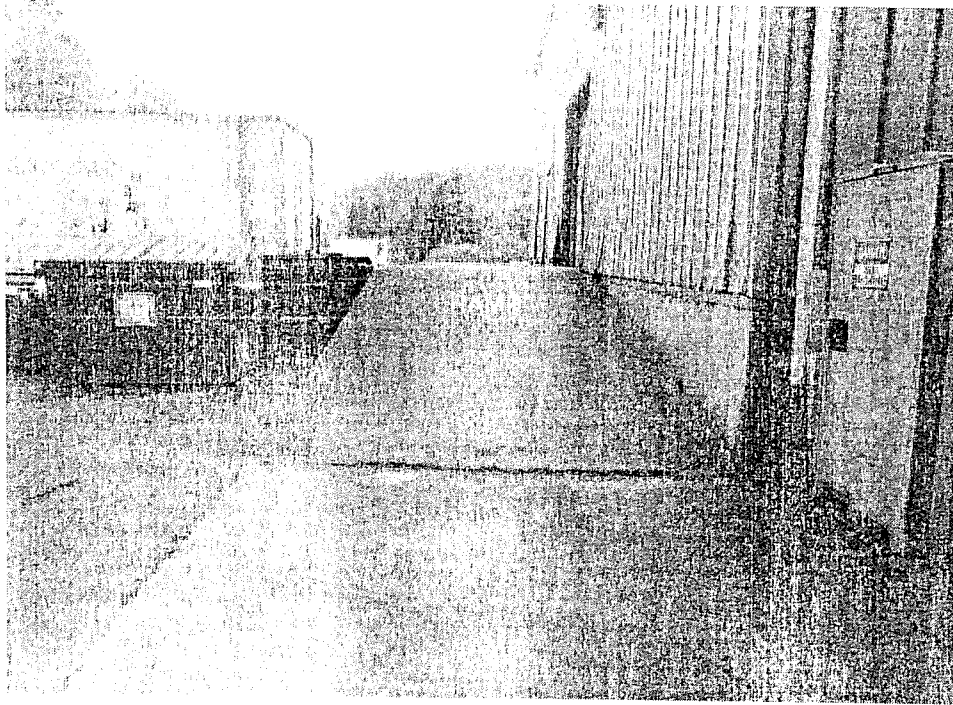
FRONT VIEW



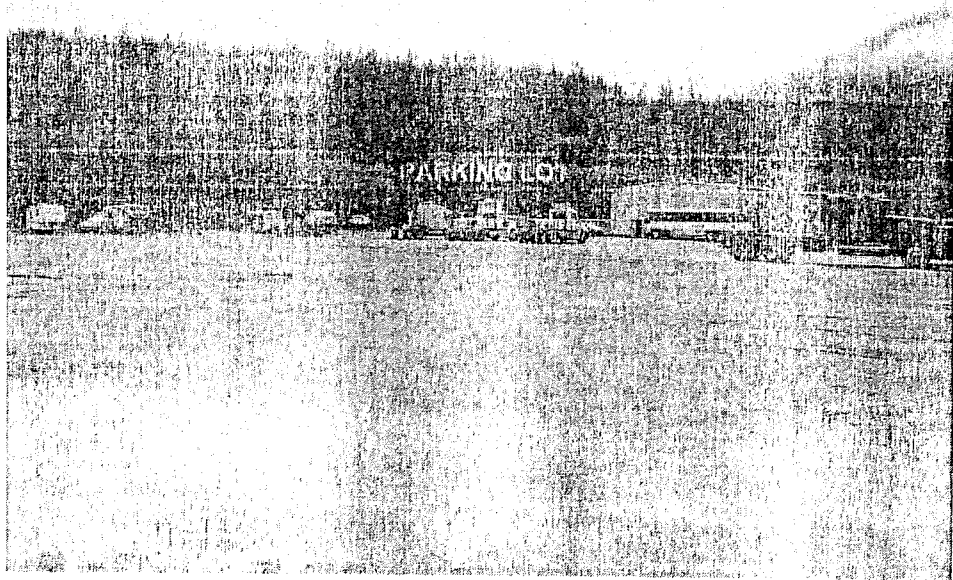
REAR VIEW



RAMPA



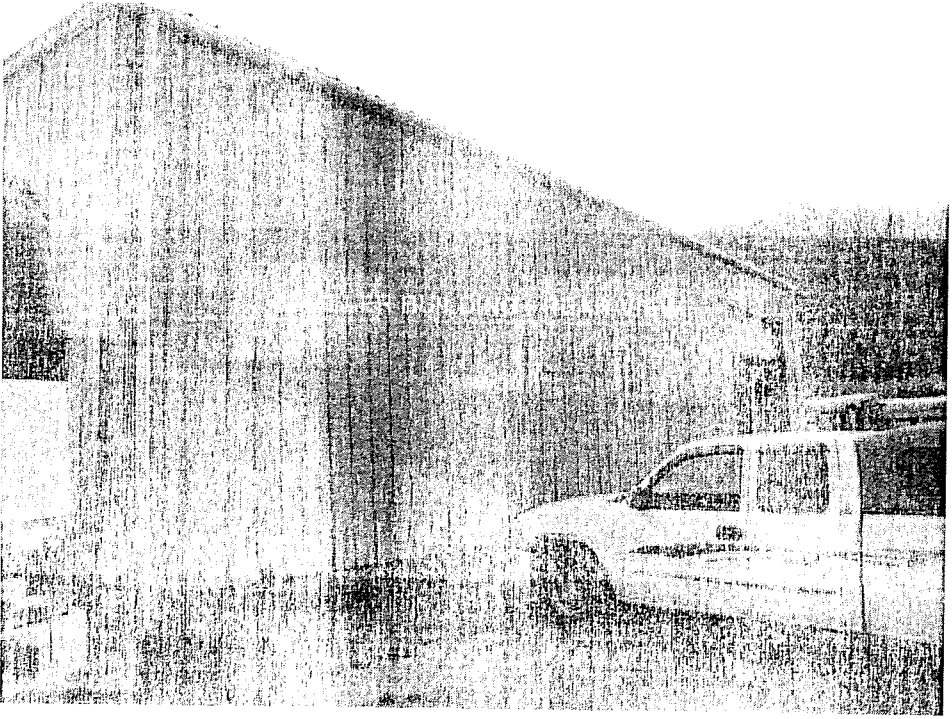
PARKING LOT



SMALLER BUILDING - FRONT VIEW 47

