

COURT FILE NUMBER           **1803 21971**

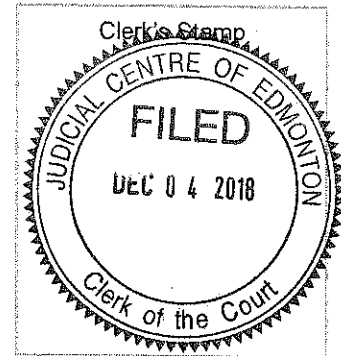
COURT                           **COURT OF QUEEN'S BENCH OF  
ALBERTA**

JUDICIAL CENTRE           **EDMONTON**

PLAINTIFFS                   **BUSINESS DEVELOPMENT BANK OF  
CANADA**

DEFENDANTS                 **1119658 ALBERTA LTD. and 101285461  
SASKATCHEWAN LTD.**

DOCUMENT                   **AFFIDAVIT**



ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT   Doherty Schuldhaus LLP/Brian Doherty  
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File: 93114 TH

**AFFIDAVIT OF KELLY MAAN**

**Affirmed on December 4th, 2018**

I, KELLY MAAN, of the City of Edmonton in the Province of Alberta, AFFIRM AND SAY THAT:

1. I am an officer, director and owner of 1119658 Alberta Ltd. and 101285461 Saskatchewan Ltd.
2. Paragraphs 1 through 10 and 12 and 13 of the Statement of Claim in this action are admitted.
3. I originally caused 1119658 Alberta Ltd. to purchase the Westwood Inn in Drayton Valley, Alberta, in 2007. That business did very well up until the price of oil dropped. The hotel serves the oil industry primarily.
4. Using the profits from the Westwood Inn, I arranged for 101285461 Saskatchewan Ltd. to purchase the hotel in Yorkton, Saskatchewan which now operates as a Quality Inn & Suites branded hotel. That hotel was purchased by 101285461 Saskatchewan Ltd. in 2015. At the time of purchase, the Seller said there was an appraisal of the business for in excess of \$10 million dollars from 2013. After purchasing the Yorkton hotel, I caused renovations to be done to the hotel costing approximately \$1.1 million dollars.
5. The occupancy of the hotel suffered significantly as a result of the downturn in the economy. Yorkton's economy is also heavily tied to the oil patch.
6. In 2016 and early 2017, I communicated with Peter Webster and Dean Gottselig at the Business Development Bank of Canada, herein referred to as ("BDC"), and they were understanding of my problems arising from the economic downturn and they agreed that the two companies could pay interest only on the BDC loans for some time. When Hardeep Singh took over the two accounts

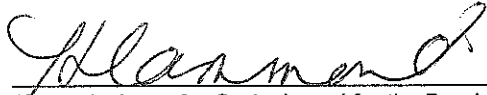
at BDC, the communication was not as cordial and Mr. Singh made demands that the principle arrears be paid up to-date. Neither company had funds to pay these arrears.

