



This is the 1st Affidavit of Ricci Cheung in this case and was made on January 26, 2023

No. S229506
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN:

1351486 B.C. LTD.

PETITIONER

AND:

LIVING BEACHSIDE DEVELOPMENT LIMITED PARTNERSHIP, SUNNY BEACH MOTEL INC., PORT CAPITAL FARMS (BEACH) INC., PORTLIVING FARMS (3624 PARKVIEW) INVESTMENTS INC., PORTLIVING FARMS (3688 PARKVIEW) INVESTMENTS INC., PORTLIVING (3648 PARKVIEW) INVESTMENTS INC., PORT CAPITAL GROUP INC., PORTLIVING PROPERTIES INC., MACARIO TEODORO REYES, PORT CAPITAL DEVELOPMENT (FARMS) INC., and 1341550 B.C. LTD.

RESPONDENT

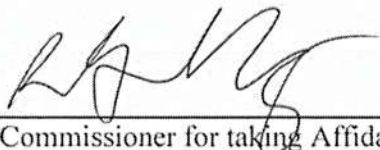
AFFIDAVIT

I, Ricci Cheung, of 2900 – 550 Burrard Street, Vancouver, British Columbia, SWEAR THAT:

1. I am a legal assistant in the law firm of Fasken Martineau DuMoulin LLP, solicitors for the Petitioner, 1351486 BC Ltd., and as such have personal knowledge of the facts hereinafter deposed to except where stated to be on information and belief, in which case I verily believe them to be true.

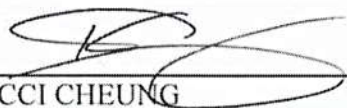
2. Attached and marked as Exhibit “A” is a true copy of a letter dated January 26, 2023 from Bill Randall, Executive Vice President of Colliers International.

.SWORN BEFORE ME at Vancouver,)
British Columbia, on January 26, 2023.)



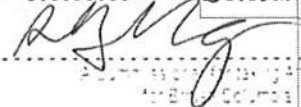
A Commissioner for taking Affidavits for)
British Columbia)

REBECCA BARCLAY NGUINAMBAYE
Barrister & Solicitor
Fasken Martineau DuMoulin LLP
2900 - 550 Burrard Street
Vancouver, BC V6C 0A3
604 631 3245



RICCI CHEUNG

This is Exhibit A referred to in the affidavit of Ricci Cheung sworn before me at Vancouver this 26 day of January 2023.



Public Notary for British Columbia



Mr. Kibben Jackson
Fasken
Suite 2900, 505 Burrard Street
Vancouver, BC V6C 0A3

Re: Port Living Penticton Properties

Dear Kibben,

Further to our conversation concerning the properties located at 3624 Parkview Street (Beachside Motel), 3648 Parkview Street (Sunny Beach Motel), and 3688 Parkview Street (Waterfront Inn), in Penticton, BC, and upon reading the affidavit of Mr. Macario Reyes sworn on January 26, 2023, please find my comments on the timing of marketing and potential sale, below.

I have good knowledge of these properties and of similar types of properties in the Okanagan. I listed the subject properties in 2022 and have sold multiple motel and recreational properties in the Okanagan and throughout the province.

The state of the real estate market in the Okanagan would be best described as in reset mode: properties that are priced correctly will sell, and those which aren't priced within reason are not seeing activity. The Okanagan continues to be a desirable location for residents and businesses.

My recommendation would be to list and sell all the properties as quickly as possible for a number of reasons:

- The summer months (Victoria Day to Labor Day) are when these types of properties make all their money. If a sale was to complete before or close to Victoria Day, I expect a buyer would pay a premium.
- The hospitality and recreational markets are still strong since and as a result of the lifting of COVID travel restrictions.
- The Okanagan market is still relatively active due to people relocating from other areas in BC and Canada, as well as immigration.
- I know these properties well (I go by them at least five times a year), and in my opinion, they are starting to appear run down.

With regard to Mr. Reyes' affidavit, while the redevelopment of the property is possible, my view is that it is at least 10 years away. Most of the development in Penticton is taking place on the Okanagan Lake side of the city, and the market is not deep enough nor are condo values high enough under those market conditions to make a multifamily redevelopment feasible on these sites.

If these sites are to be sold by or around Victoria Day, I would strongly recommend that a marketing and sales program be initiated immediately as I believe the downside risks of waiting outweigh the potential that the market may improve in the Fall or next year.

Sincerely,

Bill Randall
Executive Vice President
Bill.randall@colliers.com
+1 604 692 1097

January 20, 2023