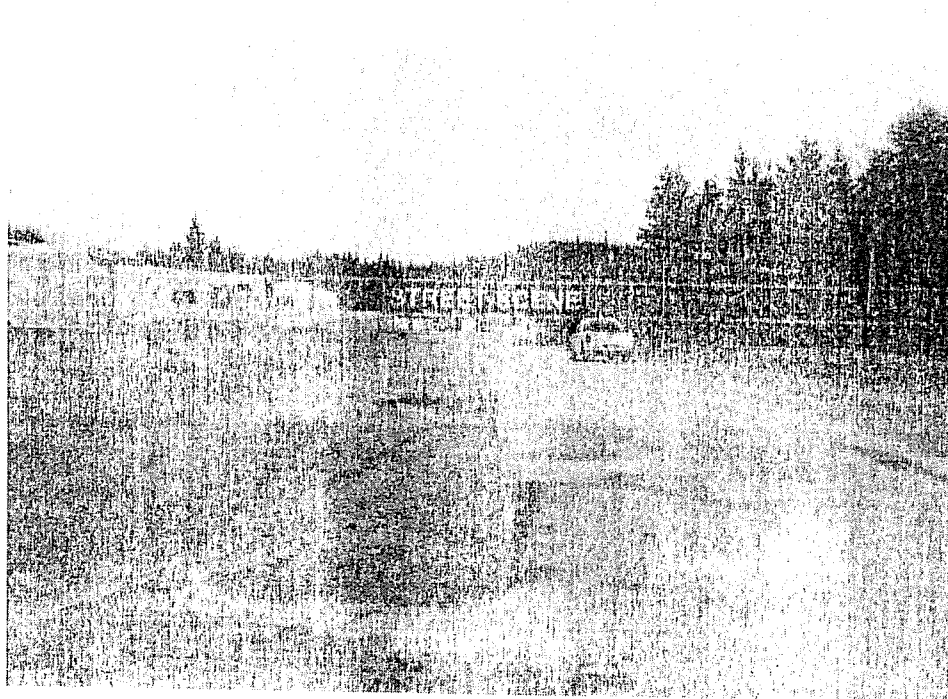


SMALLER BUILDING - REAR VIEW



STREET SCENE

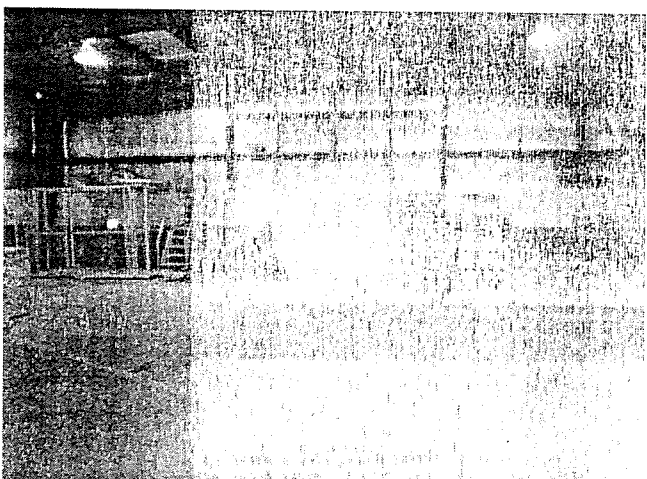
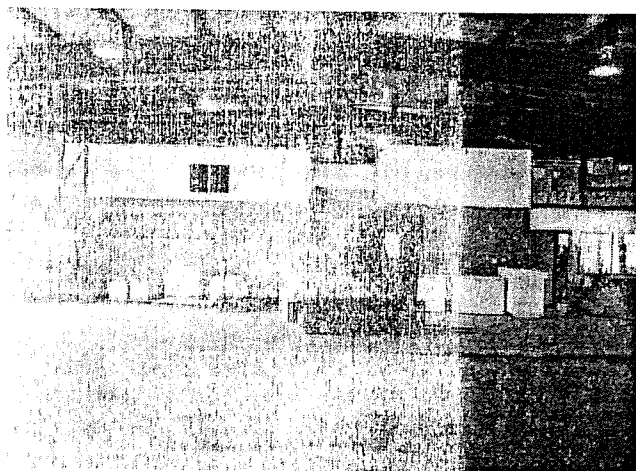
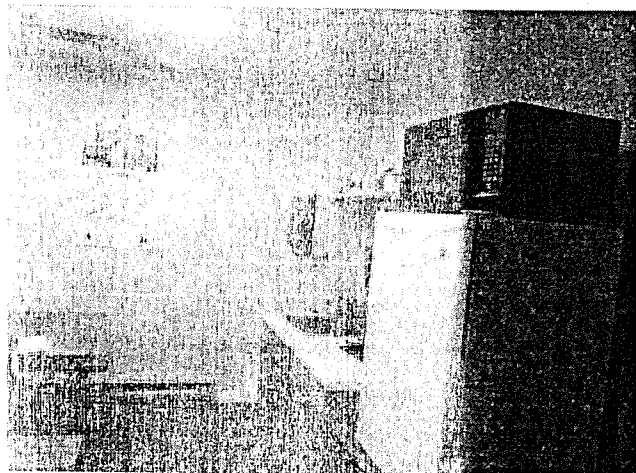
48