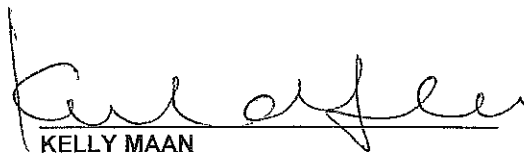
7. In December 2017, Mr. Singh required an appraisal on the Yorkton hotel which he advised came in at \$4.2 million dollars. I have not been given a copy of the appraisal. Leading up to the appraisal, Mr. Singh chose the appraiser; Tim Beckett. Mr. Beckett spoke to my son at first and told my son the appraisal would be between 5.5 million and 5.75 million. It was for this reason that Colliers originally listed the hotel for 5.5 million. Then Mr. Beckett told my son and myself, that Bank said he could not talk or give the appraisal to us because the appraisal was for the Bank. Then, Mr. Singh said after about 2 months, the appraisal was 4.2 million. We did not agree with the appraisal and Mr. Singh refused to give us a copy even though he charged about \$14,000.00 against the mortgage for the appraisal.
8. As part of the discussions with BDC, we agreed to list the Yorkton hotel for sale. We originally listed the hotel with a local Re/Max realtor in Yorkton in March of 2017 but after two months, he suggested we should use a larger firm. We then listed the hotel with Colliers at a listing price of \$5.5 million. There were no showings. On January 22, 2018, we reduced the price to five-million dollars.
9. One of the problems with the Yorkton hotel is that the staff are unionized and therefore, the wages and costs of staff are inordinately high for that hotel. This is evident from the financial statements.
10. At the end of May 2018, we listed the Yorkton hotel with Qui Dang of Grand Realty Calgary. The listing price was \$4.6 million. Our understanding was that Mr. Dang specialized in commercial properties and hotels and that he had access to Chinese investors. Mr. Dang has had four showings of the hotel but no offers as of yet.
11. The land next to the land on which the Yorkton hotel sits, recently sold for \$5.9 million dollars for 6 acres. There is a large shopping centre currently under construction on that land slated to be opened sometime in 2020. The construction has resulted in some workers staying in the hotel, approximately 10 rooms per month.
12. The City of Yorkton has assessed the hotel at \$7.56 million dollars for property tax purposes as shown on Mr. Singh's Affidavit exhibit "P". The assessment had been approximately \$8.5 million until I had appealed the assessment and the city reduced it to \$7.56 million dollars. I had argued that the assessment should be even lower based on the fact that the hotel was listed and there had been no sale. The appeal of the assessment was dismissed. **Exhibit "A"** to this my Affidavit is a copy of the appeal reasons.
13. The Yorkton hotel has 97 rooms and as indicated above, they are all renovated less than 3 years ago. There is a Comfort Inn in Yorkton with 79 rooms that sold within the last year for \$3.65 million dollars.
14. In his Affidavit, Mr. Singh says we ceased making payments in July of 2018. This is not strictly accurate. We offered to continue interest only payments as previously discussed with Peter Webster and Dean Gottselig, even though there was no cash flow from the hotel and any funds would come from my personal monies, however BDC refused. Mr. Singh says we became non-responsive and while I admit, communication with Mr. Singh has not always been easy, we have and continue to be interested in productive discussions to resolve the issues with BDC.

15. We accept that the Yorkton hotel must be sold and as soon as possible. It is in the best interest of all concerned to maximize the sale price given the reality of the market. We agree to list the hotel with whomever BDC may suggest if they are not happy with Mr. Dang and set the listing price at any reasonable price that may be suggested. We propose that the hotel be listed now for \$4.25 million dollars.
16. We are also willing to list the Drayton Valley hotel with whomever BDC may suggest at whatever reasonable price the realtor recommends.
17. We are prepared to provide BDC or whomever they may appoint, with whatever financial records from the operation of both hotels they may require on a monthly basis. We agree that any revenue earned by both hotels, be used to pay any expenses that might have the effect of reducing BDC's security in priority to any other payments. We agree if there is any excess income from the hotel operations, after all operating expenses are paid, that the excess money be paid to BDC to be applied against the loans and interest.
18. When I built the hotel in Drayton Valley, it costed \$2.8 million dollars to build approximately in 2007. The hotel sits on 2 acres of land. When I borrowed the money from BDC against the Drayton Valley hotel, I obtained an appraisal which costed \$3,500.00 and the appraisal was for \$5.1 million dollars. I am sure the value of the hotel has diminished since then because of the slowdown in the economy, however, I believe that the hotel is probably worth \$2.5 million dollars, notwithstanding, the assessment by the Town of Drayton Valley. The occupancy of the hotel is improving. I received a telephone call from the manager of the hotel on December 3, 2018, who indicated that the occupancy was 28 rooms and that a company called Dechant Construction had booked 4 rooms and indicated that they had a contract in the area and would be booking rooms.
19. The assessment of the Drayton Valley hotel by the municipal authorities is 1,048,780.00. **Exhibit "B"** to this my Affidavit, is the property assessment and tax notice from the Town of Drayton Valley.
20. The income situation with both hotels has been improving. The two hotels both still operate at a loss but the losses are decreasing. Attached as **Exhibit "C"** are financial statements for the Yorkton hotel. Attached as **Exhibit "D"** are financial statements for the Drayton Valley hotel.
21. The Yorkton hotel, before we purchased it, had an arrangement with CN Rail. We lost them as a customer but have now renegotiated with them and this arrangement will result in CN Rail renting up to 15 rooms per month.
22. I make this Affidavit in support of an application for relief from forfeiture and to stay any receivership order. The balance of convenience favours a voluntary sale of the properties as of the properties as opposed to a receivership. Receivership will result in a lower sale price and money lost in paying a receiver to operate and sell the properties will never recovered. There are personal guarantees in respect of each loan limited to \$250,000.00 each and the collection costs will come out of the equity and reduce the equity and may in fact increase the amount that may eventually be claimed against me in respect of my personal guarantees.

