

**Court File No. 348504**

**SUPREME COURT OF NOVA SOCTIA**

**BETWEEN:**

**THE TORONTO-DOMINION BANK**

**APPLICANT**

**- and -**

**KARLSEN SHIPPING COMPANY LIMITED**

**RESPONDENT**

**FOURTH REPORT OF RECEIVER**

**PRICEWATERHOUSECOOPERS INC.**

**January 24, 2012**

## 1. APPOINTMENT

1.1 PricewaterhouseCoopers Inc. (the “Receiver”) was appointed as Receiver of all of the assets, property and undertaking of Karlsen Shipping Company Limited (“Karlsen” or the “**Corporation**”) by Order of this Honourable Court dated May 17, 2011 (the “Receivership Order”)

1.2 The appointment of the Receiver was made pursuant to Section 243 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “**BIA**”) and Section 43(9) of the *Judicature Act*, R.S.N.S. 1989 c. 240.

1.3 The purpose of this Fourth Report is to assist this Honourable Court in considering the Receiver’s Motion seeking approval of the sale by the Receiver of Karlsen’s property at 3389 North Street, Chester, Lunenburg County, Nova Scotia (PID No. 60093572) (the “Property”)

## 2. GENERAL

2.1 The Property was owned by Karlsen as of the date of the appointment of the Receiver.

2.2 On June 15, 2011 the Receiver commissioned Fennell & Associates Appraisers Ltd. to complete an appraisal of the property. A copy of the Appraisal Report dated July 22, 2011 is attached hereto as *Schedule “A”*. The Appraisal states that the Property has a market value of \$60,000 and a quick sale value of \$50,000.

2.3 The Property was advertised for sale by tender in the Chronicle Herald newspaper on each of September 14, September 17, September 21, and September 24, 2011. A copy of the newspaper advertisement and the Information Package prepared by the Receiver as regards the Property are attached as *Schedule “B”*.

2.4 The deadline for submission of offers to the Receiver was October 21, 2011. Four offers were received, as follows:

- \$8,888.88
- \$21,030
- \$25,777
- \$27,000

2.5 All of the offers were rejected by the Receiver.

2.6 The property was subsequently listed with Red Door Realty for \$49,000.

2.7 An offer was received on December 7, 2011 from Perry Lake Developments Inc. (the "Purchaser") for \$40,000. The Receiver presented a counter offer of \$42,500 (subject to the approval of This Honourable Court), which was accepted by the Purchaser. The closing date for the sale of the Property is scheduled for January 31, 2012. A true copy of the executed Agreement of Purchase and Sale agreement is attached as *Schedule "C"*.

### 3. RECOMMENDATION AND DIRECTION

3.1 The Receiver has concluded that the proposed sale reasonably reflects the distressed sale value of the Property, and accordingly recommends and seeks the approval of This Honourable Court to complete the sale of the Property to the Purchaser in accordance with the terms of the Agreement of Purchase and sale.

Dated at Halifax, Nova Scotia this 24<sup>th</sup> day of January, 2012.

**PricewaterhouseCoopers Inc.,  
In its capacity as Court Appointed Receiver of  
Karlsen Shipping Company Limited**



Derek Cramm, FCMA, FCIRP

# Schedule A

SUMMARY APPRAISAL  
of the  
MARKET VALUE  
of a  
COMMERCIAL/LIGHT INDUSTRIAL BUILDING  
located at

**3889 NORTH STREET  
CHESTER, NOVA SCOTIA  
Our File No.: 11-0854**

for

Pricewaterhouse Coopers LLP

Attention: Ms. Ericka A. Clarke Scott, CIRP

[ericka.a.clarke@ca.pwc.com](mailto:ericka.a.clarke@ca.pwc.com)

Effective Date

July 11, 2011

by

PAUL M. FENNELL, B. COMM., FRI, AACI

FENNELL & ASSOCIATES APPRAISERS LTD.  
3600 Kempt Road, Suite 209  
Halifax, Nova Scotia  
B3K 4X8

# **FENNELL**

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PAUL M. FENNELL *B.COMM., FRI, AACI*  
N. WAYNE SAIKO *B.COMM., CRA*  
R.I. JOHNSON  
GORDON WILPIN

July 15, 2011

Pricewaterhouse Coopers LLP

Attention: Ms. Ericka A. Clarke Scott

**RE: 3889 North Street, Chester, Lunenburg County, N.S.**  
**File No: 11-0854**

Dear Ms. Clarke Scott:

Further to your request, please be advised that we have inspected the above captioned property and enclose this appraisal report which expresses our opinion of its current Market Value, as described herein.

"Market Value", as used in this report, is defined on Page. 4.

It should be noted by the reader of this report that we have prepared this valuation at the request of Pricewaterhouse Coopers LLP for asset valuation purposes to facilitate the disposal of the property.

It is understood that this is a confidential document between Fennell & Associates Appraisers Ltd. and our client for the above name purpose only. Further, this report is not to be quoted from, distributed to or relied on by any person other than the above referenced client and we expressly exclude use by any other party except Pricewaterhouse Coopers LLP and their assigns. We will not represent this report to any other party and our written permission is required for anyone other than our client to be in possession of this report.

We have completed our analysis, and report to you as a **summary appraisal report**. Certain limitations apply which are more detailed in our report and in the Contingent and Limiting Conditions at the end of the report. **This summary appraisal report is prepared in accordance with and conforms to Canadian Uniform Standards of Professional Appraisal Practice.**

**Definition of a Summary Appraisal Report:** A written report prepared under Standards Rule 2-2(b) of a Complete or Limited Appraisal performed under Standard 1. (USPAP, 1994 edition, Definitions section, effective 7/1/94). This may report either a complete appraisal (no departure) or a limited appraisal (with departure). It contains summary discussions of the data, reasoning, and analyses that were used to develop the opinion of value. It also includes summary descriptions of the subject property, the property's locale, the market for the property type, and the appraiser's opinion of Highest and Best Use. Any data, reasoning, and analyses not discussed in the Summary Appraisal Report are retained in the appraiser's work file.

**NOTE:** In the case at hand, no departures have been made.

The following pages and addenda detail certain salient facts and our conclusions, all of which much be read as a whole, as sections taken out of context may be misleading.

Based on this investigation, analysis and the reasoning and conclusions developed in the course of this appraisal, it is our considered opinion that the most probable July 11, 2011, **Market Value**, (see definition Section 3.6), of the within described property, subject to the Contingent and Limiting Conditions forming part of this report, was;

**SIXTY HUNDRED THOUSAND DOLLARS**

**(\$60,000)**

Based on this investigation, analysis and the reasoning and conclusions developed in the course of this appraisal, it is our considered opinion that the most probable July 11, 2011, **Quick Sale Value**, (see definition Section 14.2.1), of the within described property, subject to the Contingent and Limiting Conditions forming part of this report, was;

**FIFTY THOUSAND DOLLARS**

**(\$50,000)**

We thank you for this opportunity and your trust in giving us this assignment, and if we can be of assistance on any other matter, please do not hesitate to call.

Yours sincerely,

**FENNELL & ASSOCIATES APPRAISERS LTD.**

A handwritten signature in black ink, appearing to read 'Paul M. Fennell'.

Paul M. Fennell, B. Comm., FRI, AACI  
NSREAA #017490

PMF/mh

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## 1.0 EXECUTIVE SUMMARY

### 1.1 Purpose and Function of Appraisal

The purpose of this appraisal is to estimate the market value of the subject property as at the effective date, July 11, 2011 for asset valuation - disposal purposes.

### 1.2 Property Rights Appraised

"Fee Simple" interest, free and clear of all encumbrances or charges except as noted in the report.

### 1.3 Type of Property

This subject is a one storey, concrete block constructed light industrial/storage building, constructed on a concrete slab. Formally a furniture manufacturing warehouse, currently used as a workshop and for storage purposes.

### 1.4 Building Size

30' x 40' = 1,200±sq.ft. (commercial space).

### 1.5 Lot Size

6,215±sq.ft. (Location Certificate)

### 1.6 Cost Approach Estimate

Not Undertaken

1.7	<u>Direct Comparison Approach</u>	<u>Market Value</u>	<u>Quick Sale Value</u>
		\$60,000	-
1.8	<u>Income Approach Estimate</u>	<u>Market Value</u>	<u>Quick Sale Value</u>
		\$66,000	-
1.9	<u>Final Estimate</u>	<u>Market Value</u>	<u>Quick Sale Value</u>
		\$60,000	\$50,000

## **2.0      IDENTIFICATION AND LOCATION**

### **2.1      Type of Property Under Appraisalment**

This subject is a one storey, concrete block constructed light industrial building, constructed on a concrete slab. Formally a furniture manufacturing warehouse, currently used as a workshop and for storage purposes.

### **2.2      Location of Property**

The property is located on the south side of North Street (Highway #3), near the village of Chester, 75 km. southwest of Halifax.

### **2.3      Municipal Address**

3889 North Street, Chester, Lunenburg

### **2.4      Assessed Property Owner (s)**

Karlsen Shipping Company Limited

### **2.5      Legal Description**

Deed recorded at the Registry of Deeds at Bridgewater as Document No. 92046698 dated November 4, 2008; NSPRD PID No. 60093572.

### **3.0 DEFINITION OF APPRAISAL PROBLEM**

#### **3.1 Subject Property**

3889 North Street, Chester

#### **3.2 Property Owner (s)**

Karlsen Shipping Company Limited

#### **3.3 Effective Date of Appraisal/Date of Inspection**

The effective date of the valuation is the date of inspection: July 11, 2011.

#### **3.4 Purpose and Intended Use of Appraisal**

The purpose of this appraisal is to estimate the Market Value of the subject property as at the effective date July 11, 2011. The intended use of this appraisal is for asset valuation - disposal purposes.

#### **3.5 Property Rights Appraised**

The property rights appraised are those of fee simple interest, free and clear of all encumbrances or charges except as noted in this report.

#### **3.6 Definition of Market Value**

Market Value may be defined 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, knowledgeably and assuming the price is not affected by any undue stimulus. Implicit in this definition in the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- (1) buyer and seller are typically motivated;
- (2) both parties are well informed or well advised, with each acting in what he considers his own best interest;
- (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."

### **3.7     Inspection Undertaken**

We have undertaken a visual inspection of the exterior and interior of the subject building, as well as the subject site and improvements. We have not inspected the roof component of the building, or tested the mechanical systems.

### **3.8     Scope of Appraisal**

We have contacted various municipal and provincial government departments to ascertain certain information about the subject property, ie. assessment, taxes, zoning and permitted uses, municipal services, etc. In addition we have relied upon land sales and listings information provided by the Halifax-Dartmouth Real Estate Board's Multiple Listing Service (MLS), area real estate brokers, etc. Income and expense information for the subject is not available and has been estimated based on our discussions with brokers, etc., and compared to information provided by real estate listings. We have not obtained sworn affidavits to guarantee the accuracy of the listing/sale and income expense information; however, we do believe that the data collected is reliable and assume it is accurate.

### **3.9     Sales History**

The subject property is believed to have been constructed circa early 1960's. It was subsequently acquired in 2002 by the former owner for \$90,000. The structure was then listed for sale in July 2005 for \$150,000 but expired 6 months later with no apparent offers to purchase. The property was purchased in November 2008 for an undisclosed amount.

#### **4.0     MUNICIPAL DATA**

##### **4.1     2011 Assessment**

\$84,400 (Commercial)

##### **4.2     2011 Estimated Taxes**

\$1,291 (Estimated)

##### **4.3     Zoning and Permitted Uses**

The subject property is understood to be in a HC Zone (Highway Commercial Zone). This zoning classification allows a variety of commercial type uses.

We have attached a copy of the permitted uses for HC zoning regulations in the addenda. It appears, and for the purposes of this report we assume that the subject is a legal conforming use property. We have not been provided with an occupancy permit.

##### **4.4     Municipal Services**

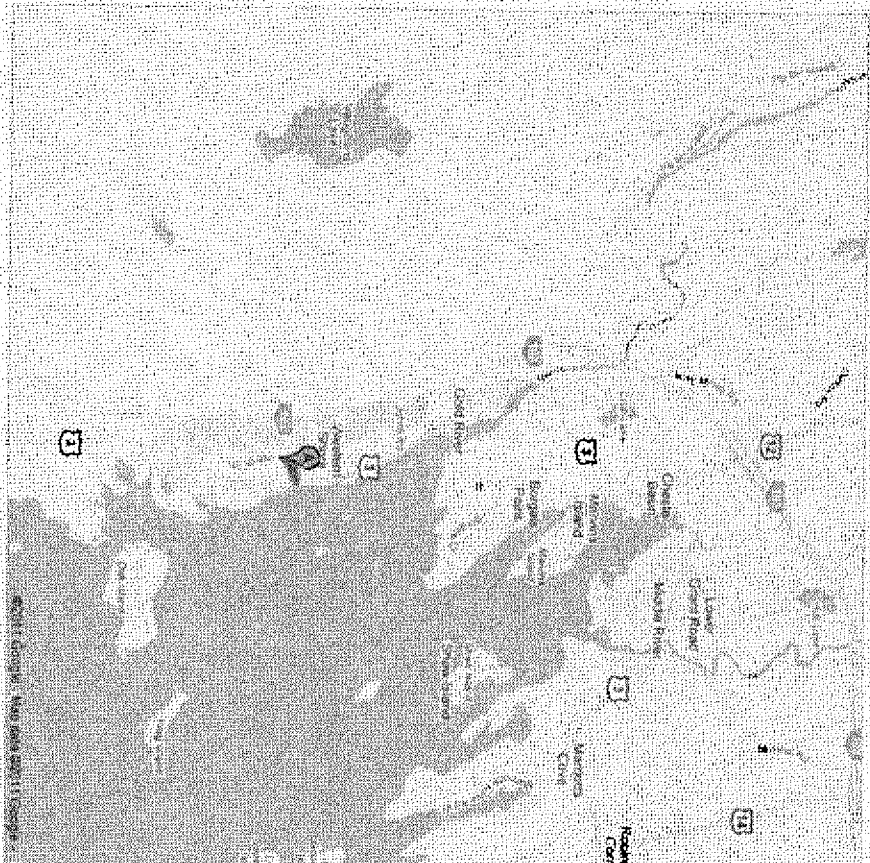
The usual services such as electricity, telephone, RCMP service, street lighting, paved streets are available to the subject site. Municipal water and sewer services are in the area but not connected to the subject site.

3889 North Street, Chester, Nova Scotia - Google Maps

Page 1 of 1

Google maps

Address: North St  
Chester, NS B0J 3M0



## **5.0      NEIGHBORHOOD DESCRIPTION**

### **5.1      Location**

The subject property is located in the Town of Chester, Lunenburg County in the southwestern portion of the province of Nova Scotia. The Town of Chester is a rural community originally built up as a summer residence for well to do American and Canadian individuals. At present it exhibits a modest although adequate commercial downtown to service the needs of the town. Located about 50 kilometers south west of the City of Halifax, which is the capital of the province, residents of the area often commute to Halifax for employment and for services. The town has grown significantly over recent years to include a high proportion of year round residences as well as seasonal residents of middle to upper income levels.