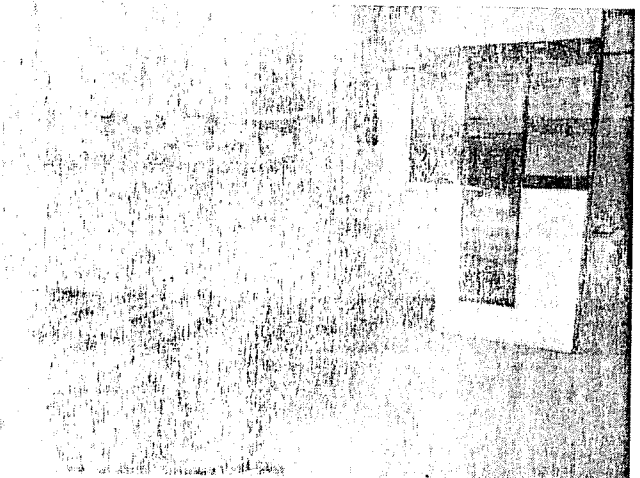
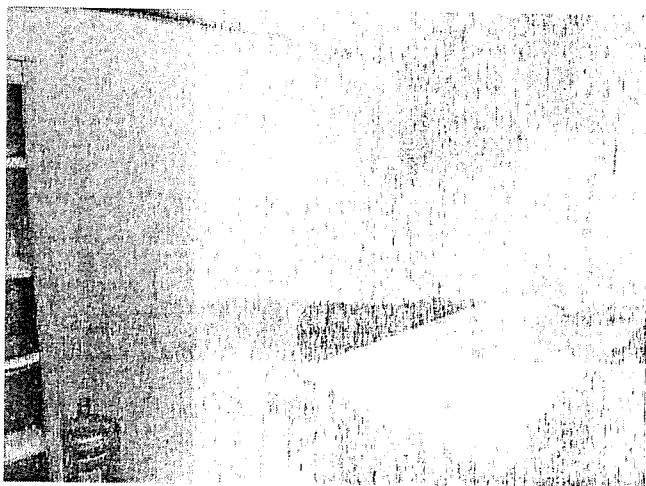
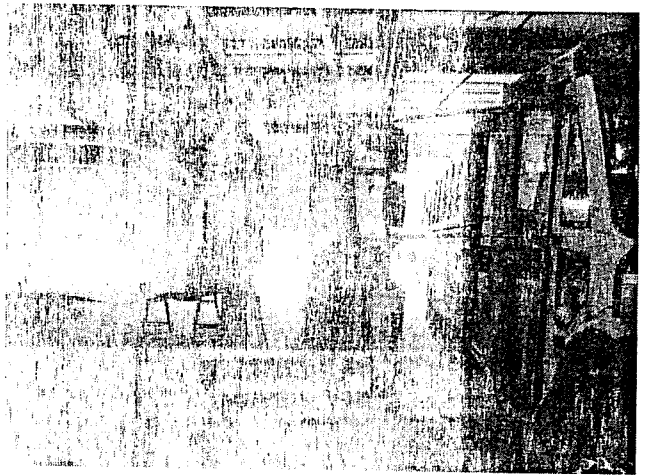
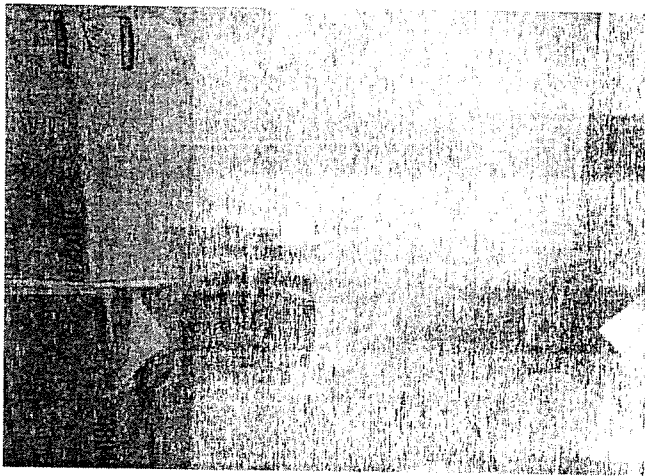
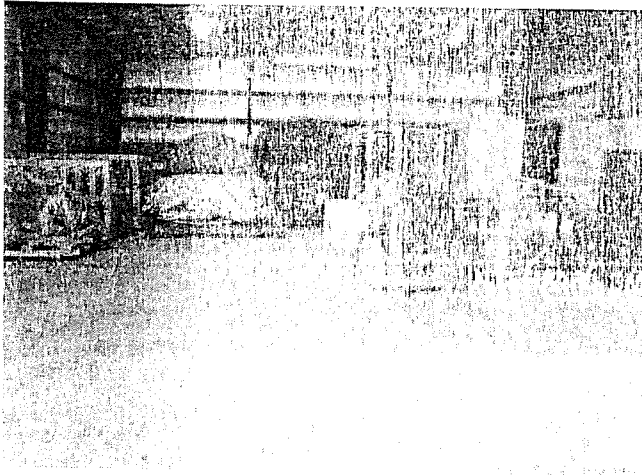
STREET SCENE