23. Attached as Exhibit "E" is two pages from a 2013 appraisal of the Yorkton Hotel.

AFFIRMED BEFORE ME at Edmonton, Alberta,  
this 4th day of December, 2018.

  
\_\_\_\_\_  
(Commissioner for Oaths in and for the Province  
of Alberta)

)  
)  
)  
)  
  
\_\_\_\_\_  
KELLY MAAN

**TAYLOR HAMMOND**  
A Commissioner for Oaths  
in and for Alberta  
My Commission Expires Dec 19, 20 20



**City of Yorkton  
Board of Revision**

Citation: Maan v. Yorkton (City)  
2017 SKMBR 2441004

Date: 2017-09-21  
File No: C-YORKT 2017-A017  
Hearing Date: July 11, 2017

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Respecting an assessment appeal for:  
Roll Number: YORKT- 0515100300  
Civic Address: 2 Kelsey Bay

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Between:

**Mr. Harry Maan**  
  
(Appellant)

- and -

**City of Yorkton**  
  
(Respondent)

Before: Clinton Krismer – Chairman  
Gordon Krismer – Member  
Jeff Hutton – Member

**TAYLOR HAMMOND**  
A Commissioner for Oaths  
in and for Alberta  
My Commission Expires Dec 19, 2020

Board Secretary: Christina Krismer

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**Represented by**

For the Appellant: Mr. Harry Maan  
- Property owner

For the Respondent: Ms. Jackie Currah  
Mr. Michael Uhryn  
- Assessment Appraisers, SAMA

This is Exhibit " A " referred to in the  
Affidavit of

*Kelly Maan*  
Sworn before me this 4<sup>th</sup> day  
of December 20 17  
*T. Hammond*  
A Commissioner for Oaths in and for  
the Province of Alberta

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This appeal was heard in the City of Yorkton Council Chambers on July 11, 2017 at 9:00 AM.

**The Law**

[1] This appeal arises pursuant to Section 197, et al, of The Cities Act, 2005 (the Act). The Board will apply all relevant sections from the Act. Where appropriate, the Board will quote specific sections or references from the Act in the body of this decision.

**Role of the Board**

[2] The role of the Board of Revision (the Board) is to consider the facts, evidence and testimony presented to the Board during the hearing to determine if the Appellant provides sufficient evidence or compelling reasons to prove an error has been made by the Appraiser.

[3] The Board may request undertakings based on the evidence and testimony it hears during an appeal to confirm calculations, facts, or other evidence, or to consider alternate scenarios based on the arguments and evidence presented by both parties.

#### **Exhibits**

[4] The following Exhibits were filed with the Board. These exhibits along with this decision constitute the record of the Board:

- Exhibit A-1: Notice of appeal dated April 3, 2017.
- Exhibit A-2: Confidential financial statements from the subject property, 2014 and 2015.
- Exhibit R-1: Written submission from the Respondent
- Exhibit B-1: Board Undertaking for classification of 4 properties used for comparison purposes by the Appellant.

#### **Preliminary Matters:**

[5] A correction was made to the spelling of the Appellant's last name on the cover page of Exhibit R-1

#### **Facts:**

[6] The Appellant owns a commercial building in Yorkton. The building is used as a limited service hotel property. The current assessed value of the subject property is \$7,567,000 and is assessed using the Income approach.

