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Attachment 1

ECOBEE INC

OPINION OF THE
FAIR MARKET VALUE
OF 1 REFURBISHED ECOBEE3
AS OF FEBRUARY 2017

GENEST ÉVALUATION INDUSTRIELLE INC.
51, 47th Avenue, Suite 203
Lachine, QC H8T 2P4
Tel.: 514-637-0003
www.genest-evaluation.com



Lachine, February 17 2017

Mrs. Fatima Crerar
ECOBEE INC
250 University Ave, 4th Floor
Toronto, ON M5H 3E5

Object: Engagement No: 1702982
Fair Market Value of the Refurbished Wi-Fi Thermostat Ecobee3,
belonging to ECOBEE INC and located at 250 University Ave, 4th
Floor Toronto, ON M5H 3E5 Canada.

Madam,

As of February 15 2017 and in accordance with your authorization, "GENEST ÉVALUATION INDUSTRIELLE INC." has carried out an investigation and reported its opinion of value for **taxation purposes, more specifically to assess the level of potential charitable donations.**

Based on the factors indicated, the assumptions, the limiting conditions and the valuation procedures applied, it is our opinion that the **Fair Market Value** of one (1) Refurbished Wi-Fi Thermostat Ecobee3, as listed in the following section of this report, is reasonably stated in the amount of:

215 Canadian Dollars
TWO HUNDRED FIFTEEN CAD \$

Respectfully submitted,



Michel Genest, P. Eng.
president

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Description of Asset and Photographs

INTRODUCTION

Client: Mrs. Fatima Crerar
ECOBEE INC
250 University Ave, 4th Floor
Toronto, ON M5H 3E5

Property owner: ECOBEE INC
250 University Ave, 4th Floor
Toronto, ON M5H 3E5

Equipment location: 250 University Ave, 4th Floor
Toronto, ON M5H 3E5

ASSETS

On February 15 2017, GENEST ÉVALUATION INDUSTRIELLE has carried out a investigation without visual inspection on the subject assets.

Ordinary thermostats read the temperature in only one room, but are supposed to deliver comfort in all rooms. Wi-Fi Ecobee3 remote sensors deliver the right temperature in the rooms that matter most. Featuring a 3.5" full-color LCD touchscreen, 320 x 480 pixel display with highly intuitive iconography and controls, just like a smartphone.

The subject asset reads temperature in multiple locations solving for uneven temperatures in the rooms that matter most. The home kit includes: one Wi-Fi Ecobee3 thermostat, one Remote Sensor with detachable stand, one Power Extender Kit (PEK), one set of Screws and drywall plugs, two Standard and large trim plates, one Quick Start Guide, one Installation Guide and wire labels.

We have compared the subject asset with its nearest competitors, where some of them had a published market Value for their refurbished thermostat; the depreciation given to these comparable refurbished assets was fairly identical to the depreciation of the subject asset. Typical discounted selling price for refurbishments was found to be between 25% and 30%.

There are a lot of these smart Wi-Fi thermostats on the used market and their prices are almost always in the same range of value.

Even though the assets have an average age of 6 months, they should all be in good condition. We estimate the remaining life, without having to make a major reinvestment in this equipment to be near 10 to 12 more years.

APPROACH TO VALUE

Standard Valuation Approaches

There are three generally accepted methods of determining Market Value: the cost, market and income approaches to value.

Briefly stated,

The cost approach first establishes the new cost to reproduce or replace the assets being appraised. It is assumed that the new substitute items will be of equivalent utility. Under this approach the Replacement Cost New is the upper limit of value. From this amount an allowance is deducted to reflect any depreciation or obsolescence present in the assets, whether arising from physical, functional or economic causes.

The market approach determines the value of the appraised assets by comparing value to market transactions of similar items, with adjustments made for variances in location, time, terms and conditions of sale. In addition, adjustments must be made to the indicated market prices to reflect differences in age, condition and utility of the appraised assets, relative to the comparable market data.

The income approach estimates the present value of the prospective future economic benefits of ownership. The projected net income attributable to the appraised assets is capitalized at appropriate rates of return into an indication of value.

The approach selected as most suitable must be supported by the facts and circumstances surrounding the appraised assets. The applicability of any approach in a given appraisal depends on the purpose of the appraisal, the type of assets involved, the nature of the market, and the availability of required data. Traditionally, the approaches relied upon for establishing the market value of plant machinery and equipment are the market and cost approaches to value. The income approach is not normally used due to the virtual impossibility of measuring the financial contribution that each machine contributes towards the whole.

In an appraisal study, regardless of the approach to value used, the underlying principle involved in the valuation of plant machinery and equipment is the Principle of Substitution. This principle is established on the basis that an informed purchaser will pay no more for an asset than what it would cost him to produce an equally desirable substitute item, within a reasonable period of time.