INTERIOR



INTERIOR - SMALLER BUILDING





DTZ Vancouver Real Estate Ltd.
 800 - 475 West Georgia Street
 Vancouver, BC, Canada, V6B 4M9
 Telephone: 604 684 7117
 Facsimile: 604 684 1017
 www.dtzvancouver.com

September 24, 2014

Williams Transfer Ltd.
 2401 United Boulevard
 Coquitlam, BC
 V3K 5Y5

Attention: Mr. Jim Williams

Dear Jim;

Re: Analysis of Appraisal
1600 & 1651 Prince Rupert, Boulevard, Prince Rupert, BC

This is Exhibit B referred to in the
 affidavit of George James (Jim) Williams
 made before me on this 16th
 day of February 20 15
Vain Tullu
 A Commissioner for taking
 Affidavits for British Columbia

Thank you for the opportunity of analyzing the appraisal you received from Steve Cullis Appraisals for the above noted properties. As a general comment, I believe the appraisal accurately reflects the salient points including lot sizes, square footages and other details, but makes a number of assumptions which I am not necessarily in agreement with. I look at the lowering of cap rates in that area and knowing the potential for both liquefied natural gas and the potential of the Northern Gateway Pipeline, I think that the area is only going to improve over the next five years. This would equate to property appreciation as well as a lowering of cap rates, mainly because of the demand for both owner occupied and investment product in the area.

The appraisal looks at two methods of valuation; the Comparable Approach and the Income Approach, but fails to look at the Cost Approach. When they analyze the Income Approach, they use an effective "supposed market" rate of \$10.00 per sq.ft. for the building and assume that the rate would include 5 acres of additional land at no cost. I am a firm believer that the building may have an \$8.00-\$10.00 per sq.ft. rental value, but the yard area should also have a rental value of between \$0.25-\$1.00 per sq.ft. depending on the rates achievable in that marketplace. As you know, yard areas in the lower mainland rent between \$1.25-\$2.00 per sq.ft. depending on location and whether they are paved and fenced, etc.

With the Income Approach valuation, he comes up with \$157,000 of net income but then reducing it by taking into consideration a vacancy allowance as well as a repairs and maintenance amount. This is unrealistic since most industrial leases would be triple net leases where the tenant would be responsible for all expenses. In this case, I would

- 2 -

suggest the \$157,000 should be net income and additionally, there should be the possibility of yard rent of another few tens of thousands of dollars. If you were to use only an \$8.00 rental rate, you would still achieve over \$120,000 of net revenue plus additional yard rent. When he looks at the capitalization rates of various sales that have appeared in the area on page 23, I note that most of the rates from recent sales are at a number which is trading lower. He has decided to use an 8% rate which may be high considering index 5, 6 and 7 all average about 7.25%. Assuming you are able to boost the net revenue to \$175,000 per year from the building plus additional yard rent, I would anticipate a value of close to \$2.4 million at a 7.25% cap rate. This may be a generous valuation but assuming that there is additional revenue that can be achieved from renting some of the yard, I would suggest this should be explored. If his \$10.00 per sq.ft. rental rate for the building assumes the additional 5 acres of land is to be included, then the \$157,000 of net income should not have a deduction for repairs & maintenance and vacancy. If you were able to sell it at a 7.25% cap, you should be able to achieve a value of \$2.16 million based on this revenue and the lower cap rate.

In looking at the Comparable Approach, there are few comparable properties with the amount of excess land your property offers. In looking at his land comparables (Index A and B) on page 31, Index B is 2.48 acres or \$302,000 per acre. This is a smaller property but has been moving up in value over the past several sales. This then brings me to the Cost Approach which he has neglected to use for valuation purposes.

When we look at the Cost Approach, we look at the cost of purchasing a site, building a building, and taking a depreciation factor into account to come up with an approximate current valuation. If the land component is approximately 6.2 acres and we use a value of \$250,000 per acre, we come up with a land value of approximately \$1,550,000. It appears the land is gravel surfaced and fenced and fully rentable. In addition, the buildings comprise approximately 15,700 sq.ft. which by today's standards would cost approximately \$1,200,000 to replace based on \$75 per sq.ft. finished. Obviously a depreciation factor would need to be taken into consideration, so even using a number of 50% would put an approximate building value of \$590,000. These numbers combined would provide a value of \$2,140,000 based on the Cost Approach for the property.

As you know I have not physically seen the property, however I have reviewed the pictures in the appraisal and looked at it through Google Earth and the property does appear to be in relatively good condition, especially the inside. I feel the appraiser should have utilized some historical rental information that you could provide from your history with the building. This would then provide a more accurate revenue projection since it sounds like you have had a number of yard renters over the years which he makes no mention of.

Based on my re-evaluation using the Income Approach as well as my evaluation based on the Cost Approach, I believe there is a potential for a somewhat higher value than his appraised value. I also encourage you to ensure that you have a Stage 1 and possibly a Stage 2 Environmental Report completed on the property if your intention is to sell it to ensure that you have no issues arising down the road. I am also waiting for calls from several realtors in the Prince George area to confirm land values in the Prince Rupert area, however, for the sake of not holding this up, I am submitting this to you now. If further information arises where I have concerns about my numbers, I will advise in due course.

Yours truly,

DTZ VANCOUVER REAL ESTATE LTD.