[7] The subject property has been stratified in the Accom\_2 group, Limited Service accommodations as defined on page 25 of Exhibit R-1. This group has been applied a market room rate of \$138.00, occupancy rate of 46% and CAP rate of 14.45%.

#### **Issues:**

[8] The Appellant believes the assessment is too high based on current market conditions and economic climate. The Appellant further believes his property is not assessed equitably with other nearby hotels.

#### **Position of the Appellant:**

[9] The Appellant believes the current market value of the subject property to be in the range of \$6,000,000 to \$6,500,000. He therefore feels the current assessed value of the property to be significantly too high.

[10] The Appellant claimed, and SAMA confirmed, that the subject property should be assessed based on 95 rooms rather than 97 rooms as it is presently assessed. The building originally had 100 rooms, and SAMA has already noted that 3 rooms were converted to other uses including a meeting room and a continental breakfast area. SAMA was previously unaware that two additional rooms have been converted to an alternate use.

[11] The Appellant has compared his assessed value of \$7,567,000, based on 97 rooms, against other local hotels. He notes that the Days Inn has 76 rooms and is assessed at

approx. \$5.56M; the Ramada has 82 rooms and is assessed at approximately \$4.3M; and the Howard Johnson has 150 rooms and is assessed at less than \$4M. He believes his assessment is not equitable with these nearby properties.

[12] The Appellant notes that he is assessed using a Room Rate of \$138.00. He indicates his current room rate is approximately \$90, and would be more properly assessed using the Accom 1A or Accom 1B room rate of \$73.

[13] The Appellant lastly states that his property involves unionized employees which, he suggests, adds additional expense that are not comparable to the other properties and which greatly impacts his operational expenses.

**Position of the Respondent:**

[14] The Respondent is confident the model they have developed is accurate and has been statistically tested. They stress that the model has been developed using sales and income evidence collected during the base period, Jan.1 2011 through Dec. 31, 2014.

[15] The Respondent indicates that sales or market evidence collected on or after Jan 1<sup>st</sup>, 2015 is not relevant for the purpose of assessment in the current base period according to the Act and also supported by previous Court of Appeal, Saskatchewan Municipal Board, and local Boards of Revision decisions. In the result, they state the Board should not rely upon any evidence offered by the Appellant with respect to sales or market data that took place after this date.

[16] The Respondent demonstrates they have sufficient sales and have collected sufficient revenue and expense data from within the base period to properly analyze, stratify, and statistically test the model that has been applied to the subject property. Appendix B, Page 18, and beyond of Exhibit R-2 contains evidence of the testing performed by the Respondent while developing the model.

[17] The Respondent also suggests that the property has been properly stratified according to the definitions on Page 25 of Exhibit R-1. It would not be considered as a "Motel" (Accom 1A and 1B) according to the definitions, and it is not a "Full Service Hotel" offering food and beverage services or conference facilities (Accom 3A and 3B). They believe it has been correctly stratified in the Accom 2, or "Limited Service Hotel" as per the definitions.

**Analysis:**

[18] The Board has reviewed the model developed by the Respondent and applied to the subject property as well as other properties in the City. It finds the model to be sound, and all parameters achieved by the model including the various ASR and COD to be well within acceptable standards.

[19] The Board has also reviewed the accommodation property stratification definitions and find these stratifications to be properly defined and reasonable for the purpose of property classification.

[20] The Board used these definitions to determine if the other comparable properties suggested by the Appellant appear to be stratified correctly according to the undertaking, Exhibit B-1. The Board finds there are distinct differences between the properties used by

the Appellant for the purpose of comparison. While each of the properties ultimately offer temporary accommodations, it is reasonable to conclude that Motels, Limited Service Hotels, and Full Service Hotels appeal to different types of markets. Evidence provided by the Respondent supports this principle.

**Decision:**

[21] The Board supports the model developed by the Respondent. Evidence provided by the Respondent indicates that all appropriate testing has been performed and the Appraiser has used good judgement in their stratification of the various accommodation property types.