Lunenburg County is located on the South Shore of Nova Scotia, and is located within easy commuting distance to Halifax. The County consists of several municipal units including the towns of Lunenburg, Mahone Bay, Chester and Bridgewater. The population level of the Municipality of Chester is shown as 10,000± (as reported by Statistics Canada). The age demographics indicate a slowly increasing population base, with an aging population. The County supports extensive industrial operations, forestry, fishing, and some limited agriculture uses. Several of the major employers who have added significantly to Lunenburg County are Canexel, Chester Plastics/G.N. Plastics. The overall area is considered to be generally middle class in nature, with its population base over the past several years have remained fairly static. Some minor growth is expected in the short term to the general area. However the area primarily caters to a large influx of tourists in the summer, partly due to easy boat access, yacht racing, and an aggressive tourist marketing association.

The specific area surrounding the subject is considered primarily residential in nature, although significant neighborhood commercial development has taken place and is ongoing along Highway #3. The subject's location is close to other commercial enterprises, and offers good visibility and exposure along Highway #3. There has been development of a large pharmacy on a site near the subject which includes several doctors in different types of practices and an addition to the existing grocery store is



underway. The location is convenient for shopping and with good access to most amenities.

This is a primarily suburban residential area of Lunenburg County, improved with single family dwellings, with neighborhood type commercial enterprises most of which are fronting along North Street (Highway No. 3), with other commercial businesses located on the main streets in the downtown Chester area. The roadways here are considered to experience local traffic only, in fairly light volumes. North Street (Highway No. 3) is a central road, which connects Chester with the community of Mahone Bay, and provides access via side roads to various nearby towns and villages.

The subject is situated on the south side of Highway No. 3 which is also known as North Street in this area.

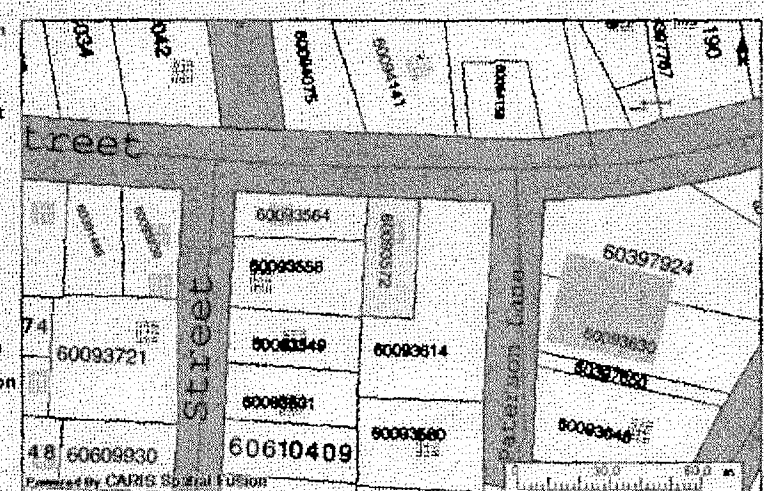
To summarize, this is a generally improving residential / commercial neighborhood, and is expected to remain so in the near future, with the primary development emphasis being residential in nature, with some commercial activity continuing to develop along the arterial roadway of Highway #3.



**PROPERTY Online**  

Search Provincial Map Bulletin Board Help

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**Map Actions**  
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☐ Print Map



Location:

**1 Property found**

PID: **60093572** Details  
 AAN: **03735923**  
 Value: **\$84,400 (2011)**  
 COMMERCIAL TAXABLE  
 Address: **3889 NORTH STREET**  
 CHESTER  
 County: **LUNenburg COUNTY**  
 Owner: **KARLSEN SHIPPING**  
 COMPANY LIMITED  
 LR: **LAND REGISTRATION**

Lat: **44-32-48N** Long: **64-14-17W** Scale: **1500** Zoom: **2**

The Provincial mapping is a graphical representation of property boundaries which approximate the size, configuration and location of parcels. Care has been taken to ensure the best possible quality, however, this map is not a land survey and is not intended to be used for legal descriptions or to calculate exact dimensions or area. The Provincial mapping is not conclusive as to the location, boundaries or extent of a parcel [Land Registration Act subsection 21(2)]. THIS IS NOT AN OFFICIAL RECORD.

**6.0 SITE DESCRIPTION AND DETAIL****6.1 Site Sketch**

Refer to the Location Certificate on the facing page.

**6.2 Lot Size**

- Frontage	- 52.41'
- Depth	- 122.30'
- Rear Boundary	- 49.89'
- Depth	- 120.75'

**6.3 Total Site Area**

Approximately 6,215±sq.ft.

**6.4 Topography**

The overall topography of the subject site can be characterized as being generally level to sloping up slightly towards the rear and at grade with North Street. The subject site is cleared and rough landscaped around the structure.

**6.5 Access**

Vehicle entry to a gravel parking area is available off of North Street.

**6.6 Easements**

None Known

**6.7 Miscellaneous Site Improvements**

The subject property includes a gravel parking area along the front of the building. Further, this site is graded to average standards around the front and sides of the building. There is no well or septic tank on the subject property.

**NOTE:** A general description of the land has been formulated from our own inspection; however, we are not experts in environmental matters or hazardous waste matters and as such make no direct or implied warranty as to the existence or lack of existence of any material which would adversely affect the lands or use of same caused by hazardous waste material. Further, this valuation assumes, and is subject to, any hazardous waste materials being removed in accordance with provincial/federal regulations.

## 7.0 BUILDING DESCRIPTION AND DETAIL

### 7.1 General

The subject property is improved with a light industrial commercial building which appears to have been constructed in the early 1960's. The building was previously used as a small furniture manufacturing warehouse and is currently used as a workshop and storage garage. The subject is of a concrete block nature with concrete floors and is considered to be in average condition for its purpose as a workshop and storage garage. The subject is uninsulated and is not serviced with municipal water or sewer systems. Since purchase in 2008, by the present owner, the subject has received a modest standard of maintenance and the structure is generally appealing for a number of uses. Remaining economic life is estimated to be 20±years. Please note we have inspected the subject property from the exterior only as no access was available. Our interior notes are from a previous inspection as we assume no changes to the property since 2006.

Building Classification	- commercial/light industrial garage
Use and Occupancy	- workshop and storage
Type of Construction	- concrete block (uninsulated)
Size	- 30' x 40' = 1,200±sq.ft.
Number of Stories	- one
Storey Height	- 12±' at rear / 14±' at front
Age	- 50± years

### 7.2 Exterior

Foundation	- Concrete slab
Exterior Walls	- exposed painted concrete block
Roof assembly	- asphalt shingles, <b>roof appears near end of its Economic Life</b>
Doors	- single man door at side - 2 overhead garage doors

**7.3      Interior Finishes**

The main floor area consists of 12 - 14±' ceiling height, with exposed concrete block walls. The structure is open with concrete floors; has no washroom facilities and is uninsulated.

Fluorescent lighting throughout.

**7.4      Building Services Features**

- No municipal services to the subject
- 100 amp breaker panel
- oil fired FHA furnace
- Fluorescent lighting

**7.5      Building Condition and Functional Qualities**

The subject building is a fair to average class structure which appears to have been constructed using average quality materials and workmanship. Overall the building was found to be in fair to average condition for its age and use.

## **8.0     HIGHEST AND BEST USE**

### **8.1     Definition**

Highest and Best Use may be defined as "that use, from among reasonably probable and legal alternative uses, thought to be physically possible, appropriately supported, financially feasible and which results in the highest land values."

### **8.2     Alternative Uses**

In most instances, the existing improvements will constitute or represent the Highest and Best Use of land. It is to be recognized, however, that in cases where a site has existing improvements on it, the Highest and Best Use may very well be determined to be different from the existing use. The existing use will continue, however, until such time as the value of the land vacant for its Highest and Best Use exceeds the total value of the property in use or as improved.

### **8.3     Analysis and Conclusion**

Analysis of the subject property in order to determine its potential and most probable optimum use took into consideration the following factors:

- The rural location of the property
- The size, shape and physical features of the property
- Legal (and physical) access to the property
- Municipal services not available
- Local zoning and planning considerations
- Size, condition and functional qualities of the improvements
- Surrounding land use schemes
- Industrial/commercial real estate market
- Local and area real estate and development trends, etc.

The subject's location is such that it offers a good degree of visibility to local traffic. Historically the building has been used for furniture manufacturing or storage purposes. The layout is such that the building could be converted/used for a variety of allowable small commercial uses requiring parking, good vehicular access and commercial exposure, which is considered to be the highest and best use.

## **9.0      APPROACHES TO VALUE**

### **9.1      Preamble**

There are three approaches to value used in estimating market value of real estate. These approaches are referred to as:

1. The Cost Approach
2. The Income Approach
3. The Direct Comparison Approach

### **9.2      Cost Approach**

The Cost Approach provides for an estimate of land value, to which is added the depreciated "reproduction" or "replacement" cost new of existing improvements. This approach relies upon the "principle of substitution", which affirms that a prudent person would not pay more to acquire an existing property than it would cost him to construct an equally desirable and substitute property, assuming of course there would be no undue delays.

### **9.3      Direct Comparison Approach**

The Direct Comparison Approach is a process of comparing the subject property with prices paid for other similar or representative properties, prices asked by owners, and offers made by prospective purchasers and tenants to buy or lease. Because sufficient sales of ideal comparison are seldom available, it is often necessary to make allowance for features of variance existing between the property under appraisement and the sales data, etc., gathered. Provided proper consideration is given to any features of variance, this approach can provide a very meaningful indication of value and should, in the final analysis, reflect the attitudes and behaviors of people buying such properties in the open market.

### **9.4      Income Approach**

The Income Approach aspect of the appraisal process is a method employed to convert net income expectations into an indication of value. The property under consideration must, of course, possess the characteristics of an investment, ie. it must be of the type that is traditionally, or at least suitable or capable of being, let for rent. This approach recognizes the principle of anticipation in that the value of the subject property should reflect the present worth of its anticipated net income and/or benefits during the remainder of its productive or economic life.

**10.0     METHODS OF VALUATION ADOPTED**

In the case at hand we have employed two of the three foregoing approaches to value in the valuation of this property, as documented on the following pages.



## **11.0 COST APPROACH TO VALUE**

### **11.1 General**

We have not considered this valuation approach in this case as the subject property does not fall into one of the two categories of property where this approach to value is considered relevant:

1. A new or nearly new improvement.
2. A purpose built or special purpose property.

Depreciation is best determined from market forces which indicate physical, functional and economic depreciation from actions of buyers and sellers, and for most income type properties these factors are best indicated in the Direct Comparison Approach and the Income Approach to value.

### **11.2 Site Valuation**

We have not valued the site in this appraisal as it is an integral part of the Cost Approach to Value, a valuation approach which we did not consider relevant in this appraisal.

SCHEDULE OF MARKET SALES

Index No.	Address	Sale Price	Sale Date	No. of Units	Site Size	Finished Area	Sale Price Per Sq.Ft.	Comments
1	163 Queen Street Chester	\$113,000	Jan. 2010	1	3,229±sq.ft.	1,998±sq.ft.	\$56.56	93 year old 2 storey wood frame former hall. Fair overall condition requiring updating/renovations. Located a few blocks from the subject close to Village Centre.
2	3794 Highway #3 Chester	\$200,000	May 2011	3	21,296±sq.ft.	3,232±sq.ft.	\$61.88	26 year old 1 storey wood frame retail building containing 3 tenants spaces. Assumed in average overall condition. Located a few blocks from the subject. Similar exposure.
3	245 York Street Bridgewater	\$75,000	July 2009	2	32,291±sq.ft.	1,997±sq.ft.	\$37.56	Old 1 storey wood frame building containing 1 commercial retail space + a 2 bedroom apartment. Assumed to be in average overall condition. Located on a busy roadway in Bridgewater.
4	6517 Highway #3 Western Shore	\$109,000	Listing	1	5,092±sq.ft.	2,640±sq.ft.	\$41.29	50 year old 1 storey wood frame former restaurant/bar. Fair to average overall condition located a few miles south of the subject. Good exposure on busy highway.
5	312 Highway #8 Milton	\$59,900	Listing	1	5,162±sq.ft.	3,150±sq.ft.	\$19.02	Old 2 storey wood frame building in poor to fair condition suitable for retail/warehouse uses. Located in inferior area of Milton with views of Mersey River.
Subject	3889 North Street Chester	N/A	N/A	1	6,215sq.ft.	1,200 sq.ft.	N/A	50 year old concrete block light industrial building used as a workshop and for storage. Good commercial visibility. Fair to average condition.

Our File No.: 11-0854

## **12.0     DIRECT COMPARISON APPROACH**

The Direct Sales Comparison Approach has as its premise the comparison of the subject property with others of similar design, utility and use that have sold within the recent past. To indicate the value of the property, adjustments are made to the comparables for differences from the subject.

Various units of comparison can be used on the Direct Sales Comparison Approach when valuing commercial buildings of this type. The most significant unit of comparison is: Price per Square Foot of Gross Building Area.

### **12.1     Price per Square Foot of Gross Building Area**

This unit of comparison is a mathematical calculation obtained by dividing the sale price by the square foot area of the building (excluding the basement).

We have analyzed three sales and 2 current listing of comparable commercial use properties in various similar or inferior class rural locations. Our analysis of the comparable sales indicates a value range of \$19.02 to \$61.88 per square foot of gross building area.

Comparable Sale No. 1 is the January 2010 sale of a 93 year old, 2 storey wood frame building formerly used as the Orangemen's Hall and is located several blocks from the subject, closer to the Village Centre. The building was reported to be in fair condition requiring renovations and updating. This is an average overall comparable.

Comparable Sale No. 2 is the recent May 2011 sale of a 26 year old, 1 storey wood frame building currently used as commercial retail/office space by a total of 3 tenants. This comparable is located several blocks from the subject, on the same roadway and exhibits similar exposure. The building was reported to be in average condition. This is an average overall comparable but a superior property to the subject.

Comparable Sale No. 3 is the dated July 2009 sale of an old, 1 storey wood frame building located in the Town of Bridgewater on a busy roadway. The building contains one commercial retail unit and an attached 2 bedroom apartment. The building is assumed to be in average overall condition. This is an average overall comparable.

Comparable No. 4 is the current market offering of a 50 year old, 1 storey wood frame building used as a restaurant/bar located several miles from the subject in Western

Shore. This location exhibits slightly inferior exposure but is located on a busy tourist route. The building was reported to be in fair to average overall condition requiring some updating. This is an average overall comparable.

Comparable No. 5 is the current market offering of an old, 2 storey wood frame building formerly used as retail/residential space and has been vacant for many years. The building is located many miles from the subject in Milton and has views of the Mersey River. The building is assumed to be in poor to fair condition requiring extensive renovations and updating. This is an average overall comparable.

Our analysis indicates the following indicators:

Sale Price Range	\$59,900 to \$200,000
Sale Price/Sq.Ft. Range	\$19.02 to \$61.88
Mid Point of Range/Sq.Ft.	\$40.45
Average of Range/Sq.Ft.	\$43.23

We have made adjustments to the sales to reflect time and differences in physical characteristics to the subject property resulting in the following.

Sale Price/Sq.Ft. Range	\$38.00 to \$56.00
Mid Point of Range/Sq.Ft.	\$47.00
Average of Range/Sq.Ft.	\$48.00

### **Conclusion**

Considering the mid point of the range at \$47.00 (adjusted) and the range of adjusted sale prices per square foot we consider a **market value per square foot of building area** of \$50.00 to be appropriate giving a valuation result as follows:

$$1,200 \text{ sq.ft. @ } \$50.00/\text{sq.ft.} = \$60,000$$

**Say                      \$60,000**

### 13.0 INCOME APPROACH

#### 13.1 Principle

This approach recognizes the principle of anticipation in that the value of a property should reflect the present worth of its anticipated net income or earnings potential for the remainder of its useful or economic life. In appraisal practice, it involves the conversion of the "net" or "potential net" rental income from the property into an indication of value through capitalization.