Steve Caldwell
Personal Real Estate Corporation
604-895-2224



DTZ Vancouver Real Estate Ltd.
 800 - 475 West Georgia Street
 Vancouver, BC, Canada, V6B 4M9
 Telephone: 604 684 7117
 Facsimile: 604 684 1017

www.dtzvancouver.com

October 7, 2014

Williams Transfer Ltd.
 2401 United Boulevard
 Coquitlam, BC
 V3K 5Y3

Attention: Mr. Jim Williams

Dear Jim;

Re: Evaluation of Appraisal on 341 Kaien and 120 Metlakatla Roads, Prince Rupert, BC

Thank you for providing me a copy of the Steve Cullis appraisal. I have three major concerns with the appraisal:

1. Since there are very few good comparables with which to judge using the comparable basis, I am surprised that he did not consider the cost approach as well.
2. The valuation on page 21 not only deducts a vacancy allowance of 5% but also an expense allowance which includes repairs and maintenance and management for a further 10% which I believe are common area and maintenance costs payable by the Tenant and should not be deducted from net income for valuation purposes.
3. There is no mention of the existing rental rates being paid for the tenants of the property, and only assumptions as to what the property should lease for.

The basic information on the property is as follows:

Location:	The subject property is located in the Prince Rupert Industrial Park, approximately 5 kilometres east of downtown Prince Rupert.
Property Type:	Industrial
Address:	341 Kaien Road and 120 Metlakatla Road, Prince Rupert, BC
Legal Description:	Lot 23 District Lot 251 Range 5 Coast District Plan 8614 PID: 007-364-091 Lot 25 District Lot 251 Range 5 Coast District Plan 8614 PID: 007-364-113

Building Size:	Approximately 11,390 sq.ft. or less than 10% site coverage			
Site Size:	<u>341 Kaien Road</u>		<u>120 Metlakatla Road</u>	
	1.38 acres		1.27 acres	
	Total: 2.65 acres			
Assessments: (2014):	Land	\$135,700	Land	\$125,000
	Building	<u>\$481,000</u>	Building	<u>\$ 0</u>
	Total	\$616,700		\$125,000
Property Taxes (2014):	\$23,884.16		\$4,538.46	
Zoning:	M-3 Waterfront Industrial			

In determining market value for this property, I am assuming that the site is environmentally clean and that there are no potential contamination or environmental problems.

I notice on page 6 of the appraisal that he determines that the cost approach is not included in this appraisal because construction costs exceed market value in Prince Rupert. I am not sure whether he means construction costs exceed the rental rate that a build to suit tenant would pay, or whether he is suggesting that construction costs exceed the achievable revenues that can be generated in the existing market for a spec built product. I believe that the cost approach should be looked at since the Prince Rupert market is very popular from an investor's point of view due to the future of LNG as well as the potential for the Northern Gateway Pipeline.

I noted in the previous evaluation done for the properties located at 1600 & 1651 Prince Rupert Boulevard, the appraiser felt that industrial lots could be valued in the range of \$250,000-\$350,000 per acre based on recent sales. The subject property has a 1.38 acre and a 1.27 acre lot which combined totals 2.65 acres and at \$300,000 per acre would be worth nearly \$800,000 for land alone. Add to this the cost of an 11,000 sq.ft. building which today would cost at least \$50.00-\$60.00 per sq.ft., the total would be in excess of \$1,365,000.

I note the building is approximately 34 years old and in average condition, and perhaps a depreciation factor would have to be considered for this type of building. It appears to be a very desirable building in that it has 3 grade loading doors and 4 dock loading doors which is substantial loading for a small building. The building is oriented along one of the property lines which provides ample truck and yard space along the balance of the property.

In the appraisal, Mr. Cullis mentions that the effective gross income would be \$108,000, but again he takes a vacancy allowance of 5% as well as an expense allowance of 10% of the base rent. If we look at the net revenue of approximately \$108,000 and a cap rate of 7.5% which appears to be the range where cap rates are heading, we come up with a value of \$1,432,000. This revenue may be a little high and perhaps some vacancy should be taken into consideration to reduce the income to \$102,000. At a 7.5% cap rate, the value is still \$1,360,000.

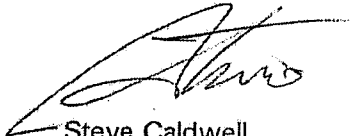
Finally, there is little mention made of existing rental rates nor what type of revenue a property is presently generating. If the rents are low, then the appraiser may prefer not to place as much emphasis on the income approach, since it would provide a lower value. From the comparables it appears the warehouse market is fairly tight and I would prefer to see a further analysis of the what the actual and achievable rental rates may be.

I suggest that if you are looking to sell the property to an investor, you should try to bump the rent as high as possible so that your 7.5% cap rate would generate a large value for the property. Or conversely, if you are selling to a user, you put a high enough asking price on the property to provide a little room for negotiation.

Based on the previous analysis, I believe you may be able to sell the property in the \$1,200,000-\$1,350,000. Please call me if you have any questions.

Yours truly,

DTZ VANCOUVER REAL ESTATE LTD.



Steve Caldwell
Personal Real Estate Corporation
604-895-2224

This is Exhibit C referred to in the
 affidavit of George James (Jim) Williams
 made before me on this 16th
 day of February 2015
Vain Jullie

A Commissioner for taking
 Affidavits for British Columbia



IMPORTANT INFORMATION FOR PROPERTY IDENTIFICATION

Area: 25
 Jurisdiction: 227 - City of Prince Rupert
 Roll: 0083400.005
 School District: 52

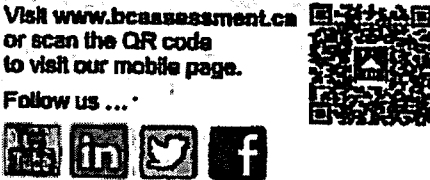
Block Map: BF73
 Neigh: 249

CONFIDENTIAL PIN: 0005929698

2014 Property Assessment Notice

This Notice provides you with an estimate of your property value, its classification and your entitlement to exemptions from taxation, if any apply. For most properties, the value is based on real estate sales and market conditions in your area.