[22] The Appellant has failed to provide any evidence of an error by the Appraiser. While there is a possibility that markets and economic factors may have changed since those present during the base period, any such changes since the base period cannot be considered in this appeal.

[23] In the result, this appeal is dismissed and the assessed value shall remain \$7,567,000. The filing fee shall be retained.

Dated at Regina, Saskatchewan this 21<sup>th</sup> day of September, 2017.



\_\_\_\_\_  
Clint Krismer, Chairman

I Concur



\_\_\_\_\_  
Gord Krismer, Member

I Concur



\_\_\_\_\_  
Jeff Hutton, Member

Copies to: City of Yorkton  
SAMA – Yorkton Regional Office



**RONALD AGAR CONSULTING INC**  
10426 - 143 Street NW  
Edmonton, Alberta  
T5N 2S4

Tel: 780-619-0763  
Fax: 587-469-8622  
e-mail: ronagar@telus.net

**NOTICE TO READER**

On the basis of information provided by management I have compiled the balance sheet of 101285461 Saskatchewan Ltd. at June 30, 2018 and the statement of income and retained earnings for the year then ended.

I have not performed an audit or review engagement in respect to these financial statements and, accordingly, I express no assurance thereon.

Readers are cautioned that these statements may not be appropriate for their purposes.

**These statements have been prepared for the use of internal management only and are not intended for distribution to third parties.**

Edmonton, Alberta  
October 23, 2018

ACCOUNTANT

This is Exhibit <sup>c</sup> referred to in the  
Affidavit of

*Kelly Maan*

Sworn before me this 4 day

of December 2018

*J. Hammond*  
A Commissioner for Oaths in and for  
the Province of Alberta.

**TAYLOR HAMMOND**  
A Commissioner for Oaths  
in and for Alberta  
My Commission Expires Dec 19, 2020

## 101285461 SASKATCHEWAN LTD

## Statement of Financial Position

June 30, 2018

*(Unaudited - See Notice To Reader)*

	2018	2017
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 126,944	\$ 66,245
Accounts receivable	54,469	46,965
Future income taxes	118,713	118,713
Inventory	2,519	3,047
	<u>302,645</u>	234,970
PROPERTY, PLANT AND EQUIPMENT <i>(Net of accumulated amortization)</i>	4,723,745	4,903,886
INTANGIBLE ASSETS <i>(Net of accumulated amortization)</i>	<u>22,658</u>	25,662
	<u>\$ 5,049,048</u>	<u>\$ 5,164,518</u>
<b>LIABILITIES AND SHAREHOLDERS' DEFICIENCY</b>		
<b>CURRENT</b>		
Accounts payable	\$ 436,202	\$ 176,430
Goods and services tax payable	33,004	15,343
Due to related parties	<u>2,586,186</u>	<u>2,398,492</u>
	3,055,392	2,590,265
LONG TERM DEBT	3,214,292	3,256,431
Due to shareholder	<u>116,460</u>	<u>227,493</u>
	<u>6,386,144</u>	6,074,189
<b>SHAREHOLDERS' DEFICIENCY</b>		
Share capital	100	100
Deficit	<u>(1,337,196)</u>	<u>(909,771)</u>
	<u>(1,337,096)</u>	<u>(909,671)</u>
	<u>\$ 5,049,048</u>	<u>\$ 5,164,518</u>

## 101285461 SASKATCHEWAN LTD

## Statement of Loss and Deficit

Year Ended June 30, 2018

(Unaudited - See Notice To Reader)