#### 13.2 Estimate of Gross Rental Income

Relevant historical information is not available for the subject property, as it has been only sporadically rented or occupied by the owners.

Our analysis which reflects recently obtained or available rental rates, indicates a range of rent for warehouse / facilities and considering the location of the subject property range from a low of \$5.00 per square foot to a high of \$15.00 (rounded) per square foot. We consider the subject would demand a rent in the low end of the range, at \$8.00/sq.ft. This rate indicates the following gross income:

$$1,200 \pm \text{sq.ft.} @ \$5/\text{sq.ft.} = \$6,000$$

**Gross Potential Income      \$6,000**

#### 13.3 Vacancy and Bad Debt Allowances

Our investigation has also considered an allowance for vacancy, and in our opinion a rate of 5% is appropriate.

Potential Gross Income	\$6,000
Less: Vacancy and Bad Debt @ 5%	<u>\$ 300</u>
<b>Effective Gross Income</b>	<b>\$5,700</b>

### 13.4 Expenses

A net absolute leasing structure is assumed and is implied in the rental rate, and as such all expenses related to the operation of the subject property would be recaptured from the tenant, in addition to the monthly rental payment.

The typical expense for the subject type of property would generally range from 10% to 25% of Effective Gross Income. Using 15% of the Effective Gross Income and the 5% vacancy allowance, which would not be recaptured, provides the following expense allowance, which would be unrecovered (because of vacancy):

Effective Gross Income:	\$6,000
Expenses @ 15% of Effective Gross Income:	\$ 900
Unrecoverable Expenses:	\$ 900
	<u>      x 5% (vacancy rate)      </u>
	\$ 45
<b>Rounded</b>	<b>\$ 100</b>

### 13.5 Built-Up Capitalization Rate

We have considered a built-up capitalization rate comprising the following:

Mortgage Requirement: 65% assumed

Debt Service Factor: Based on a current commercial rate survey in Halifax, we have assumed a rate of 7.5%. We have assumed a 25 year amortization.

Equity Requirement: 35% based on the mortgage requirement of 65%.

Equity Dividend Rate: An equity dividend rate is that rate of return expected by an investor on his equity in a given investment project. Generally, the lower the investment risk, the lower the dividend rate. Given the wide range of use for commercial light industrial properties and the potential for future land use development and expansion, we have utilized a dividend rate of 8%.

#### Application

$$\begin{aligned}
 R &= (M \times I) + (E \times y) \\
 &= (.65 \times .08778) + (.35 \times .08) \\
 &= .056 + .028 \\
 &= \text{say } 8.0\%
 \end{aligned}$$

**13.6    Valuation**

<b>Potential Gross Income</b>		<b>\$ 6,000</b>
Less Vacancy/Bad Debt @ 5%		<u>(\$ 300)</u>
		<b>\$ 5,700</b>
<b>Effective Gross Income</b>		
Less Unrecoverable Expenses:	\$100	
<b>Net Income:</b>		
Less Expenses:		
Structural Maintenance	\$200	
Management	<u>\$200</u>	<u>\$ 400</u>
<b>Net Operating Income:</b>		<b>\$ 5,300</b>
Capitalized @ 8% $\$5,300 \div 8\%$		\$ 66,250
<b>Rounded</b>		<b>\$ 66,000</b>

**NOTE:** This valuation does not consider any premium which may be paid by a party having a special interest in this particular property. Should such a purchaser exist, it is quite possible that this person may be willing to pay slightly more than that indicated by our value range.

#### **14.0     EXPOSURE TIME AND MARKETING TIME**

##### **14.1     Exposure Time**

**Exposure Time** is defined as follows:

"The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based upon an analysis of past events assuming a competitive and open market.

Exposure Time is different for various types of real estate and under various market conditions. It is noted that the overall concept of reasonable exposure encompasses not only adequate, sufficient and reasonable time, but also adequate, sufficient and reasonable effort."

In our opinion an exposure time of 90 to 270 is considered appropriate for the subject property and this appraisal is based on an exposure period of 90 to 270 days.

##### **14.2     Reasonable Marketing Time**

**Reasonable Marketing Time** is defined as follows:

"An estimate of the amount of time it might take to sell a property interest in real estate at the estimate market value level during the period immediately after the effective date of an appraisal.

Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal.

It is our opinion that a reasonable marketing time for the subject property is 90 days to 270 days. However, it should be noted that a longer marketing time can be expected in a forced sale situation.

##### **14.2.1   Quick Sale Value**

**Quick Sale Value** is defined as follows:

"The lowest price in terms of money, which a Vendor would accept for a property, if it was offered for sale on the open market under forced sale circumstances such as foreclosure, bankruptcy, etc., for a reasonably short length of time, and when the Vendor has full knowledge of all the uses to which the property is adapted, and for which it is capable of being used. It has been suggested that this basis of valuation recognizes that the property usually realizes less than fair market value if the Vendor or his representative is compelled to sell within a limited time under adverse circumstances."



## 15.0 RECONCILIATION AND FINAL VALUE ESTIMATE

### 15.1 Summary

The two approaches used in the course of this report resulted in the following value indications:

Cost Approach	Not Undertaken
Direct Comparison Approach	\$60,000
Income Approach	\$66,000

### 15.2 Conclusion

We have considered two of the three approaches to value in this instance. The Cost Approach to value is generally given significant weight when dealing with new or nearly new properties where the cost to acquire a purpose built property could be the cost of reproducing it new. Such is not the case in this instance and we have given no weight to this approach in our final valuation.

The Direct Comparison and Income Approaches to value are typically relied upon when dealing with investment properties, although the Income Approach is generally most heavily relied upon when dealing with multi-tenanted buildings, a situation which does not exist with the subject. The Direct Comparison Approach is considered relevant in this analysis as it is an appropriate approach when dealing with commercial style buildings and most adequately reflects the actions of buyers and sellers in dealing with the cost of acquiring similar space in the market place.

We consider the subject property to be ideally suited to an owner occupied situation, using all of the commercial building. We have given most weight to this approach to value. We consider this approach to reflect the actions of the market place for a building such as the subject.

The Income Approach to value in this case reflects the investment characteristics of the subject property, as more of an investment property than an owner occupied situation. We consider the Income Approach to Value to exhibit good reliability when dealing with properties such as the subject, and we have given this approach some weight in arriving at our value conclusion.

We have given most weight on the Direct Comparison Approach, and the Income Approach to value, with no weight given to the Cost Approach, in our value conclusion.

Based on this investigation, analysis and the reasoning and conclusions developed in the course of this appraisal, it is our considered opinion that the most probable July 11, 2011, **Market Value**, (see definition Section 3.6), of the within described property, subject to the Contingent and Limiting Conditions forming part of this report, was;

**SIXTY THOUSAND DOLLARS**

**(\$60,000)**

Based on this investigation, analysis and the reasoning and conclusions developed in the course of this appraisal, it is our considered opinion that the most probable July 11, 2011, **Quick Sale Value**, (see definition Section 14.2.1), of the within described property, subject to the Contingent and Limiting Conditions forming part of this report, was;

**FIFTY THOUSAND DOLLARS**

**(\$50,000)**

Respectfully Submitted,

**FENNELL & ASSOCIATES APPRAISERS LTD.**



Paul M. Fennell, B. Comm., FRI, AACI  
NSREAA #017490

PMF/mh

**16.0 APPRAISER'S CERTIFICATION - Paul M. Fennell****The Appraiser certifies and agrees that:**

- 16.1** The subject market area has been researched and a minimum for three recent sales of properties have been selected that are the most similar and proximate to the subject property for consideration in sales comparison analysis and a dollar adjustment have been made where appropriate to reflect the market reaction to those items of significant variation. If a significant item in a comparable property is superior to, or more favourable than, the subject property, a negative adjustment is made to reduce the adjusted sales price of the comparable and, if a significant item in a comparable property is inferior to, or less favourable than the subject property, a positive adjustment is made to increase the adjusted sales price of the comparable.
- 16.2** All factors known to the appraiser (and to the extent that the data permits) that have an impact on value have been taken into consideration to the extent felt necessary in rendering a considered opinion of value. No significant information has been knowingly withheld from the appraisal report and it is believed to the best of my knowledge that all statements and information in the appraisal report are true and correct.
- 16.3** Only my personal, unbiased, and professional analysis, opinions, and conclusions are stated in the appraisal report. Included on this form are all contingent and limiting conditions affecting the analysis, opinions, and conclusions, whether they were imposed by the terms of the assignment or by the appraiser.
- 16.4** I have no past, present or prospective interest in the property that is the subject to this report, and I have no present or prospective personal interest in the property or bias with respect to the parties involved.
- 16.5** The opinion of value stated within this report does not result from a requirement to report a predetermined value or direction in value that favours the cause of the client or any related party, the attainment of a specific result, or the occurrence of a subsequent event in order to receive the compensation and/or employment for performing the appraisal. The reported value is not based on a requested minimum valuation, a specific valuation, or the need to approve a specific mortgage loan.
- 16.6** This appraisal has been performed in conformity with the Standards of Appraisal Institute of Canada with the exception of the departure provision of those Standards, which does not apply. It is acknowledged that an estimate of a reasonable time for exposure in the open market is a condition in the definition of market value and the estimate developed is consistent with the marketing time noted in the appropriate section of this report, unless otherwise stated in the reconciliation section.

- 16.7 The interior and exterior of the subject property was personally inspected on the date shown in the attached report. It is hereby certified that any apparent or known adverse conditions have been noted herein, in the subject improvements, on the subject site, or on any site within the immediate vicinity of the subject property which were apparent as of the date of inspection and that adjustments have been made for these adverse conditions in the analysis of the property value to the extent that market evidence was available to support them.
- 16.8 All conclusions and opinions about the real estate were personally prepared as same are set forth in the appraisal report. If there was reliance on significant professional assistance from any individual or individuals in the performance of the appraisal or the preparation of the appraisal report, such individual(s) have been named herein including the disclosure of specific tasks performed by them. No authorization has been given to anyone to make a change to any item in the report; therefore, if an unauthorized change is made to the appraisal report, no responsibility for such change is assumed.
- 16.9 Our estimate of Market Value for the subject property as of July 11, 2011 (subject to the Contingent and Limiting Conditions forming part of this appraisal) is: **Market Value: \$60,000; Quick Sale Value: \$50,000.**

**APPRAISER:**Signature: Name: Paul M. Fennell, NSREAA #017490Inspected Property: Yes: x No:       Date Signed: July 15, 2011Designation: FRI, AACIRecertified: Yes

# **STATEMENT OF CONTINGENT AND LIMITING CONDITIONS**

Our File No: 11-0854

**DEFINITION OF MARKET VALUE:** 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, knowledgeably and assuming the price is not affected by any undue stimulus. Implicit in this definition in the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby (1) buyer and seller are typically motivated; (2) both parties are well informed or well advised, with each acting in what he considers his own best interest; (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 financing arrangements comparable thereto; and (5) the price represents the normal consideration for the property sold unaffected by special or creative financing or sale concessions granted by anyone associated with the sale.

**CONTINGENT AND LIMITING CONDITIONS:** The certification that appears in the appraisal report is subject to the following conditions:

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

No responsibility is assumed for matters of a legal nature that affect either the property being appraised or the title to it. It has been assumed that the title is good and marketable and, therefore, no opinion is rendered about the title. The subject property must comply with government regulations, including zoning, building code and health regulations, and if it doesn't comply, its non-compliance may affect market value. To be certain of compliance, further investigation may be necessary. The property is appraised on the basis of it being under responsible ownership.

Unless otherwise stated in the appraisal report, there are no known unapparent or hidden conditions of the property (including but not limited to its soils, physical structure, mechanical and other operating system, its foundation, etc.) or adverse environmental conditions (on it or a neighboring property, including the presence of hazardous wastes, toxic substances, etc.) that would make the property more or less valuable. It has been assumed that there are no such conditions unless they were observed at the time of inspection or became apparent during the normal research involved in completing the appraisal. The attached report should not be construed as an environmental audit or a detailed property condition report, as such reporting is beyond the scope of this report and/or the qualifications of the appraiser. Responsibility is not accepted for any such unapparent or hidden conditions that do exist, or for any research, testing or engineering that might be required to discover whether such conditions exist. It is assumed that no commercially viable mineral deposits are contained on the site unless otherwise stated, but no investigations in this regard have been undertaken.

Information used in this report including, but not limited to, sale prices and other facts and details regarding comparable properties used in our analysis that may have been obtained from offices of the Registry of Deeds, Land Registration and Information Services Offices, Assessment Offices and local Real Estate Board statistics, etc., is assumed to be reliable. In accordance with our standard practice, this appraisal is based upon our inspection of the property together with information which has been made available to us. We have verified this information as much as possible and assume it to be reliable and correct; however, we cannot accept responsibility for the accuracy of information provided by others.

The author of this appraisal is not a qualified surveyor. Sketches, plans or photographs, are presented in this appraisal for the limited purpose of illustration to assist the reader in visualizing the property, and are not to be relied upon in themselves.

We have assumed that required occupancy permits have been issued by the appropriate authority and that, unless otherwise stated in our report, the present occupancies represent legal uses of the property. The reader is cautioned that, because of time constraints and the policies of the appropriate municipal authorities, no investigations have been made in this regard and we make no warranty therewith.

Where the building falls under the jurisdiction of the Rent Review Act, we have assumed that the rents included in this report are "registered" rents or are rents that could otherwise be legally charged under the Act. The reader is cautioned that, because of time constraints and the confidentiality of the Rent Review Commission's records, we have made no independent investigations in this regard and make no warranty therewith.

No survey has been carried out on the properties referred to in the within report, all dimensions being taken to be correct and not subject to encroachment. Similarly sketches and plans which may be incorporated in the report or addenda to it, are intended to assist in visualizing the properties, with the location and dimensions not necessarily being exact.

The report and appraisal are based on the premise that the subject property is free and clear of all encumbrances, indebtedness or special assessments. Separate valuations for land and buildings may not be valued, if used separately.

Unexposed or inaccessible parts of the structure have not been inspected and we are unable to report that such parts of the property are free of rot, deterioration, or other defects.

If applicable, the well and septic systems are assumed to be in good and safe condition and an adequate potable water supply exists unless otherwise noted. We have not undertaken any tests ourselves and make no warranty therewith.

Where this report has been prepared at the request of the attached named client for the purpose of an evaluation of Market Value for the stated purpose. It is not reasonable for any persons other than the client to rely upon this appraisal without first obtaining written authorization from the appraiser. It has been assumed that no other person will rely on it for any other purpose, and all liability to such persons is denied. The appraiser assumes no responsibility as a result of the preparation of this report to any present or future owner of the property.

The author of this report is not required to give testimony nor appear before a court or other tribunal in connection with this appraisal as this report has not been made in a form normally associated with an appraisal intended for court, unless prior arrangements have been made. Further, it is understood that the compensation for services rendered in this report does not include a fee for court preparation or court appearance, which fees must be negotiated separately. Arrangements will include, but not limited to, adequate time to review the appraisal report and data.

