

November 4, 2009



Dear Mr. [REDACTED]:

RE: [REDACTED] franchise located at [REDACTED], Langley, BC (the Company)

We have viewed the assets and leasehold improvements of the Company as described above and provide the following appraisal. As instructed, the values reported below are on a going concern basis (stated as Going Concern Value--GCV).

We inspected the premises on November 3, 2009 and provide the following lists of assets and leasehold improvements based on discussions with [REDACTED] (Purchaser). This location was constructed in June 2009 and all equipment appeared to be in "as new" and excellent working condition.

Asset Listing

<u>Description</u>	<u>GCV</u>
- True 5 ft. 2 dr. cooler	1,500
- Casio cash register	200
- Servend 6 head pop dispensing machine with Manitowac ice maker	7,500
- condiment holders and trays	125
- Continental stainless steel 10 ft. pizza prep table with 4 dr. cooler and back splash	8,000
- 2 dial scales	150
- 8 ft. stainless steel shelf with order track	600
- 8 ft. stainless steel shelf	475
- 6 ft. stainless steel shelf	400
- 18 in. stainless steel shelf	200
- wall clock and retail supplies	100
- 9 rolling pizza pan rack @100	900
- approximately 350 pizza pans	6,000
- [REDACTED] triple deck conveyor pizza oven with stainless steel stand	18,000
- stainless steel prep table	400
- ladder	50
- 2 folding chairs	25
- Frigidaire Gallery freezer	750
- stainless steel prep station with hand sink and Edlund opener	1,750
- video surveillance system with splitter, HP computer system and printer	3,250
- wrap dispenser	50
- Sanyo microwave	75
- mop and cleaning misc.	200
- tomato dicer	300
- Cyclone blender	50

<u>Description</u>	<u>GCV</u>
- double deep stainless steel sink with sprayer	2,500
- assorted prep inserts and utensils	1,000
- 6 ft. x 8 ft. walk-in cooler	11,500
- cooler Metro shelving	500
Sub total	\$ 66,550

Asset Valuation

All of the equipment is well maintained and appears to be in very good condition. Based on our inspection and assuming that regular maintenance is performed, we state the durability of the food equipment assets and furnishings to be in the 8 to 10 year range.

The GCV provided above takes into account the original cost of the equipment, the age of equipment, the current market value for replacing the equipment and the associated costs to do so. This value is based on the equipment remaining in place as an operating [REDACTED] location with full support of the franchisor and continued service and maintenance..

Leasehold Improvements Listing

<u>Description</u>	<u>GCV</u>
- restaurant build out with doorway to back prep area	12,500
- tile front service counter with stainless steel top, millwork cooler surround, 5 ft. stainless steel heated display cabinet and corner hand sink with stainless steel counter and splash guard	27,500
- complete stainless steel wall surround with triple, double and single stainless steel wall shelving in back prep area	25,000
- laundry sink	500
- general lighting throughout premises	5,500
- tile flooring throughout premises	7,000
- paint, décor, and wall tile	8,500
- electrical upgrades	12,500
- general plumbing improvements	7,000
- stainless steel backsplash in front of premises	8,750
- 2 2-panel lighted overhead menu sign @3,750	7,500
- "[REDACTED]" exterior sign with tiled sign surround	12,000
- 6 ft. stainless steel range hood with exhaust ducting and blower fan	11,500
- general HVAC improvements	4,000
Sub total	\$ 149,750

Leasehold Improvements Valuation

The [REDACTED] sq. ft. facility is well built and contains all standard and food preparation services. The GCV provided above takes into account the original cost of the leasehold improvements, the age and general condition of these improvements and the cost at today's market and prices to replace these leasehold improvements. In addition, we have given consideration to the fact that this valuation is based on the location remaining a [REDACTED] location with continued support of the franchisor.

Total

Overall GCV for all assets and improvements in place and operating as a [REDACTED] location: **\$216,300**

Terms of This Report

This value is stated in Canadian funds and is based on information provided by outside sources. We have had general discussions with the party mentioned above, and while we believe this information is accurate, we have not verified the authenticity of costs associated with the purchase of this equipment and the outfitting of the location. We have reported these values on a going concern basis. Actual net returns will vary depending on method of sale, time available and market conditions.

Exclusions

For purposes of this report we did not value any consumables or disposables including: dry goods, raw ingredients, finished food products, packaged food, packaged beverages and takeout supplies.

Restrictions

The contents of this report are confidential and intended for use only by the addressee named above and other parties who are duly authorized.

Appraiser's Qualification Statement

Since 1988, Michael Collins has been employed in the auction and liquidation industry and is an accredited Member in Good Standing of the Canadian Personal Property Appraisers Group (CPPAG).

Through employment with Jarvis Auctions, Timeline Sales and Timeline Asset Services, he has performed hundreds of appraisals across companies of all sizes. He has appraised a wide variety of assets and inventories (finished/unfinished goods and raw materials) across many industries including, but not limited to: metal and wood working; manufacturing and production; restaurant and food services; warehouse and material handling; rolling stock and vehicles; commercial printing and graphic design; logging and lumber; construction; mining and tunnelling; laboratory and research testing; office and computer products; and retail outlets.

These appraisals have been prepared for insolvency and restructuring professionals, major accounting firms, banks and lending institutions, lawyers, insurance companies, government institutions, private companies and individuals across Canada.

As a commercial auctioneer and appraiser, he constantly tracks market trends in all industries and has substantial research relationships and resources at his disposal; this enables him to prepare detailed, accurate appraisal reports.

Should you have any questions regarding the above, please contact our office.

Yours truly,

Timeline Asset Services Ltd.

Michael Collins, CPPA