THIS IS NOT A TAX NOTICE. TAX NOTICES ARE ISSUED BY YOUR TAXING AUTHORITY.

<p>PROPERTY DESCRIPTION</p> <p>This is a general description of your property for assessment purposes.* For additional information, please contact your assessment office noted below.</p>	<p>1651 PRINCE RUPERT BLVD Lot 1, Plan PRP11080, District Lot 251, Range 5, Coast Range 5 Land District PID: 004-733-100</p>												
<p>IMPORTANT DATES</p> <p>July 1, 2013 – Assessed value is estimated for most types of properties as of this date.</p> <p>October 31, 2013 – Assessed value typically reflects the property's physical condition and permitted use as of this date.</p> <p>January 31, 2014 – Deadline for filing a Notice of Complaint (Appeal).</p>	<table border="1"> <thead> <tr> <th></th> <th>VALUE</th> <th>CLASS</th> </tr> </thead> <tbody> <tr> <td>LAND</td> <td>74.100</td> <td></td> </tr> <tr> <td>ASSESSED VALUE</td> <td>174.100</td> <td>BUSINESS/OTHER</td> </tr> <tr> <td>TAXABLE VALUE</td> <td>174.100</td> <td></td> </tr> </tbody> </table>		VALUE	CLASS	LAND	74.100		ASSESSED VALUE	174.100	BUSINESS/OTHER	TAXABLE VALUE	174.100	
	VALUE	CLASS											
LAND	74.100												
ASSESSED VALUE	174.100	BUSINESS/OTHER											
TAXABLE VALUE	174.100												
<p>ADDITIONAL INFORMATION</p> <p>Visit www.bcasassessment.ca or scan the QR code to visit our mobile page.</p> <p>Follow us ...</p> 	<p>* 2013 assessed value (as of July 1, 2012) was \$74,100.</p>												

THE ASSESSMENT OFFICE FOR THIS PROPERTY IS:

Northwest Assessment Area
 100-4545 Lazelle Ave
 Terrace BC V8G 4E1
 25-62-227-0083400.005

Phone: 1-855-825-8322 or 804-738-8588
 Fax: 1-855-825-8209
 Click "CONNECT" at www.bcasassessment.ca

THE OWNER/LESSEE OF THIS PROPERTY IS:

WILLIAMS TRANSFER LTD
 2401 UNITED BLVD
 COQUITLAM BC V3K 5Y3

QUESTIONS:

Click **CONNECT** at www.bcasassessment.ca or call 1-855-valueBC (1-855-825-8322). During January, office hours are Monday to Friday, 8:30 am to 5:00 pm.

IMPORTANT APPEAL INFORMATION

You are encouraged to discuss your assessment with an appraiser before filing a formal Notice of Complaint (Appeal). To file online, please use the Notice of Complaint (Appeal) Form available at www.bcasassessment.ca. You can also mail, fax or hand deliver a Notice of Complaint (Appeal) to your local BC Assessment office.

Mailed complaints must be postmarked on or before January 31, 2014. The deadline for filing by any means is January 31, 2014.

* Before using information in the Property Description box for non-assessment purposes, please verify records with the Land Title and Survey Authority of British Columbia (www.lta.ca).

BC Assessment
40 YEARS OF VALUE TO BC

IMPORTANT INFORMATION FOR PROPERTY IDENTIFICATION

Area: 25
Jurisdiction: 227 - City of Prince Rupert
Roll: 0093400.000
School District: 52



Roll Mat: BF73
Matr: 249

CONFIDENTIAL FRI: 0005829698

2014 Property Assessment Notice

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PROPERTY DESCRIPTION																			
<p>This is a general description of your property for assessment purposes.* For additional information, please contact your assessment office noted below.</p>	<p>1600 PRINCE RUPERT BLVD Lot A, Plan PRP0668, District Lot 251, Range 5, Coast Range 5 Land District, Except Plan 11690 PID: 005-880-971</p>																		
IMPORTANT DATES																			
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	VALUE	CLASS																	
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Less Exemptions	-10.000																		
TAXABLE VALUE	11,097.000																		
ADDITIONAL INFORMATION																			
<p>Visit www.bcasessment.ca or scan the QR code to visit our mobile page.</p> <p>Follow us ...</p>  	<p>* 2013 assessed value (as of July 1, 2012) was \$1,064,000.</p>																		

THE ASSESSMENT OFFICE FOR THIS PROPERTY IS:

Northwest Assessment Area
100-4545 Luzzelle Ave
Terrace BC V8G 4E1
25-52-227-0093400.000

Phone: 1-866-825-8322 or 604-739-6588
Fax: 1-855-295-6209
Click "CONNECT" at www.bcasessment.ca

THE OWNER/LESSEE OF THIS PROPERTY IS:

WILLIAMS TRANSFER LTD
2401 UNITED BLVD
COQUITLAM BC V3K 5Y3

* Before using information in the Property Description box for non-assessment purposes, please verify records with the Land Title and Survey Authority of British Columbia (www.lta.ca).

QUESTIONS?

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During January, office hours are Monday to Friday, 8:30 am to 5:00 pm.

IMPORTANT APPEAL INFORMATION

You are encouraged to discuss your assessment with an appraiser before filing a formal Notice of Complaint (Appeal).

To file online, please use the Notice of Complaint (Appeal) Form available at www.bcasessment.ca. You can also mail, fax or hand deliver a Notice of Complaint (Appeal) to your local BC Assessment office.

Mailed complaints must be postmarked on or before January 31, 2014. The deadline for filing by any means is January 31, 2014.