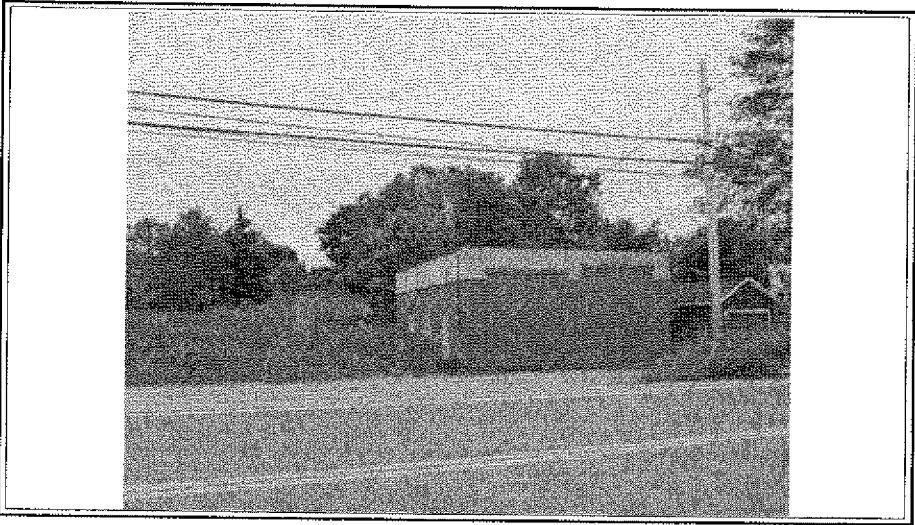
Neither possession of this report nor a copy of it carries with it the right of publication. All copyright is reserved to the author and is considered confidential by the author and his client. It shall not be disclosed, quoted from or referred to, in full or in part, or published in any matter without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

This report has been prepared solely for the purpose of providing to the attached named client value for the purpose as stated by way of an estimate of the market value thereof. It does not constitute as a report of technical inspection of the subject property to ensure compliance with N.B.A. or other building standards and is not to be interpreted as such unless expressly indicated otherwise in the report.

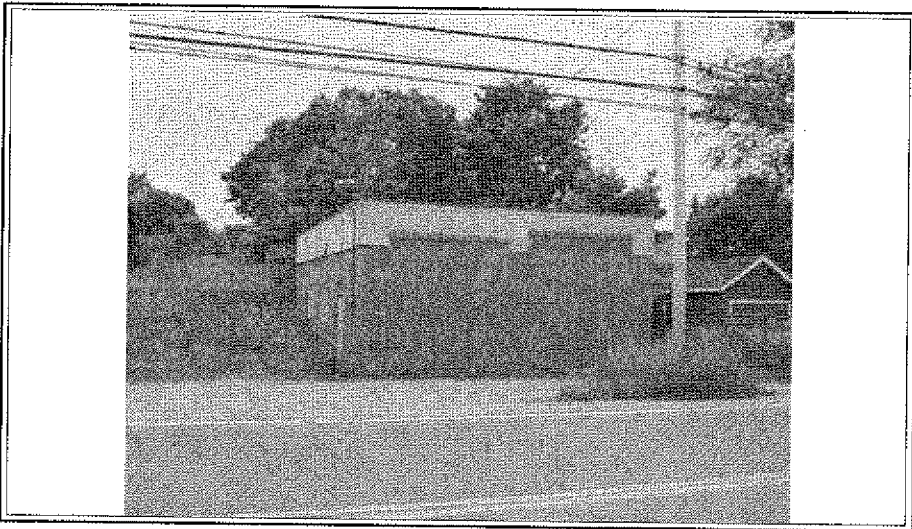
**Condominium Ownership:** Purchase of a condominium carries with it the responsibilities of ownership of the entire structure in which the unit is housed. In normal circumstances a contingency fund is established which is used to take care of capital expenditures on the property. We have not viewed the contingency fund of the subject condominium and as such cannot make any comment on its adequacy. The reader is cautioned to inspect same to ensure an adequate contingency fund typical in the market is in place in the subject property. We make no warranties as to structural condition or unforeseen deferred maintenance, and where possible have appraised the subject using comparables which have similar market perception as to physical and financing condition as the subject.

**ADDENDUM "A"**  
**PHOTOS**

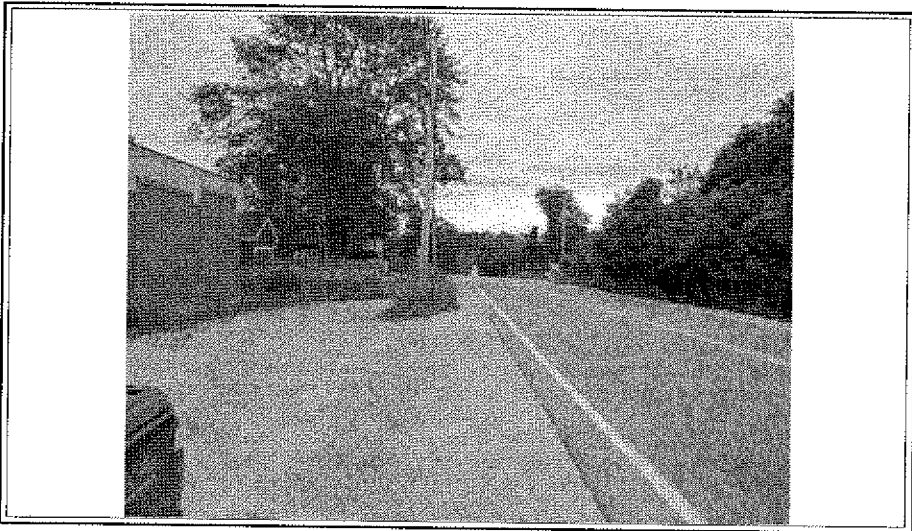
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City: Chester	Prov.: NS P.C.:
Lender:	



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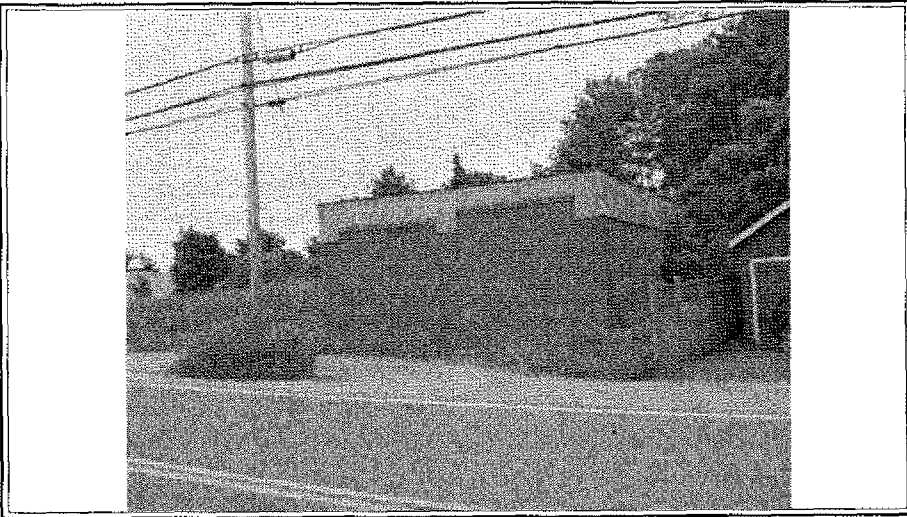


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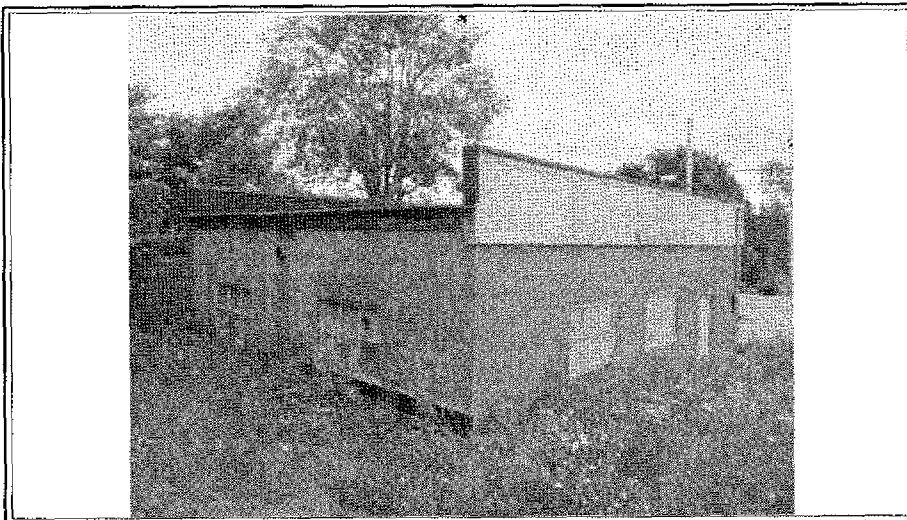


Subject - Street

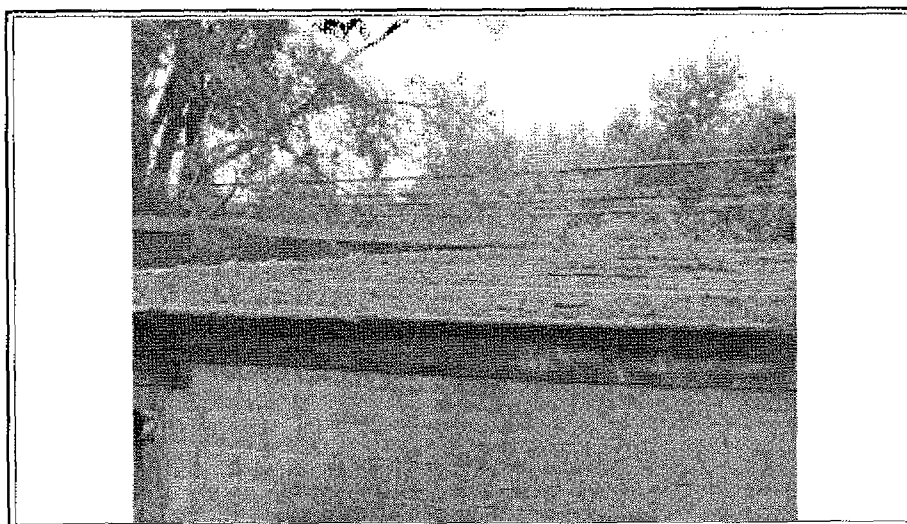
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City: Chester	Prov.: NS P.C.:
Lender:	



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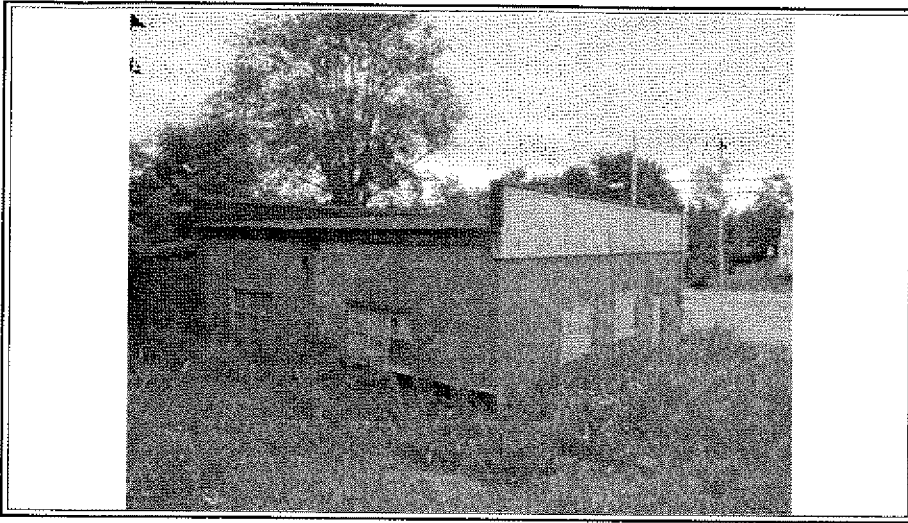
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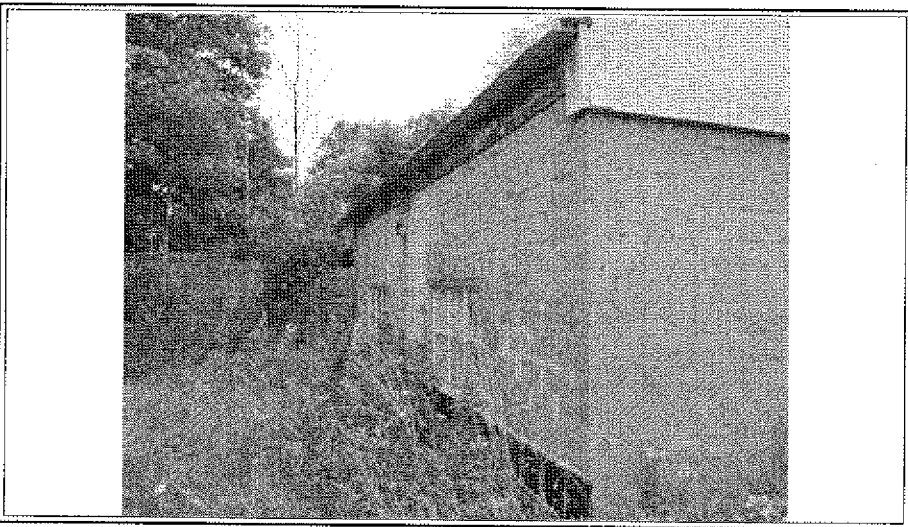
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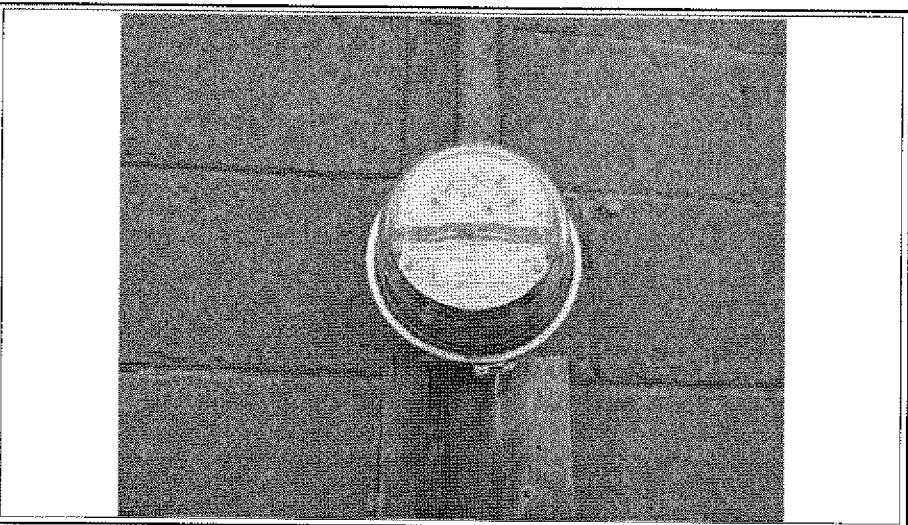
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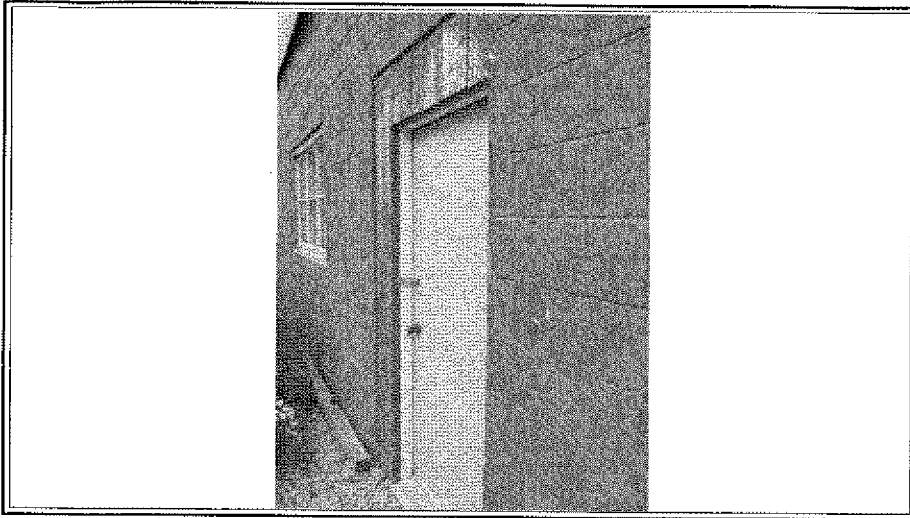