	2018	2017
<b>REVENUE</b>	<b>\$ 1,155,242</b>	<b>\$ 1,092,607</b>
<b>COST OF SALES</b>		
Complimentary meals	96,548	87,018
Royalty fees	99,565	96,641
Direct wages	490,148	503,947
	<u>686,261</u>	<u>687,606</u>
<b>GROSS PROFIT (41%; 2017 - 37%)</b>	<u>468,981</u>	<u>405,001</u>
<b>EXPENSES</b>		
Amortization of property, plant and equipment	174,955	185,774
Rental	8,994	4,603
Utilities	89,917	92,116
Commissions	9,199	9,748
Interest on long term debt	108,686	136,219
Vehicle	12,237	10,351
Professional fees	16,653	2,717
Telephone and cable	37,060	37,051
Office	3,809	3,287
Employee benefits	33,970	55,318
Union Grievance	-	2,350
Supplies	49,638	64,098
Travel	5,032	6,608
Insurance	18,913	21,604
Property taxes	206,513	230,549
Repairs and maintenance	40,961	49,446
Interest and bank charges	44,229	21,965
Meals and entertainment	7,932	9,671
Business taxes, licenses and memberships	10,247	7,059
Employee benefits - WCB	7,755	7,162
Advertising and promotion	9,706	13,227
	<u>896,406</u>	<u>970,923</u>
<b>LOSS BEFORE INCOME TAXES</b>	<u>(427,425)</u>	<u>(565,922)</u>
<b>FUTURE INCOME TAXES</b>	<u>-</u>	<u>-</u>
<b>NET LOSS FOR THE YEAR</b>	<u>(427,425)</u>	<u>(505,352)</u>
<b>DEFICIT - BEGINNING OF YEAR</b>	<u>(909,771)</u>	<u>(404,419)</u>
<b>DEFICIT - END OF YEAR</b>	<u>\$ (1,337,196)</u>	<u>\$ (909,771)</u>



101285461 SASKATCHEWAN LTD  
Statement of Income and Deficit  
Three Months Ended September 30, 2018  
(Unaudited - See Notice To Reader)

	2018
REVENUE	\$ 369,922
COST OF SALES	
Complimentary meals	27,904
Room tax	-
Royalty fees	28,732
Direct wages	152,194
	<u>208,830</u>
GROSS PROFIT (44%; 2018 - 43%)	<u>161,092</u>
EXPENSES	
Salaries and wages	-
Amortization of property, plant and equipment	-
Rental	700
Utilities	10,962
Commissions	4,000
Interest on long term debt	-
Vehicle	482
Professional fees	600
Telephone and cable	8,090
Office	927
Employee benefits	6,063
Union Grievance	-
Supplies	12,511
Travel	2,145
Insurance	-
Property taxes	-
Repairs and maintenance	3,488
Interest and bank charges	10,037
Meals and entertainment	2,937
Business taxes, licenses and memberships	-
Training	-
Employee benefits - WCB	6,226
Advertising and promotion	2,944
	<u>72,112</u>
INCOME (LOSS) BEFORE INCOME TAXES	88,980
FUTURE INCOME TAXES	-
NET INCOME (LOSS) FOR THE YEAR	88,980
DEFICIT - BEGINNING OF YEAR	<u>(1,337,195)</u>
DEFICIT - END OF YEAR	<u>\$ (1,248,215)</u>

## 101285461 SASKATCHEWAN LTD

## Statement of Financial Position

September 30, 2018

*(Unaudited - See Notice To Reader)*

	2018
<b>ASSETS</b>	
<b>CURRENT</b>	
Cash	\$ 169,058
Accounts receivable	54,469
Future income taxes	118,713
Inventory	2,519
Prepaid expenses	-
Due (to) from related parties	-
	<u>344,759</u>
PROPERTY, PLANT AND EQUIPMENT <i>(Net of accumulated amortization)</i>	4,723,745
INTANGIBLE ASSETS <i>(Net of accumulated amortization)</i>	<u>72,658</u>
	<u>\$ 5,091,162</u>
<b>LIABILITIES AND SHAREHOLDERS' DEFICIENCY</b>	
<b>CURRENT</b>	
Accounts payable	\$ 425,439
Goods and services tax payable	6,516
Due to related parties	<u>2,586,186</u>
	3,018,141
LONG TERM DEBT	3,214,292
Due to shareholder	<u>106,844</u>
	<u>6,339,277</u>
SHAREHOLDERS' DEFICIENCY	
Share capital	100
Deficit	<u>(1,248,215)</u>
	<u>(1,248,115)</u>
	<u>\$ 5,091,162</u>

**RONALD AGAR CONSULTING INC**

10426 – 143 Street NW

Edmonton, Alberta

T5N 2S4

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Fax: 587-469-8622

e-mail: ronagar@telus.net

**NOTICE TO READER**

On the basis of information provided by management I have compiled the balance sheet of 1119658 Alberta Ltd. at June 30, 2018 and the statement of income and retained earnings for the year then ended.