IMPORTANT INFORMATION FOR PROPERTY IDENTIFICATION

Area: 25
 Jurisdiction: 227 - City of Prince Rupert
 Roll: W000402.024
 School District: S2


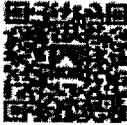
Box Mail: B773
 Neigh: 250

CONFIDENTIAL PIN: 005930245

2014 Property Assessment Notice

This Notice provides you with an estimate of your property value, its classification and your entitlement to exemptions from taxation, if any apply. For most properties, the value is based on real estate sales and market conditions in your area.

THIS IS NOT A TAX NOTICE. TAX NOTICES ARE ISSUED BY YOUR TAXING AUTHORITY.

<p>PROPERTY DESCRIPTION</p> <p>This is a general description of your property for assessment purposes.* For additional information, please contact your assessment office noted below.</p>	<p>120 METLAKATLA RD Lot 25, Plan FRP8814, District Lot 251, Range 5, Coast Range 5 Land District PID: 007-364-113</p>																
<p>IMPORTANT DATES</p> <p>July 1, 2013 – Assessed value is estimated for most types of properties as of this date.</p> <p>October 31, 2013 – Assessed value typically reflects the property's physical condition and permitted use as of this date.</p> <p>January 31, 2014 – Deadline for filing a Notice of Complaint (Appeal).</p>	<table border="1"> <thead> <tr> <th></th> <th>LAND</th> <th>VALUE</th> <th>CLASS</th> </tr> </thead> <tbody> <tr> <td>ASSESSED VALUE</td> <td></td> <td>125,000</td> <td></td> </tr> <tr> <td>TAXABLE VALUE</td> <td></td> <td>\$125,000</td> <td>BUSINESS/OTHER</td> </tr> <tr> <td></td> <td></td> <td>\$125,000</td> <td></td> </tr> </tbody> </table>		LAND	VALUE	CLASS	ASSESSED VALUE		125,000		TAXABLE VALUE		\$125,000	BUSINESS/OTHER			\$125,000	
	LAND	VALUE	CLASS														
ASSESSED VALUE		125,000															
TAXABLE VALUE		\$125,000	BUSINESS/OTHER														
		\$125,000															
<p>ADDITIONAL INFORMATION</p> <p>Visit www.bcassessment.ca or scan the QR code to visit our mobile page.</p> <p>Follow us,...</p>  	<p>* 2013 assessed value (as of July 1, 2012) was \$125,000.</p>																

_____ **THE ASSESSMENT OFFICE FOR THIS PROPERTY IS:**
 Northwest Assessment Area
 100-4545 Luzzella Ave
 Terrace BC V8G 4E1
 25-52-227-W000402.024

_____ **THE OWNER/LESSEE OF THIS PROPERTY IS:**

Phone: 1-866-825-8322 or 804-739-8588
 Fax: 1-855-995-8209
 Click "CONNECT" at www.bcassessment.ca

WILLIAMS HOLDINGS LTD
 2401 UNITED BLVD
 COQUITLAM BC V3K 5Y3

QUESTIONS:

Click **CONNECT** at www.bcassessment.ca or call 1-866-valueBC (1-866-825-8322).
 During January, office hours are Monday to Friday, 8:30 am to 5:00 pm.

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* Before using information in the Property Description box for non-assessment purposes, please verify records with the Land Title and Survey Authority of British Columbia (www.ltsa.ca).

Assessment Roll Report

064A

Disclaimer

This information is obtained from various sources and is determined as of the specific dates set out in the Assessment Act. As a result, BC Assessment cannot warrant that it is current or accurate, and provides it for your convenience only. Use of this information without verification from original sources is at your own risk.

©BC Assessment

Report Date: Feb 16, 2015
Folio: 254284.00015
Report Time: 01:39:43 PM
For: PC92177
Roll Year: 2014
Area: 25
Roll Number: W000402.023
School District: 52
Jurisdiction: 227
Neighbourhood: 250 - PRINCE RUPERT - WATERFRONT
Property Address: 341/351 KAIEN RD PRINCE RUPERT BC
Owner Name: WILLIAMS MOVING & STORAGE BC LTD
of Owners: 1
Owner Address: 2401 UNITED BLVD COQUITLAM BC V3K 5Y3
Document No: CA2640460
PID: 007-364-091
Legal Description: Lot 24, Plan PRP8614, District Lot 251, Range 5, Coast Range 5 Land District

2014 Value

Property Class	Land	Improvement
Light Industry	\$73600	\$261000
Business And Other	\$62100	\$220000

Total Actual Value: \$616700

2013 Value

Property Class	Land	Improvement
Light Industry	\$75200	\$250000
Business And Other	\$60500	\$201000

Total Actual Value: \$586700

2012 Value

Property Class	Land	Improvement
Light Industry	\$80300	\$264000
Business And Other	\$61200	\$201000

Total Actual Value: \$606500

Manual Class: S406 - Warehouse, Storage
Actual Use: 273 - Storage & Warehousing (Closed)
Tenure: 01 - Crown-Granted

ALR:

Land Dimension: 1.38 **Land Dimension Type:** Acres

Sales:

Number	Description
#1	A NON-SALE occurred on 05 Jul 2012. The document # was CA2640460.
#2	A NON-SALE occurred on 10 May 2010. The document # was CA1555053.
#3	A SINGLE PROPERTY, IMPROVED SALE occurred on 15 Mar 1979. This was a CASH sale and the price was 112,000. The document # was H3917.
#4	A NON-SALE occurred on 15 Jun 1977. The document # was F6326.