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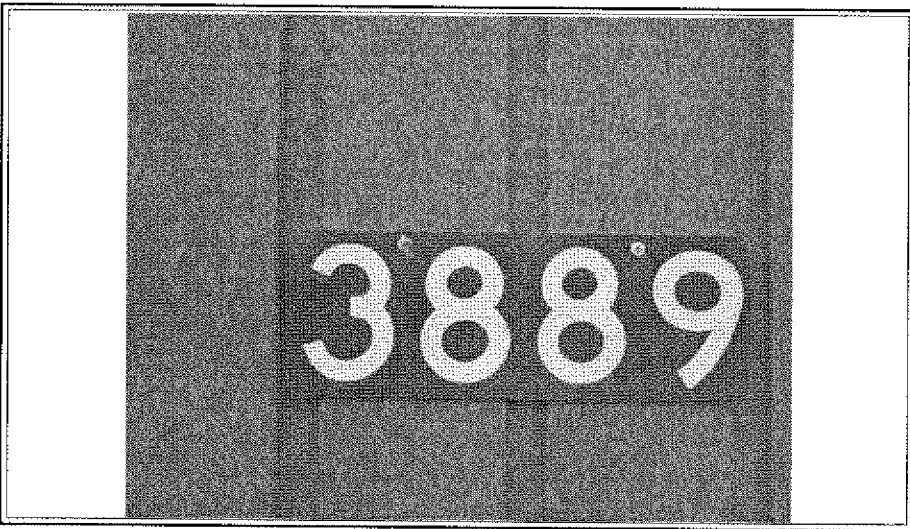


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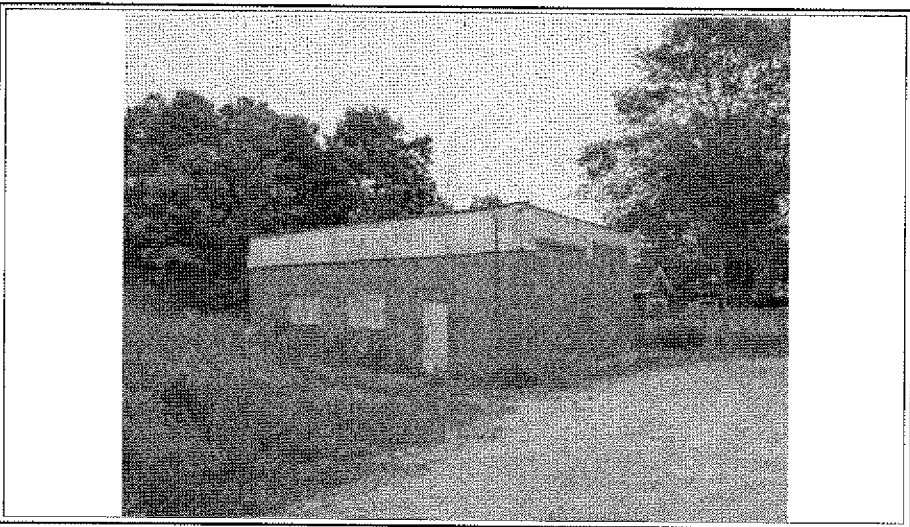
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Property Address: 3889 North Street	Case No.:
City: Chester	Prov.: NS P.C.:
Lender:	



Subject



Subject



Subject

**ADDENDUM "B"**  
**OTHER**



Search

Provincial Map

Bulletin Board

Help

### Land Registration View

\* Indicates interests inherited on subdivision or re-configuration of parcel

<b>PID</b>	<b>60093572</b>	<b>Parcel Type</b>	STANDARD PARCEL	<b>Status</b>	ACTIVE
<b>Area</b>	7535.0 SQUARE FEET	<b>Parcel Access</b>	PUBLIC	<b>Manag. Unit</b>	MU1220
<b>Lot</b>		<b>Updated</b>	May 24, 2011 10:27:12AM	<b>Created</b>	Sep 13, 1994 12:00:00AM
<b>PDCA Status</b>	APPROVED	<b>Municipal Unit</b>	MUNICIPALITY OF CHESTER	<b>Manner of Tenure</b>	NOT APPLICABLE
<b>LR Status</b>	LAND REGISTRATION	<b>LR Date</b>	May 28, 2007 02:15:24PM		

<b>Location</b>	<b>County</b>	<b>Primary Location</b>	<b>Source</b>
3889 NORTH STREET CHESTER	LUNENBURG COUNTY	Yes	Assigned by Municipality

#### Comments

MAP:0244540064220

<b>Assessment Account</b>	<b>Value</b>	<b>Tax District</b>	<b>Tax Ward</b>	<b>Tax Sub</b>
03735923	\$84,400 (2011 COMMERCIAL TAXABLE)	030	000	

### Registered Interests

Interest Holder (Qualifier)	Interest Holder Type	Mailing Address	Type	Year	Doc #	Book/Page/Plan	Registration Date	NS Non-Res?
KARLSER SHIPPING COMPANY LIMITED	FREE SIMPLE	55 CRANE LAKE DR HALIFAX NS CA B3S 1B5	DEED	2008	92046698		Nov 04, 2008	No
					<a href="#">View Form</a>			
					<a href="#">View Doc</a>			

### Farm Loan Board - Occupants & Mailing Addresses



Name	Interest Holder Type	Mailing Address
------	----------------------	-----------------

No Records Found

### Benefits to the Registered Interests

## Property Online - Property - Land Registration View

Page 2 of 4

Benefit Details	Interest Holder Type	Type	Year	Doc #	Book/Page/Plan	Registration Date
TOGETHER WITH AN EASEMENT / RIGHT OF WAY	EASEMENT / RIGHT OF WAY HOLDER (BENEFIT)	DEED	1962	<b>CHE1035</b>  View Doc	Book 27 Page 540	May 23, 1962
60093614	SERVIENT TENEMENT RID	DEED	1962	<b>CHE1035</b>  View Doc	Book 27 Page 540	May 23, 1962

## Burdens on the Registered Interests

Interest Holder (Qualifier)	Interest Holder Type	Mailing Address	Type	Year	Doc #	Book/Page/Plan	Registration Date
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No Records Found

## Textual Qualifications on Title

Qualifications Text

Tenants in Common not registered pursuant to the *Land Registration Act*

Interest Holder (Qualifier)	Interest Holder Type	Mailing Address	Type	Year	Doc #	Book/Page/Plan	Registration Date
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No Records Found

## Recorded Interests

Interest Holder (Qualifier)	Interest Holder Type	Mailing Address	Type	Year	Doc #	Book/Page/Plan	Registration Date
PRICEWATERHOUSECOOPERS INC.	TRUSTEE	400 SUMMIT PLACE 1601 LOWER WATER ST HALIFAX NS CA B3J 3P8	ORDER (NON-TRANSFERRING / NOT 2011 JUDGMENT)	2011	<b>98351308</b> <a href="#">View Doc</a>		May 20, 2011

## Parcel Description:

ALL that certain piece, parcel of land, situate lying and being in the Village of Chester, in the County of Lunenburg, bounded and described as follows:

BEGINNING on the South side of the Provincial Highway, at the Northeast corner of property occupied by Gret Elliott, formerly of General Trust and Executor Corporation;

THENCE running Southerly along the Elliott line and line of Mrs. Adella Redden to the rear line of Lot Number 266 or to Lawrence Schnares Northeast corner.

THENCE running Easterly for a distance of 50 feet;

THENCE running Northerly to the Provincial Highway;

THENCE running Westerly along the Provincial Highway 50 feet to the place of beginning.

TOGETHER WITH the use and privilege of a right of way for all purposes and at all times, ingress and egress, persons, animals and vehicles to the Grantee (C.J. Stanford), his heirs and assigns, agents and workmen in common with Dora McInnes her heirs and assigns, over a strip of land 15 feet wide along the Western margin land of Dora McInnes or formally of her, adjoining the land herein deeded and leading from the highway to the rear of the lot as contained in a Deed recorded at the Registry of Deeds at Chester on May 23, 1962 in Book 2 at Page 540 as Document Number 1035.

The description for this parcel originates with a Deed dated May 23, 1962, registered in the registration district of Lunenburg County - Chester Section - in Book 27 at Page 540 Document Number 1035 and the subdivision validated by Section 291 of the Municipal Government Act.

#### Non-Enabling Documents

Inst Type	Inst No	Year	Type	Book/Page	Registration System	Registration Date
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No Non-Enabling Documents Found

#### Non-Enabling Plans

Inst Type	Inst No	Year	Type	Plan Name	Drawer Number	Registration Date
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No Non-Enabling Plans Found

#### AFR Bundles

Inst Type	Inst No	Year	Type	Filing Reference	Instrument Date
-----------	---------	------	------	------------------	-----------------

No AFR Bundles Found

#### Parcel Relationships

Related PID	Type of Relationship
-------------	----------------------

No Related PIDs Found

This parcel IS REGISTERED PURSUANT TO THE Land Registration Act. The registered owner of the registered interest owns the interest defined in this register in respect of the parcel described in the register, subject to any discrepancy in the location, boundaries or extent of the parcel and subject to the overriding interests [Land Registration Act subsection 20(1)].

No representations whatsoever are made as to the validity or effect of recorded documents listed in this parcel register. The description of the parcel is not conclusive as to the location, boundaries or extent of the

# Schedule B

## **INVITATION FOR OFFERS Karlsen Shipping Company Limited Halifax, NS**

PricewaterhouseCoopers Inc., in its capacity as Court Appointed Receiver of Karlsen Shipping Company Limited, invites offers to purchase its right, title, and interest in specific assets of Karlsen Shipping Company Limited.

- \* Land – 6 lots ranging in size from 3,880 sq. ft. up to 16.4 acres  
Located in New Harbour, Lunenburg County, Nova Scotia
- \* Storage Building and Land located in Chester, NS

Offers will be entertained until 3pm AST on Friday, October 21, 2011. Offers must include a certified cheque or bank draft payable to PricewaterhouseCoopers Inc., In Trust, in an amount of 15% of the offered purchase price.

Balance of offer price will be payable on closing by certified cheque or bank draft.

Offers will only be accepted in sealed envelopes, clearly marked "Do Not Open - Offer to Purchase- Karlsen Shipping Company Limited."

The highest offer or any offer will not necessarily be accepted and all offers submitted are subject to the terms and conditions of sale.

Prospective purchasers may obtain a more detailed description, and statement of the terms and conditions of sale, on our website at <http://www.pwc.com/ca/en/car/karlsen>. They can also be obtained and arrangements for viewing the assets by contacting Ericka Clarke Scott at 902-491-7400 by email at [ericka.a.clarke@ca.pwc.com](mailto:ericka.a.clarke@ca.pwc.com), or Valerie Lotherington at 902-564-1480 by email at [valerie.l.lotherington@ca.pwc.com](mailto:valerie.l.lotherington@ca.pwc.com) or by writing to the address below:

**PricewaterhouseCoopers Inc., as  
Court Appointed Receiver of Karlsen Shipping Company Limited  
1601 Lower Water Street, Suite 400  
Halifax, NS B3J 3P6**

**PRICEWATERHOUSECOOPERS** 

# Schedule B

**INFORMATION PACKAGE**

**REQUEST FOR OFFERS TO PURCHASE SPECIFIC  
ASSETS OF**

**KARLSEN SHIPPING COMPANY LIMITED**

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**PricewaterhouseCoopers Inc.  
1601 Lower Water Street, Suite 400  
Halifax, Nova Scotia  
B3J 3P6  
September, 2011**



**INFORMATION PACKAGE ON  
THE ASSETS OF  
KARLSEN SHIPPING COMPANY LIMITED**

***NOTICE TO READER***

PricewaterhouseCoopers Inc., in its capacity as Court Appointed Receiver ("Receiver") of Karlsen Shipping Company Limited, has assembled the accompanying information package (the "Information Package") to assist prospective purchasers in their review of specific assets of Karlsen Shipping Company Limited and potential purchase. This Information Package includes information with respect to the lands held by the Company that are available for sale.

**The Information Package has been prepared based on information from the records of Karlsen Shipping Company Limited without audit or verification of any kind and the Receiver makes no expressed or implied representation or warranty with respect to its accuracy or completeness. Nothing contained in the Information Package is, or should be relied upon as, any representation as to the future prospects for the business. The Receiver expressly advises, and any prospective purchaser acknowledges by receiving this Information Package, that the prospective purchaser is not relying upon, and could not reasonably rely upon, this information in arriving at its decision. Each prospective purchaser must rely upon his own inspection and investigation in order to satisfy himself as to title, liens, encumbrances, description, fitness for purpose, quantity, condition, quality, value or any other matter or thing whatsoever in respect of the property offered for sale herein.**

Dated at Halifax, Nova Scotia this 9<sup>th</sup> day of September, 2011.

**PRICEWATERHOUSECOOPERS INC.  
Court Appointed Receiver of  
Karlsen Shipping Company Limited**



Derek Cramm, FCMA, FCIRP  
Senior Vice President



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**INVITATION FOR  
OFFERS TO PURCHASE SPECIFIC ASSETS OF KARLSEN SHIPPING COMPANY  
LIMITED**

**PricewaterhouseCoopers Inc., in its capacity as Court Appointed Receiver of Karlsen Shipping Company Limited, invites offers to purchase its right, title, and interest in specific assets Karlsen Shipping Company Limited.**

**Assets for sale include the following:**

- **Parcel A – Property Consisting of 6 Parcels of Land Located in New Harbour, Lunenburg County, Nova Scotia**
- **Parcel B - Storage Building and Land Located at Chester, Nova Scotia**

Offers will be entertained until 3pm AST on Friday, October 21, 2011. Offers must be accompanied by a certified cheque or bank draft payable to PricewaterhouseCoopers Inc., In Trust as Receiver for Karlsen Shipping Company Limited, in an amount of 15% of the offered purchase price.

Offers shall be subject to the “Terms and Conditions of Sale” annexed hereto.

Balance of the offer price will be payable on closing by certified cheque or bank draft.

Offers will only be accepted in sealed envelopes, clearly marked “Do Not Open - Offer to Purchase- Karlsen Shipping Company Limited”.

The highest offer or any offer will not be necessarily accepted and all offers submitted are subject to the terms and conditions of sale.