I have not performed an audit or review engagement in respect to these financial statements and, accordingly, I express no assurance thereon.

Readers are cautioned that these statements may not be appropriate for their purposes.

**These statements have been prepared for the use of internal management only and are not intended for distribution to third parties.**

Edmonton, Alberta  
October 23, 2018

ACCOUNTANT

This is Exhibit "D" referred to in the  
Affidavit of

*Kelly Maan*

Sworn before me this 4 day

of December 20 18

*T. Hammond*

Commissioner for Oaths in and for  
the Province of Alberta

**TAYLOR HAMMOND**

A Commissioner for Oaths

in and for Alberta

My Commission Expires Dec 19, 2020

**1119658 ALBERTA LTD.  
BALANCE SHEET  
AS AT JUNE 30, 2018**

(Unaudited - See Notice To Reader)

**ASSETS**

	<u>2018</u>	<u>2017</u>
<b>CURRENT ASSETS</b>		
Cash	\$ 199,330	\$ 13,463
Deposit	200,000	200,000
Inventory	1,000	3,000
Investments	195,418	791,600
Prepaid expenses	7,000	19,610
Due from related parties	<u>2,939,868</u>	<u>2,939,868</u>
	<u>3,542,616</u>	<u>3,967,541</u>
 <b>PROPERTY AND EQUIPMENT</b>		
Land	278,949	278,949
Automotive	94,212	94,212
Building	2,352,947	2,352,947
Computer equipment	7,576	7,576
Equipment and furniture	176,705	173,825
Signage	25,971	22,921
Paving and parking	<u>47,322</u>	<u>47,322</u>
	2,983,682	2,977,752
Less: accumulated depreciation	<u>1,315,622</u>	<u>1,244,390</u>
	<u>1,668,060</u>	<u>1,733,362</u>
	<u>\$ 5,210,676</u>	<u>\$ 5,700,903</u>

**LIABILITIES AND SHAREHOLDER'S EQUITY**

<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 82,440	\$ 39,302
Alberta hotel tax payable	1,824	-
Corporate taxes payable (refundable)	(53,606)	(23,059)
GST payable (refundable)	<u>636</u>	<u>1,638</u>
	<u>31,294</u>	<u>17,881</u>
 <b>LONG TERM DEBT</b>		
Due to shareholder	713,650	989,151
BDC (ATB) loan payable	2,570,548	2,659,877
Auto loan payable	6,208	14,205
Improvement loan payable	<u>49,208</u>	<u>62,126</u>
	<u>3,339,614</u>	<u>3,725,359</u>
 <b>SHAREHOLDER'S EQUITY</b>		
Share capital	100	100
Retained earnings	<u>1,839,668</u>	<u>1,957,563</u>
	<u>1,839,768</u>	<u>1,957,663</u>
	<u>\$ 5,210,676</u>	<u>\$ 5,700,903</u>

**1119658 ALBERTA LTD.  
STATEMENT OF INCOME AND RETAINED EARNINGS  
FOR THE YEAR ENDED JUNE 30, 2018**

(Unaudited - See Notice To Reader)