Additional Owners:

Associated PIDs:

①

**METLAKATLA DEVELOPMENT CORPORATION
PO BOX 224
PRINCE RUPERT, BC
V8J 3P6**

December 12, 2014

Letter of Offer

**Williams Transfer Ltd
2401 United Boulevard
Coquitlam, BC
V3K 5Y3**

This is Exhibit D referred to in the
affidavit of George James (Jim) Williams
made before me on this 16th
day of February 2015
Vain Tuuli
A Commissioner for taking
Affidavits for British Columbia

**Re: 1600 Prince Rupert Boulevard & 1651 Prince Rupert Boulevard, Prince Rupert, BC and
341 Kalen Road & 120 Metlakatla Road, Prince Rupert BC**

**Seller: Williams Transfer Ltd
2401 United Boulevard
Coquitlam, BC
V3K 5Y3**

**Buyer: Metlakatla Development Corporation
PO Box 224
Prince Rupert, BC
V8J 3P6**

**Property: 1600 Prince Rupert Boulevard
Legal Description: Lot A, District Lot 251, Range 5 Coast District Plan 9608, Except Plan 11090
PID: 008-880-971**

**Property: 1651 Prince Rupert Boulevard
Legal Description: Lot 1, District Lot 251, Range 5 Coast District Plan 11090
PID: 008-880-971**

**Property: 341 Kalen Road
Legal Description: Lot 23, District Lot 251, Range 5 Coast District Plan 8614
PID: 007-384-061**

**Property: 120 Metlakatla Road
Legal Description: Lot 25, District Lot 251, Range 5 Coast District Plan 8614
PID: 007-384-013**

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

Purchase Price:

341 Kalen and 120 Metakatia Roads - One Million, Two Hundred and Seventy-Five Thousand Dollars (\$1,275,000.00); less industry standard commission(s) payable to a Real Estate Company located in Prince Rupert.

[Handwritten initials]

1600 and 1651 Prince Rupert Blvd - Two Million Dollars (\$2,000,000); less industry standard commission(s) payable to a Real Estate Company located in Prince Rupert.

[Handwritten initials]

Deposit: A deposit of Fifty Thousand Dollars, (\$50,000.00) which will form part of the Purchase Price, will be paid in Trust to Silversides, Merrick & McLean, upon execution of this Letter of Offer by the Seller. If the sale does not complete, the full amount of the deposit will be returned to the Buyer.

Terms and Conditions: The purchase and sale of the Property includes the following terms and is subject to the following conditions:

The Seller will provide to the buyer a true copy of the Property Title.

The Buyer is permitted to carry out its business on the Property upon completion of the Sale/Purchase, subject to the current zoning (M-1 Light Industrial).

The Seller will provide to the Buyer all information relating to any restrictive covenants, easements, right of ways, registered charges or other interests on the Property.

~~The Buyer acknowledges that the Property has some contamination.~~

[Handwritten initials]

The Seller provides a full, fair and complete disclosure to the Buyer of all matters, records and agreements related to the Building, including but not limited to financial statements, income and expense information, balance sheet information, cash flow information, cash flow projections, lease agreements, fixed asset information, leasehold improvement information, supplier information, customer service and supply agreements, insurance loss history, workers compensation claims history, environmental and other consultants' reports concerning the Building and all other principal and relevant documents, records and information as the Purchaser may reasonably request.

[Handwritten initials]

That Metakatia Development Corporation agrees to allow Williams Moving and Storage to retain up to 49% share in Gat Leedm Logistics LLP to June 30th, 2017; subject to Williams Moving And Storage agreeing to provide Metakatia Development Corporation the exclusive right to acquire all or any portion of Williams' shares of Gat Leedm Logistics LLP at any time after June 30th, 2017 at Williams Partnership Equity Account value.

Metakatia Development Corporation allows Williams Moving and Storage to continue to display the Williams Moving & Storage sign on the building.

[Handwritten initials]

Completion: Subject to all conditions either being waived or declared fulfilled, the Sale will complete Thirty (30) days after the execution date of this Letter of Offer by the Seller.

Sixty

In consideration of the substantial expenditure of time, effort and expense to be undertaken by the Buyer in connection with the due diligence and documentation of the proposed Sale/Purchase, while this Letter of Offer is in effect the Buyer will not, nor will they permit any of their agents or any other person acting for them, enter into or conduct any discussions or negotiations with any other Party or solicit or entertain any inquiries or proposals relating to the possible sale or other disposition of the Property or any part of their interest in the Property.

[Handwritten initials]


②

The Seller and the Buyer agree that in the event the Sale Process is not completed, the Seller and Buyer shall not and, or disclose to any third Party any confidential information acquired by either party as a result of approval or disclosure of either party to the other.

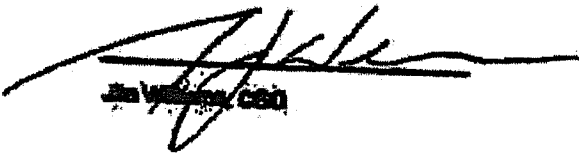
Witly executed by the Seller this 15 day of December, 2014

SEPLAATLA DEVELOPMENT CORPORATION


Samuel Lippman, CEO


[Name]

WILLIAMS HOLDINGS LTD


[Name], CEO


[Name]

No. B-150075
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA
IN BANKRUPTCY AND INSOLVENCY

IN THE MATTER OF THE NOTICE OF INTENTION
TO MAKE A PROPOSAL OF
WILLIAMS MOVING & STORAGE (B.C.) LTD.

AFFIDAVIT

FASKEN MARTINEAU DuMOULIN LLP

Barristers and Solicitors
2900 - 550 Burrard Street
Vancouver, BC, V6C 0A3
+1 604 631 3131

Counsel: Vicki Tickle
Matter No: 254284.00015