Prospective purchasers may obtain a more detailed description of the assets, a statement of the terms and conditions of the sale, and viewing arrangement of the assets by contacting Ericka Clarke Scott at (902-491-7400); by email at [Ericka.a.clarke@ca.pwc.com](mailto:Ericka.a.clarke@ca.pwc.com) or Valerie Lotherington at (902-564-1480), by email at [Valerie.i.lotherington@ca.pwc.com](mailto:Valerie.i.lotherington@ca.pwc.com) or by writing to the address below:

PricewaterhouseCoopers Inc., as  
Receiver of Karlsen Shipping Company Limited  
1601 Lower Water Street, Suite 400  
Halifax, NS B3J 3P6

**TERMS AND CONDITIONS OF SALE OF SPECIFIC ASSETS  
OF KARLSEN SHIPPING COMPANY LIMITED**

**VENDOR**

1. PricewaterhouseCoopers Inc., in its capacity as Court Appointed Receiver of Karlsen Shipping Company Limited, is offering for sale its right, title and interest in specific assets of Karlsen Shipping Company Limited described below (the "Assets"). PricewaterhouseCoopers Inc. is acting in its capacity as Receiver only and shall have no personal or corporate liability in respect of the sale of the Assets.

**PROPERTY DESCRIPTION**

2. The Assets offered for sale under these Terms and Conditions of Sale (as described in Schedule "A"), are all of the right, title and interest of the Vendor in parcels of land of Karlsen Shipping Company Limited, if any, and to the land and building in Chester, Nova Scotia.

**OFFERS**

3. Every offer submitted should be in the form attached hereto as Schedule "B", but may contain proposals for amending the Terms and Conditions of Sale. However, a prospective purchaser seeking to change the Terms and Conditions of Sale or offers received that are not on the attached form may, at the sole discretion of the Vendor, be rejected.
4. Offers must be submitted in a sealed envelope marked "DO NOT OPEN – "KARLSEN SHIPPING COMPANY LIMITED " and addressed to:

Attention: Derek Cramm  
PricewaterhouseCoopers Inc., as Court Appointed  
Receiver of Karlsen Shipping Company Limited  
1601 Lower Water Street, Suite 400  
Halifax, NS B3J 3P6

Offers will be received by the Vendor until 3:00 p.m. AST, Friday, 21<sup>st</sup> October, 2011 at which time offers will be opened by the Vendor.

5. All offers must be accompanied by a certified cheque or bank draft payable to "PricewaterhouseCoopers Inc. - In Trust", in an amount equal to 15% of the offered purchase price ("the Deposit"). If the offer is accepted, the Deposit will be applied to the purchase price on closing. The purchaser hereby agrees that the Deposit constitutes a genuine pre-estimate of damages and that the Deposit will be forfeited as liquidated damages by the purchaser to the Vendor if the offer is withdrawn at any time before notification of the acceptance of the successful offer has been given. Otherwise, the Deposit shall be returned to the purchaser if the offer is not accepted and if the offer is accepted, the Deposit will be dealt with in accordance with the Terms and Conditions of Sale.
6. In consideration of the Vendor making available the Terms and Conditions of Sale and/or in consideration of receiving and considering any offer submitted, each prospective purchaser agrees that its offer is irrevocable and cannot be retracted, withdrawn, varied or countermanded prior to acceptance or rejection thereof.
7. In the event that some of the offers submitted are substantially in the same terms and/or amounts, the Vendor may in its sole discretion call upon those prospective purchasers to submit further offers. In the event no offers are accepted by the Vendor with respect to a particular Parcel, Parcels, or any part thereof, the Vendor shall have the right to negotiate for the sale of any or all of the assets described therein with respect to such Parcel, Parcels or any part thereof, with any person including any person who has previously submitted an offer for the subject Assets.
8. The Vendor, at its discretion, may waive or vary any or all of the Terms and Conditions of Sale or its advertisement, or withdraw the Request for Offers.
9. The highest or any offer shall not necessarily be accepted and the Vendor reserves the right to reject any and all offers.

10. If any offer is accepted by the Vendor, the successful purchaser shall be notified in writing of such acceptance within 5 business days of the acceptance thereof and the date of acceptance shall be deemed to be the date upon which a notice of acceptance addressed to the successful purchaser is sent by registered mail, courier or facsimile or is personally delivered at the address set forth in the offer.
11. This summary and any other documentation or material provided at any time to the purchaser has been prepared solely for the convenience of prospective purchasers and is not warranted to be complete or accurate. Without limiting the generality of the foregoing, however, the offer does not include any assets, which are not included in the summary.

#### **AS IS - WHERE IS**

12. The Assets are being sold on an "as is, where is" basis. Without limiting the generality of the foregoing, an offer will be accepted on the basis that no representation, warranty, inducement or condition has been expressed, given or made or can be implied as to title, size, description, fitness for purpose or intended use, quantity, number, condition or quality of the Assets or in respect of any other matter or thing whatsoever, and the purchaser shall be deemed to have relied entirely upon his own inspection and investigation of the Assets.

#### **GENERAL**

13. Certified cheques or bank drafts accompanying unsuccessful offers will be returned by hand or mailed by registered mail addressed to the prospective purchaser at the address stated on the offer form on or before November 1, 2011.
14. Upon an offer being accepted, there shall be a binding agreement of purchase and sale (hereinafter referred to as the "Agreement") which shall be constituted by:
  - (a) the offer of the successful purchaser (hereinafter referred to as the "Purchaser");
  - (b) the Terms and Conditions of Sale;
  - (c) the acceptance of the offer.

Notwithstanding the foregoing, the Agreement may be subject to the approval of the Court as per the Court Order issued in the Supreme Court of Nova Scotia dated May 17, 2011.

15. The balance of the purchase price shall be due on closing, which closing shall occur on or before fifteen (15) days next after the date of acceptance ("the Closing Date") or within five (5) days following the approval of the Court, if Court approval is required, whichever is later or such other time as may be agreed to by the Purchaser and Vendor.
16. The Vendor shall remain in possession of the Assets until the purchase is completed. Title to the Assets shall not pass to the Purchaser nor shall it be entitled to possession of same until the purchase price and all other payments to be made by the Purchaser to the Vendor have been paid in full.
17. From the date of acceptance of the offer as defined in paragraph 10 hereof, the Purchaser shall, at its own expense, have ten (10) days to examine title to the Assets and provide the Vendor with written notice of any valid objection, failing which the Purchaser shall be obliged to have conclusively accepted the title with any defects, limitations, and/or encumbrances.
18. Should any valid objection to title be made in writing within the time provided for in paragraph 17, the Vendor shall have a reasonable time to rectify and comply with the same and if the Vendor is unable or unwilling to rectify or comply with the same, the Vendor shall be at liberty to rescind the sale (notwithstanding any intermediate negotiations with respect to such objections or any attempt to rectify or comply with the same), by notice in writing served upon or mailed by registered mail, postage prepaid, addressed to the Purchaser at its address as designated in its offer, or addressed to its solicitor at his usual place of business, in which case the Agreement resulting from the acceptance of the offer shall be null and void and the Purchaser shall be entitled only to a return of the Deposit money without interest, and shall not be entitled to any compensation of any kind or nature whatsoever for any loss, damage, cost or otherwise. The foregoing shall not in any way

prohibit the Vendor and the Purchaser from agreeing on an adjustment to the purchase price in respect of any valid objection to title.

19. Until the Closing Date, or other date agreed to between the Vendor and the Purchaser, all risk of loss or damage by fire or other cause or hazard to the Assets shall be in and remain at the risk of the Vendor unless the Assets are in the possession of the Purchaser prior to the Closing Date in which case the Purchaser shall maintain valid policies of insurance on the Assets in form and for such amounts as may be required by the Vendor and naming the Vendor as its interest may appear. The obligation of the Vendor to sell and of the Purchaser to purchase the Assets shall terminate in the event that prior to the Closing Date, the Assets are substantially destroyed by fire, flood, the elements, Government action, civil commotion or any other external cause beyond the control of the Vendor or its principals provided however, this provision shall not apply if the Assets are in the possession of the Purchaser prior to the Closing Date.
20. On closing, the Purchaser shall be entitled only to such deed and/or assignments as may be considered necessary by the Vendor to convey to the Purchaser the Vendor's right, title and interest in the Assets. The Vendor shall only covenant that it has done nothing to encumber the Assets being conveyed.
21. The Purchaser shall pay on the Closing Date by certified cheque or bank draft made payable to the "PricewaterhouseCoopers Inc." or its solicitors in trust:
  - (a) the balance of the purchase price,
  - (b) all applicable federal and provincial taxes arising on the sale and payable by the Purchaser, including without restriction the Provincial Sales Tax and Goods and Services Tax. Any taxes which a Vendor is required by law to collect from the Purchaser on sale shall be paid by the Purchaser to the Vendor on closing, unless the Purchaser is exempt and provides to the Vendor the appropriate license, tax number evidencing exemption from payment of taxes, or (in the case of the Harmonized Sales Tax) a declaration or certificate in form and content acceptable



to the Vendor.

22. If the Purchaser fails to comply with the terms and conditions of the Agreement, the Deposit and all other payments shall be forfeited and the Assets may be sold, and the deficiency, if any, by such resale, together with all costs, expenses and charges attending to the same or occasioned by such default, shall be paid forthwith by the Purchaser to the Vendor on demand.
23. The Vendor shall not be required to furnish or produce any declarations or other documents evidencing title to the Assets, except those, if any, in its possession. The Purchaser shall rely upon its own searches and inquiries and shall provide the Vendor with details of the searches and inquiries, if requested.
24. The Vendor shall not be liable for any failure to complete the sale if enjoined by any order by a court of competent jurisdiction or if the security under which the Vendor is acting is redeemed. In this case, the Vendor shall be liable to the Purchaser only for the return of the Deposit without interest, costs or any compensation whatsoever, and the parties shall be relieved of any further obligation with respect to the Agreement.
25. Any tendered documents or money hereunder may be made upon the Vendor or the Purchaser or their respective solicitors.
26. This Agreement sets forth the entire terms and conditions of sale and there are no representations, warranties or conditions collateral hereto affecting the purchase of the Assets.
27. Time shall be of the essence.
28. The Agreement shall be construed and enforced in accordance with the laws of Nova Scotia.

29. In this Agreement, words importing the singular shall include the plural and vice versa and words importing gender shall include the masculine, feminine and neutral genders.
30. Neither the Agreement nor any of the rights or obligations thereunder shall be assigned by the Purchaser without the prior written consent of the Vendor. Subject to the foregoing, the Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and permitted assigns.

**PRICEWATERHOUSECOOPERS INC.**  
**in its capacity as** Court Appointed Receiver of  
Karlsen Shipping Company Limited

1601 Lower Water Street, Suite 400  
Halifax, Nova Scotia, B3J 3P6  
Telephone: (902)491-7400  
Facsimile:(902)422-1166

## ***SCHEDULE "A"***

### ***PARCEL A – Land***

#### Land

The property consists of six parcels of land all located within Lunenburg County.

- The first parcel is identified on the Nova Scotia Property Records Database as occupying PID No. 60069671 and is +- 16.4 acres.
- The second parcel is identified on the Nova Scotia Property Records Database as occupying PID No. 60668993 and is +- 3.3 acres.
- The third parcel is identified on the Nova Scotia Property Records Database as occupying PID No. 60634482 and is +- 14,700 sq. ft.
- The fourth parcel is identified on the Nova Scotia Property Records Database as occupying PID No. 60634474 and is +- 13,000 sq. ft.
- The fifth parcel is identified on the Nova Scotia Property Records Database as occupying PID No. 60634466 and is +- 10,561 sq. ft.
- The sixth parcel is identified on the Nova Scotia Property Records Database as occupying PID No. 60634458 and is +- 3,880 sq. ft.

#### Location of Property

The property is located in the New Harbour area of Lunenburg County approximately 60 kilometers southwest of Halifax and just off of Highway #329 linking East River and Hubbard via the Aspotogan Peninsula.

#### Type of Property

The property is comprised of vacant, treed/natural land encompassing 6 land parcels and exhibiting a significant amount of bold ocean frontage and protected harbor frontage.

## **PARCEL B – Land and Building**

### Land

Parcel is identified on the Nova Scotia Property Records Database as occupying PID No. 60093572 and is +- 6,215 sq. ft.

The property is located on the south side of North Street (Highway # 3), near the village of Chester, 75 kilometers southwest of Halifax. The municipal address of the property is 3889 North Street, Chester, Lunenburg. The Town of Chester is a rural community originally built up as a summer residence. At present it exhibits a modest although adequate commercial downtown to service the needs of the town. Residents of this area often commute to the City of Halifax, which is the capital of the province for employment and for services.

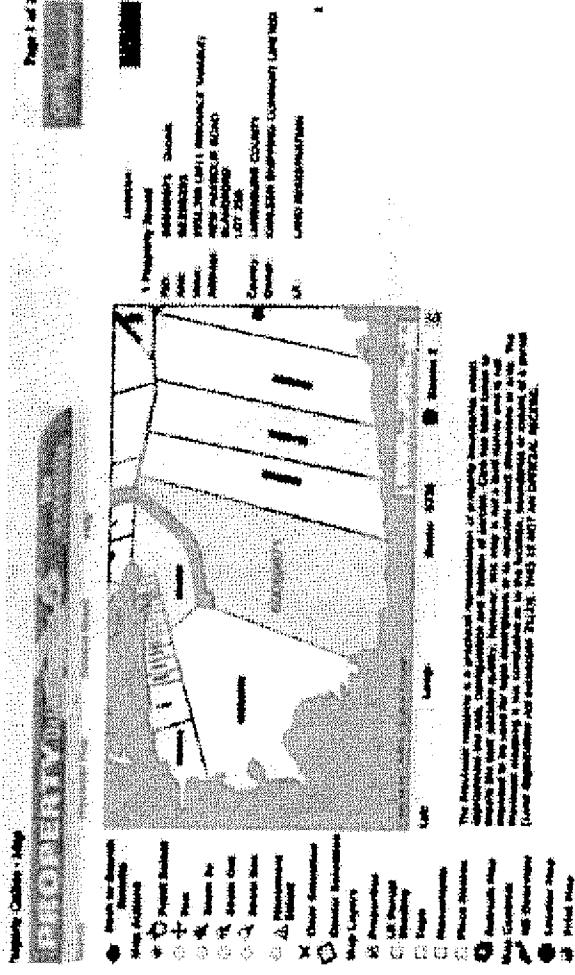
### Building

The building size is 30' x 40' = 1,200 +- sq. ft. of commercial space. It is a one storey, concrete block constructed light industrial/storage building, constructed on a concrete slab. The building was formally a furniture manufacturing warehouse which is currently used as a workshop and storage facility.