	<u>2018</u>	<u>2017</u>
<b>INCOME</b>		
Motel income	\$ 356,786	\$ 218,814
Interest income	-	2,502
	<u>356,786</u>	<u>221,316</u>
<b>OPERATING EXPENSES</b>		
Accounting and legal	10,445	2,528
Advertsing and promotion	5,027	2,317
Automotive and travel	4,169	5,844
Bank charges and interest	8,155	6,052
Depreciation	71,232	77,429
Insurance	19,717	23,264
Licenses and dues	6,694	4,870
Management contract fees	28,600	14,550
Loss on sale of property	32,629	-
Interest on long term debtt	136,305	137,631
Office expenses	2,347	225
Property taxes	33,631	37,037
Repairs and maintenance	10,408	15,506
Supplies	18,280	19,361
Meals and entertainment	573	340
Travel	8,555	4,288
Utilities	78,134	61,372
Wages and benefits	29,788	51,291
Workers compensation	540	119
	<u>505,229</u>	<u>464,024</u>
<b>NET (LOSS) - before corporation taxes</b>	(148,443)	(242,708)
Provision for corporation taxes (recovery)	<u>(30,547)</u>	<u>(26,713)</u>
<b>NET (LOSS) FOR THE YEAR</b>	(117,896)	(215,995)
<b>RETAINED EARNINGS - at beginning</b>	<u>1,957,564</u>	<u>2,173,558</u>
<b>RETAINED EARNINGS - at end of year</b>	<u>\$ 1,839,668</u>	<u>\$ 1,957,563</u>

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Our File No. EDM-13-122

June 3, 2013

Choi Enterprises Co. Ltd.  
2 Kelsey Bay  
Yorkton, Saskatchewan  
S3N 3Z4

Attention: Jina Yoon

Dear Ms. Yoon:

RE: BEST WESTERN YORKTON INN  
2 KELSEY BAY, YORKTON, SASKATCHEWAN

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In accordance with your request, we have completed a Short Narrative Appraisal of the Best Western Yorkton Inn in order to estimate its current market value. Since this report does not contain any Extraordinary Assumptions, it is considered to be an "as is" appraisal of the property. However, the lack of a new property inspection required the invocation of an Extraordinary Limiting Condition herein.

The property rights appraised herein represent the Fee Simple Estate as an Operating Asset. The appraisal excludes any existing or proposed property financing instruments. Based on our analysis, the current market value of the subject property as at May 27, 2013 is estimated to be:

Eleven Million Sixty Thousand Dollars  
\$11,060,000

This value is based on an exposure time of nine months and is in conjunction with the Assumptions and Limiting Conditions stated herein. Your attention is directed to the following report, which contains the data, analysis, and supporting conclusions upon which this estimate was based.

Yours very truly,

COLLIERS INTERNATIONAL REALTY ADVISORS INC.  
Valuation & Advisory Services Division

Perry Gereluk, B. Comm., AACI, MRICS, LEED AP  
Vice President

This is Exhibit "E" referred to in the  
Affidavit of

*Kelly Maan*

Sworn before me this 4 day  
of December 20 13

*T. Hammond*  
A Commissioner for Oaths in and for  
the Province of Alberta

**TAYLOR HAMMOND**  
A Commissioner for Oaths  
in and for Alberta  
My Commission Expires Dec 19, 2020



## CERTIFICATION

Re: Best Western Yorkton Inn  
2 Kelsey Bay, Yorkton, Saskatchewan

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

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions. They are my personal, unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report and I have no personal interest or bias with respect to the parties involved.
- I have no bias with respect to the property that is the subject of this report.
- My compensation is not contingent upon the reporting of a predetermined value or direction in value that favours the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Canadian Uniform Standards of Professional Appraisal Practice and with the requirements of the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute of Canada.
- I last made a personal inspection of the subject property on September 11, 2009. No new inspection was completed for this report, requiring the invocation of an Extraordinary Limiting Condition here.
- I have the knowledge and experience to complete the assignment competently.
- The Appraisal Institute of Canada has a Mandatory Recertification Program for designated members. As of the date of this report, I have fulfilled the requirements of the program.
- The Real Estate Council of Alberta (RECA) has a Mandatory Certification Program for designated members. As of the date of this appraisal, I am licensed in Alberta.

### Final Estimate of Value

Based upon the data, analyses, and conclusions contained herein, the current market value of the appraised interest in the subject property as at May 27, 2013 is estimated at \$11,060,000 subject to the Assumptions and Limiting Conditions detailed within this report.

A handwritten signature in black ink, appearing to read "Perry Gereluk", written over a horizontal line.

Perry Gereluk, B. Comm., AACI, MRICS, LEED AP  
Vice President

Date: June 3, 2013