# Appendix "A"

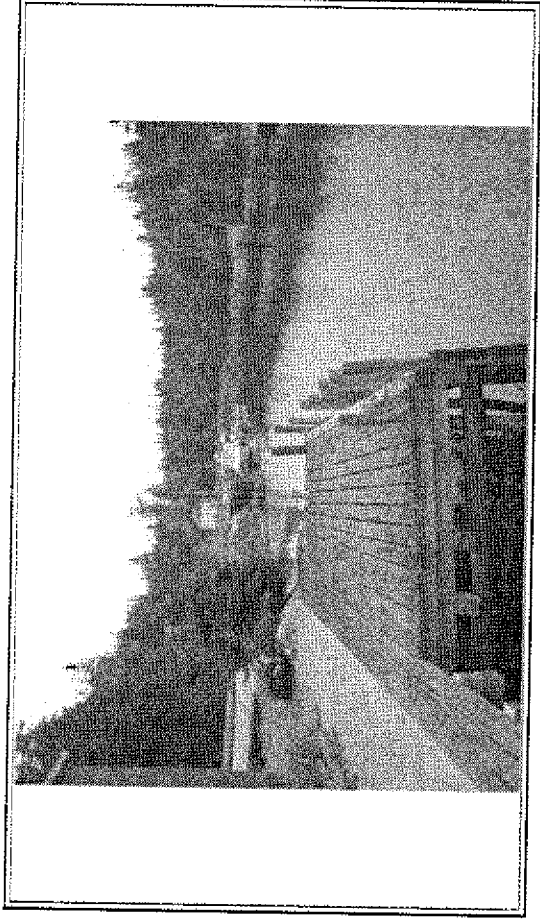
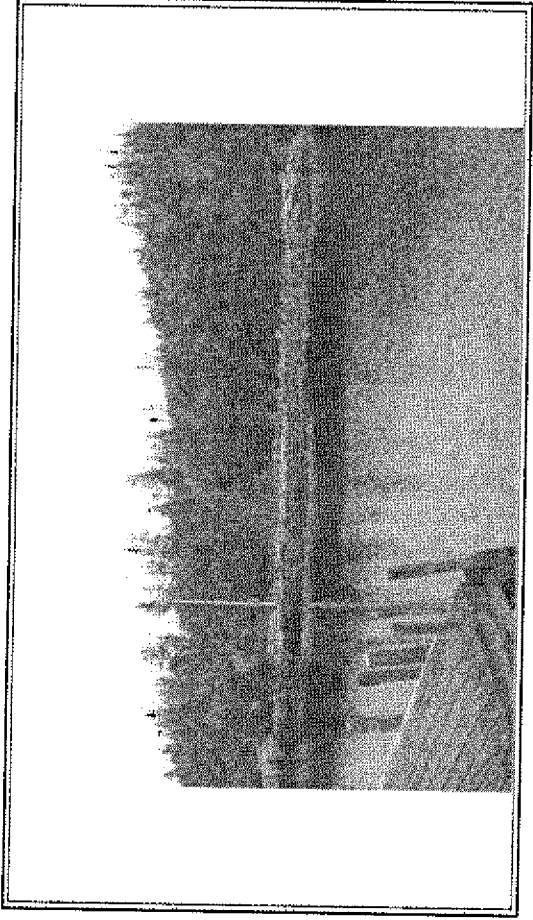
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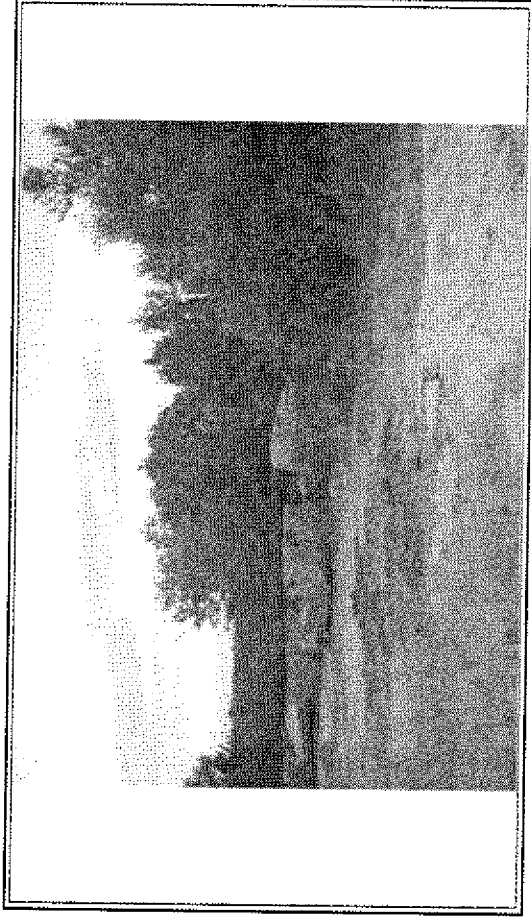
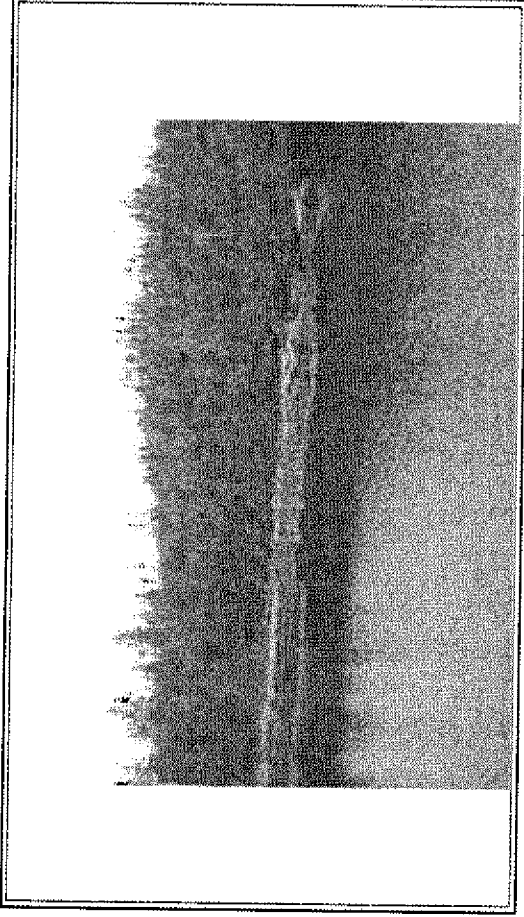
PTD 6006971



Property Details Worksheet 3.0



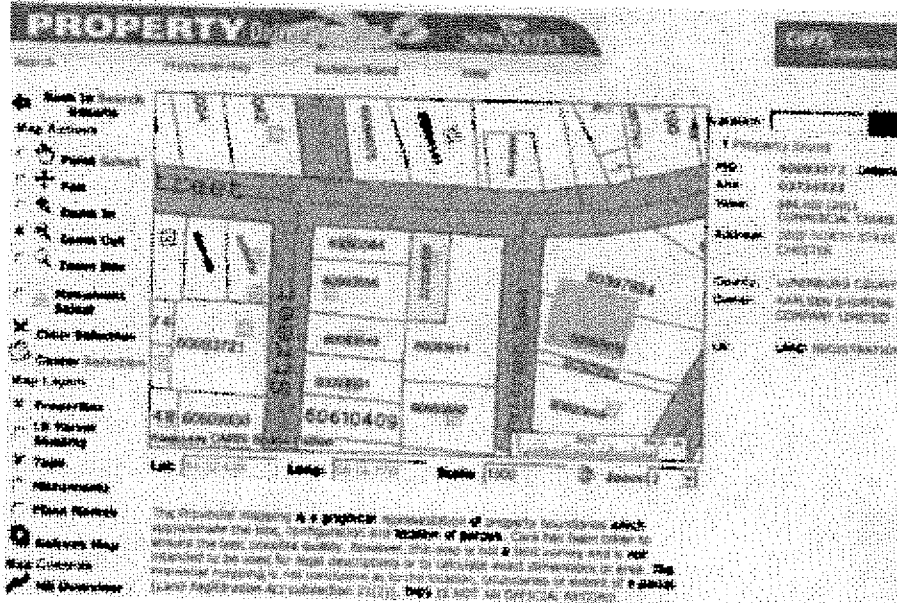




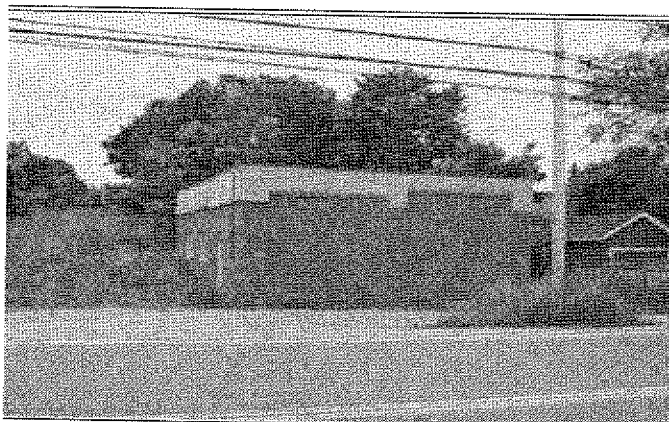
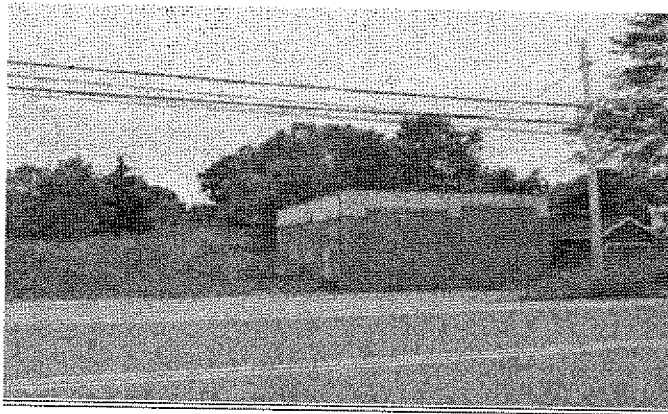


## Parcel B:

PID 60093572



## Photos of Subject Property



**SCHEDULE "B"**

**RECEIVER'S INTEREST IN SPECIFIC ASSETS OF  
Karlsen Shipping Company Limited**

**TO: PRICEWATERHOUSECOOPERS INC.,**  
Karlsen Shipping Company Limited

**1601 Lower Water Street, Suite 400**  
Halifax, Nova Scotia, B3J 3P6  
Attention: Mr. Derek Cramm, FCMA-FCIRP

(Name of Purchaser) \_\_\_\_\_

(Address of Purchaser \_\_\_\_\_  
- include Postal Code)

(Telephone Number of Purchaser) \_\_\_\_\_

**TERMS & CONDITIONS**

1. The total amount hereby offered is \$\_\_\_\_\_, as indicated below:  
  
Parcel A offer – Property in Lunenburg County, NS \$\_\_\_\_\_.  
  
Parcel B offer – Land and Building in Chester, NS \$\_\_\_\_\_.
2. The amount of the offer is exclusive of Harmonized and Goods and Services Tax which shall be payable by the purchaser, where applicable, on assets purchased.
3. Enclosed is the Purchaser's certified cheque payable to PricewaterhouseCoopers Inc., In Trust in the amount of \$\_\_\_\_\_ representing 15% of the total amount of the offer.
4. It is acknowledged that this offer is subject to the Terms and Conditions of Sale issued by the Vendor.

DATED AT \_\_\_\_\_, this \_\_\_\_ day of \_\_\_\_\_ 2011.  
(City or Town) (day) (month)

(Print name of Purchaser) \_\_\_\_\_

Per: \_\_\_\_\_  
**AUTHORIZED SIGNING OFFICER**

# Schedule C

Page 1 of 3

## AGREEMENT OF PURCHASE AND SALE PART 1: COMMON CLAUSES

Agreement of the Buyer and Seller for the purchase of real estate under the Real Estate Trading Act.  
Trademarks are owned and controlled by The Canadian Real Estate Association (CREA) and are used under license.  
Professional members of CREA (PCREAs) are authorized to use the CREA logo and the CREA name.

Agreement of Purchase and Sale Schedule(s): is/are attached and form(s) part of this Agreement.

- ☐ Residential ☐ Resale Condo ☐ Vacant Land - Urban  
☐ Vacant Land - Rural ☐ Mini/Mobile Home ☐ Multi-Unit Residential Income Properties  
☒ Other Commercial Land & Building

Total # of pages including all Schedules 6

The Buyer(s) Perry Lake Developments Inc. / its Assignee  
of HRM

- ☐ having personally viewed  
☒ having not personally viewed



the following property offers to buy from the Seller(s) PricewaterhouseCoopers Inc. in capacity of Court Appointed Receiver for  
through Brokerage(s) RED DOOR REALTY - 13503 and N/A  
KEARLSEN Shipping Co. Ltd.

Said property known as (Civic address/lot #) 3889 North Street, Chester, Nova Scotia Chester (City/town/village)  
(PID#) 60093572 in the County of Chester Province of Nova Scotia

at a purchase price of Forty THOUSAND FIVE HUNDRED dollars. (SCdn. 40,000.00 42,500.00) 42,500.00

on the following terms subject to provisions in paragraph 9(a) regarding HST which must be initialed by the parties to this agreement.

### DEPOSIT

1. The Buyer submits Three Thousand Dollars  
(53,000.00) cash/cheque on or before  
48 HRS Acceptance payable to Seller Brokerage in trust, as a  
deposit to be held pending completion or other termination of this Agreement and  
to be credited towards the purchase price on completion. Balance of purchase  
price to be paid on closing or as otherwise stated in this Agreement. If the deposit  
is not delivered as specified, the Seller shall be at liberty to declare this Agreement  
null and void.

It is understood and agreed that if the Buyer does not complete this Agreement  
in accordance with the terms thereof, the Buyer will forfeit the above deposit in  
addition to any other claim which the Seller may have against the Buyer for the  
Buyer's failure to so complete. If the deposit is being returned to the Buyer, in  
accordance with the terms of this Agreement, it shall be done without interest or  
penalty (unless otherwise specified) and the release of the deposit from the  
brokerage trust account is subject to the terms of the Real Estate Trading Act.

### FINANCING

2. This Agreement is subject to the Buyer being able to obtain approval for financing  
in a principal amount of approximately \$                      or  
                     % of purchase price at an interest rate not to exceed  
market %. This financing shall be deemed to be arranged unless the  
Seller or the Seller's Agent is notified to the contrary in writing on or before the  
16 day of December 2011. If  
notice to the contrary is received, either party shall be at liberty to terminate this  
Agreement and the deposit shall be returned to the Buyer.

### PCDS

3. This Agreement is subject to the Seller providing to the Buyer, within  
                     hours of the acceptance of this offer, a current Property  
Condition Disclosure Statement for Resale Condo includes Unit and  
Parking Unit including any and all use common area storage and/or  
exclusive use common area parking space, and that statement

meeting with the Buyer's satisfaction. The Buyer shall be deemed to be  
satisfied with this statement unless the Seller or the Seller's Agent is  
notified to the contrary, in writing, within                      days of receipt.  
The Seller warrants it to be complete and current, to the best of his/her  
knowledge, as of the date of acceptance of this Agreement, and further  
agrees to advise the Buyer of any changes that occur in the condition  
of the property prior to the closing date. If notice to the contrary is  
received, then either party shall be at liberty to terminate this  
Agreement and the deposit shall be returned to the Buyer. Once  
received and accepted, the Property Condition Disclosure  
Statement shall form part of this Agreement of Purchase and Sale.

### CLOSING DATE

4. This Agreement shall be completed on or before the 30  
January 2012 (hereinafter called the closing  
date). Upon completion, vacant possession of the property shall be given to the  
Buyer unless otherwise provided as follows:

Building to be delivered vacant. Free and clear of all  
possessions currently stored within building  
The Seller shall use their best efforts to have the property empty by  
9 (a.m.) to facilitate the Buyer's pre-closing viewing.

### CONVEYANCE

5. The conveyance of the property, which is the subject of this Agreement, shall  
be by Receiver's Deed, (or general conveyance if a  
mini/mobile home) drawn at the expense of the Seller, to be delivered on  
payment of the purchase price on the closing date. The said property is to be  
conveyed free from encumbrances, except as to any easements, registered  
restrictions or covenants that affect the property and do not materially affect  
the enjoyment of the property, except as specifically set out in paragraph 12 of  
this Agreement.

Offer Date: 7 December, 2011  
Buyer's Initials:                      Witness:                       
Seller's Initials:                      Witness:

Sale of: 3889 North Street, Chester, Nova Scotia

Buyer(s) Perry Lake Developments

# TAX VERIFICATION

6. This agreement is subject to the Seller providing to the Buyer on or before the \_\_\_\_\_ of \_\_\_\_\_ a copy of the current property tax statement and that statement meeting with the Buyer's satisfaction. The Buyer shall be deemed to be satisfied with this statement unless the Seller or the Seller's Agent is notified to the contrary, in writing, on or before the \_\_\_\_\_ of \_\_\_\_\_. If notice to the contrary is received, then either party shall be at liberty to terminate this Agreement and the deposit shall be returned to the Buyer.

# DAMAGE PRIOR TO CLOSING

7. All lands, buildings, fixtures and all other property being purchased hereby shall be and remain at the risk of the Seller. Pending completion of the sale, the Seller shall hold all insurance policies and the proceeds thereof in trust for the parties as their interests may appear, and in event of damage to the said property, the Buyer may either have the proceeds of the insurance and complete the purchase, or may terminate this Agreement and the deposit shall be returned to the Buyer. (Not applicable to Agreement of Purchase and Sale Resale Condo - see Clause 7 of Resale Condo Schedule).

# ADJUSTMENTS

8. Interest, rentals, leases, taxes, rates, fuel on the premises and assessments are to be adjusted to the closing date. The cost of municipal improvements, including, but without limiting the generality of the phrase "municipal improvements", betterment charges and capital charges for utility or municipal services completed as of the date of this Agreement, whether billed or not, are to be paid by the Seller on or before the closing date unless otherwise stated.

# HST

9. (a) All conveyances of real property in Nova Scotia are subject to the Harmonized Sales Tax, hereinafter referred to as HST, unless the conveyance is specifically exempt pursuant to the Excise Tax Act. The facts required to determine exemption from HST are entirely dependant upon the use of the property by the Seller or the intention of the Seller when the property was purchased and are therefore accordingly within the knowledge of the Seller only. The conveyance contemplated by this Agreement shall be:

- ☐ Exempt from HST  
☐ Not exempt from HST, included in purchase price  
☒ Not exempt from HST, over and above purchase price

Buyer's Initials: \_\_\_\_\_  
 Seller's Initials: \_\_\_\_\_  
 Initials required

- (b) If the conveyance contemplated by this Agreement is exempt from HST, the Seller agrees to provide the Buyer, on or before the closing date, a certificate in a form reasonably satisfactory to the Buyer certifying that the conveyance contemplated by this Agreement is exempt from HST.
- (c) If the conveyance contemplated by this Agreement is subject to HST, then the HST shall be remitted in accordance with the applicable legislation.

# GENERAL

10. (a) Any tender of documents to be delivered or money payable may be made upon the Seller or the Buyer or any party acting on their behalf. Money paid, subsequent to the deposit, shall be by Solicitor's trust cheque, certified cheque, or their equivalent, drawn on a chartered Canadian Bank, Trust Company or Credit Union.
- (b) The Buyer shall have the right, upon providing the Seller with reasonable notice, to conduct a pre-closing viewing of the property to ensure that the property is in the same condition as of the date of this Agreement.

- (c) All warranties and representations contained in this Agreement shall survive the closing unless otherwise stated in this Agreement.
- (d) Time shall in all respects be of the essence in this Agreement. In the event of a written agreement of extension, time shall continue to be of the essence. This Agreement shall entire to the benefit of and be binding upon the parties, their respective heirs, executors, administrators, successors and assigns.
- (e) This Agreement is to be read with all changes of gender or number required of the context. This Agreement shall constitute the entire Agreement between the parties.
- (f) The Seller and the Buyer agree to be bound by offers and counter offers and related documentation that may be transmitted electronically and that reproductions of the signatures thereon will be treated as originals.

# PERMISSION TO PROVIDE INFORMATION FOR REPORTING, APPRAISAL AND STATISTICAL PURPOSES

11. The Seller agrees that the sale and other related information regarding this transaction may be retained and disclosed by the Nova Scotia Association of REALTORS or Associated Boards if the property was listed on the MLS system for reporting, appraisal and statistical purposes.

# ADDITIONAL TERMS AND CONDITIONS

12. This Agreement is further subject to the following terms and conditions:  
 Refer to Schedule "A" forming part of this Agreement of Purchase and Sale.

# LAWYERS' APPROVAL

13. This Agreement is subject to the approval of both the Buyer's and Seller's lawyers acting reasonably with respect to wording and content within the Agreement. This approval shall be deemed to have been given unless the other party or their Agent is notified to the contrary, in writing, on or before the 14 day of December, 2011. If notice to the contrary is received, then either party shall be at liberty to terminate this Agreement, and the deposit shall be returned to the Buyer.

Offer Date: 7, December, 2011  
 Buyer's Initials: \_\_\_\_\_ Witness: \_\_\_\_\_  
 Seller's Initials: \_\_\_\_\_ Witness: \_\_\_\_\_

Sale of: 3889 North Street, Chester, Nova Scotia Buyer(s) Perry Lake Developments

**AGENCY RELATIONSHIP**

14. The Seller and the Buyer acknowledge having received, read and understood the brochure entitled "Working With A REALTOR", published by the Nova Scotia Association of REALTORS and acknowledge and confirm as follows:

(a) The Seller ☒ does ☐ does not have an agency relationship with

RED DOOR REALTY - 13503

Brokerage  
and IAN MACINTYRE  
Brokerage Representative

(b) The Buyer ☐ does ☒ does not have an agency relationship with

Brokerage  
and \_\_\_\_\_  
Brokerage Representative

(c) The Buyer and the Seller acknowledge that upon signing this Agreement they will have consented to a Transaction Brokerage relationship with

Brokerage  
and \_\_\_\_\_  
Brokerage Representative  
and \_\_\_\_\_  
Brokerage Representative

have signed or agree to sign a separate Transaction Brokerage Agreement.

**TIME FOR ACCEPTANCE**

15. This offer shall be open for acceptance until 5 p.m. on the 9 day of December 20 11

Dated at Halifax in the Province of NS the 7 day of December 20 11

Signed, Sealed and delivered in the presence of

Witness [Signature]

Witness \_\_\_\_\_

In Witness whereof I have hereunto set my hand and seal

Buyer [Signature] SEAL

Buyer \_\_\_\_\_ SEAL

**ACCEPTANCE**

16. I hereby accept the above offer and agree to sell on the terms as set forth as amended by

Dated at ST. JOHN'S in the Province of NS NL the 8<sup>th</sup> day of DECEMBER 20 11

Signed, Sealed and delivered in the presence of:

Witness \_\_\_\_\_

Witness Kimberly Fagan

In Witness whereof I have hereunto set my hand and seal

Priscilla Waterhouse Coopers Inc. in its capacity as Court Appointed Receiver of Karlson Shipping Co. Ltd.

[Signature] SEAL

**REJECTION**

17. I hereby confirm this offer was presented and not accepted

Time \_\_\_\_\_ Date \_\_\_\_\_

Seller Or Brokerage Representative Signature

Name (Print)

**COUNTER OFFER**

18. I hereby confirm having read and understood this Agreement and have prepared a Counter Offer dated the \_\_\_\_\_ day of \_\_\_\_\_ 20 \_\_\_\_\_

Seller \_\_\_\_\_ Seller \_\_\_\_\_

Seller's Solicitor JOHN STANXER - MCR Phone 444-8608 Fax \_\_\_\_\_

Buyer's Solicitor David Bouch Phone 535-1011 Fax \_\_\_\_\_

Seller Brokerage Representative \_\_\_\_\_ Fax \_\_\_\_\_ Email \_\_\_\_\_

Buyer Brokerage Representative IAN MACINTYRE Fax 902-425-1580 Email ian@reddoorrealty.ca



# AGREEMENT OF PURCHASE AND SALE PART II: RESIDENTIAL SCHEDULE



Approved by the Nova Scotia Real Estate Commission for use by Realtors under the Real Estate Trading Act

Property Address 3889 North Street, Chester, Nova Scotia

B0J 1J0

Buyer(s) Perry Lake Developments Inc.

Seller(s) PricewaterhouseCoopers Inc. in capacity of COURT APPOINTED RECEIVER FOR KARLSEN SHIPPING CO. Ltd.

## INSURANCE

1. This Agreement is subject to the Buyer being able to obtain approval for home owner's insurance for the property, to the satisfaction of the Buyer. Confirmation shall be deemed obtained unless the Seller or the Seller's Agent is notified to the contrary in writing on or before the 16 day of December 20 11. If notice to the contrary is received, either party shall be at liberty to terminate this Agreement and the deposit shall be returned to the Buyer.

*[Handwritten: YES]*  
to be included in the purchase price and shall be conveyed to the Buyer in good working order, free and clear of encumbrances, on the date of closing.

## INSPECTION

2. (a) This Agreement is subject to the Buyer, at the Buyer's expense, having the property inspected by an inspector(s) of the Buyer's choice, and the inspection(s) meeting the Buyer's satisfaction. The inspection(s) shall be deemed to be satisfactory unless the Seller or the Seller's Agent is notified to the contrary in writing on or before the 16 day of December 20 11. If notice to the contrary is being provided, it shall be accompanied by the pertinent sections of a written inspection report, following which either party shall be at liberty to terminate this Agreement and the deposit shall be returned to the Buyer.

- (c) The parties agree to the following disposition of any leased or rented equipment or fixtures located on the property.

(Describe below if equipment leases are to be assumed, paid out or equipment removed. If equipment leases are being assumed, then the Buyer must provide written evidence of the assumption of the leases on or before the closing date.)

Note: In the case of leased equipment, the Buyer may be required to purchase product from the lessor.

Leased equipment shall be:

No Leased Equipment Exists

- (b) *[Handwritten: YES]* This property has a well and/or septic system and is subject to the additional conditions in the attached Schedule "Re: Water and Septic".

<p><i>[Handwritten: YES]</i></p> <p>Initials required</p>	<p><i>[Handwritten: YES]</i></p> <p>Initials required</p>
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## FIXTURES / CHATELS / LEASED EQUIPMENT

3. (a) All fixtures and equipment attached to the property, as viewed on or before the \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_, are to remain and shall be included in the purchase price. Refer to 3(c) for leased equipment.
- (b) The following chattels, equipment and fixtures owned by the Seller and presently located on the property shall remain with the property.

<p><i>[Handwritten: YES]</i></p> <p>Initials required</p>	<p><i>[Handwritten: YES]</i></p> <p>Initials required</p>
---	---

Offer Date: 7 / Dec / 2011  
 Buyer's Initials: *[Handwritten: PL]* Witness: *[Handwritten: PL]*  
 Seller's Initials: *[Handwritten: PWC]* Witness: *[Handwritten: PWC]*

Property Address: 3889 North Street, Chester, Nova Scotia

B01 110

Buyer(s): Perry Lake Developments Inc.

Seller(s): \_\_\_\_\_

**PROPERTY MIGRATION**

**4. Check either (a) or (b)**

- ☐ (a) **Property Not Converted to Land Registration System at Date of Agreement**

Within ten (10) days of acceptance of this Offer the Seller shall provide, to the Buyer, the applicable PID for the property, the Seller's deed and any survey or location certificate that is in the Seller's possession. The Seller, at the expense of the Seller, agrees to convert the property title to the Land Registration System at least seven (7) days prior to the closing.

The Seller shall notify the Buyer, as soon as practical, that the property has been converted to the Land Registration System. After notification, the Buyer is allowed five (5) business days to investigate the title to the property, which the Buyer shall do at the Buyer's expense. If within that time frame any valid objection to title is made, in writing, to the Seller and which the Seller is unable or unwilling to remove and which the Buyer will not waive, this Agreement shall be null and void and the deposit herein shall be returned to the Buyer, and without liability by the Seller for any expenses incurred or damages sustained by the Buyer.

At the time of notifying the Buyer that the property has been converted to the Land Registration System, the Seller shall provide to the Buyer:

- (i) the applicable PID(s) for the property after the date of conversion;
- (ii) a copy of any applicable restrictive covenants;
- (iii) that portion of any approved plan applicable to the property.

Buyer(s)  
\_\_\_\_\_  
initials required

Seller(s)  
\_\_\_\_\_  
initials required

- ☒ (b) **Property Converted to the Land Registration System at Date of Agreement**

Within ten (10) days of acceptance of this Offer the Seller shall provide, to the Buyer, the applicable PID(s) for the property after receipt whereof the Buyer is allowed seven (7) business days to investigate title to the property, which the Buyer shall do at the Buyer's expense. If within that time frame any valid objection to title is made in writing to the Seller, which the Seller is unable or unwilling to remove and which the Buyer will not waive, this Agreement shall be null and void and the deposit herein shall be returned to the Buyer, and without liability by the Seller for any expenses incurred or damages sustained by the Buyer.

Buyer(s)  
\_\_\_\_\_  
initials required

Seller(s)  
\_\_\_\_\_  
initials required

Offer Date: 7 / Dec / 2011  
 Buyer's Initials: \_\_\_\_\_ Witness: [Signature]  
 Seller's Initials: [Signature] \_\_\_\_\_ Witness: [Signature]



## ADDENDUM SCHEDULE "A"



Approved by the Nova Scotia Real Estate Commission  
For Use By Licensees Under the Nova Scotia Real Estate Trading Act

Attached to and forming part of the Agreement of Purchase and Sale dated the 7 day of December, 2011

BETWEEN:

Buyer(s): Perry Lake Developments Inc.

AND

Seller(s): PricewaterhouseCoopers Inc. in capacity of Court Appointed Receiver for KARLSEN SHIPPING CO. LTD.  
on the Property known as 3889 North Street, Chester, Nova Scotia PID# MLS# 60093572

1. This agreement is further subject to the following terms and conditions:

1) The Buyers acknowledges that: A) this property is being sold on an "As Is Where Is Basis" with no representations or warranties being provided by the Seller and/or Listing Brokerage and B) once this agreement of purchase and sale becomes unconditional this sale remains subject to Court approval and the Receiver's Deed is pursuant to court order of the Supreme Court of Nova Scotia.

2) This agreement is subject to the following:

a) On or before January 6, 2012 - Buyer to investigate and explore current property zoning to ensure that current zoning supports their intended future use. Zoning shall be deemed acceptable by the Buyer unless the listing agent is notified to the contrary in writing on or before January 6, 2012.

b) On or before January 13, 2012 - Buyer shall obtain, at their sole expense, a satisfactory Environmental Site Assessment relating to the subject property. Such assessment shall be deemed acceptable by the Buyer unless the listing agent is notified to the contrary in writing on or before January 13, 2012.

c) Purchase of this property (PID# 60093572) is subject to the Buyer also being able to secure and acquire the adjacent vacant land (PID# 60093614). The closing dates for both parcels shall be the same date & this condition shall be deemed acceptable and complete unless the listing agent is notified to the contrary in writing on or before January 13, 2012.

*Alternatively, the Buyer shall have the option to close on this property (subject parcel) independent of adjacent property (PID# 60093614).*

NOTE: This schedule must be signed by all parties to the Agreement.

Witness's Signature \_\_\_\_\_

Buyer's Signature \_\_\_\_\_

Witness's Signature \_\_\_\_\_

Buyer's Signature \_\_\_\_\_

Witness's Signature \_\_\_\_\_

Seller's Signature \_\_\_\_\_

Witness's Signature \_\_\_\_\_

Seller's Signature \_\_\_\_\_

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