APPROACH TO VALUE

Application of the cost approach

Most of the assets that do not normally trade on the used market are usually valued using this approach. Most of the time, it is used for the minor plant equipment, the power feed wiring and the plant piping which are production oriented. However it could be used as a useful and pertinent indication of the market value for any other asset. When this approach is used, the assets are valued using the following methodology:

The base replacement cost new of an equivalent substitute item is established through various means including:

- Direct inquiries to vendors
- Manufacturers' catalogues
- Indexing of historical costs
- In house data base

Then, necessary adjustments for currency exchanges, duties and taxes are made, if applicable. An allowance, if applicable, is made to the base cost to account for freight, installation and engineering costs to establish the installed replacement cost, or upper limit of value. Then, deductions for physical deterioration and functional obsolescence are made, if applicable. Finally, deductions for underutilization are made, if applicable.

Application of the market approach

The majority of the assets used in production (but not the subject assets), are traded frequently on the used market. When traded, the information such as the asking price and sometimes the purchased price are available through second hand dealers networking.

In general, the following valuation methodology is used:

The base market value range is established by giving consideration to:

- The asking price for comparable used machinery and equipment prices from reputable dealers.
- Documented market transactions of comparable used machinery and equipment.

Then necessary adjustments are made to the comparable items to appropriately reflect the difference in features, age, condition and utility, between the appraised assets and their comparables.

Necessary adjustments for currency exchange, duties and taxes are also made, if applicable.

APPROACHES TO VALUE

Application of the income approach

In its simplest form, the income approach is the present worth of the future benefits (income) of ownership. It is not usually applied to individual items of equipment since it is difficult, if not impossible, to identify individual income streams.

Capitalization is a means to convert the annual income stream into an indication of value by means of a capitalization rate. Its simplest form is represented as follows:

$$\text{Income} \div \text{Capitalization rate} = \text{Value}$$

This approach has been applied using estimated data, and has been rejected because it is impossible, to identify each and individual machine's income streams.

HIGHEST AND BEST USE

Highest and best use as it is applicable to machinery and equipment is defined as that use of the subject machinery and equipment, which may reasonably be expected to produce the greater net return over a given period of time, that legal use which will yield the highest present value.

In general the highest and best use of any item of machinery and equipment, or production line is the use for which it has been designed and built, unless otherwise stated.

FAIR MARKET VALUE

Definition

The fair Market Value is defined as the amount in monetary value at which the assets might be expected to exchange between a willing buyer and a willing seller, neither being under compulsion, nor having a time pressure factor. Thus, each having reasonable knowledge of all relevant facts, with equity to both.

It is assumed that all equipment would be sold on a piecemeal basis, "as is" and "where is", with buyers being responsible for removal of purchases at their own risk and expenses. These assets should be well publicized (specialized magazines, web, dealers) so as to reach the potential buyers. These assets should be sold to end-users and not to resellers in order to obtain the Fair Market Value.

In order to obtain the specified values, the equipments should not be dismantled or moved from the actual site. The potential buyers need to see and to be able to run the appropriate tests on the machinery in order to buy the equipment. Any relocation or partial disconnection could diminish the values.

We have considered that the potential buyer is assuming the freight, dismantling and demolition/reconstruction costs if applicable.

Fair market Value appraisal method

- To establish our conclusion, we have not conducted a visual inspection of the appraised assets. We have investigated used equipment dealers, manufacturers and finally we have analyzed all pertinent data to value the assets.
- Our conclusion of value is stated in terms of true market value; it does not factor in any possible reselling activity fees; cleaning, assembly, transportation, dismantling, publicity, commission, brokerage and auction fees. No soft costs whatsoever were added to the monetary valuation of each piece of equipment.
- To establish the Fair Market Value, we have not considered incurred fees by the buyer for installation at a new site.

LIMITING CONDITIONS

The conclusions expressed in this appraisal report are subject to the following assumptions and limiting conditions, including any others, which may be set out in the report.

This appraisal is valid only for a period of six to 12 months due to possible and unexpected change in some economic factors, or new technology that could influence the values. The machinery might not be in the same physical and operational state for different reason such as but not limited to: overused, bad maintenance, cannibalization, accident or else.

We have not verified title to or liabilities against the property appraised. This report is based on the premise that title to the property is good and marketable.

No, mechanical inspection, technical or engineering studies, which would be required to discover any inherent or hidden condition in the subject property were ordered or made in conjunction with this report. It is assumed that there is no hidden or unapparent conditions of the equipment that would alter their appraised value. Moreover, it is also assumed that the equipment are in good operating condition unless contradictory evidence.

No environmental impact study has been ordered or made. Full compliance with applicable environmental regulations and laws is assumed unless otherwise stated, defined and considered in the report. It is also assumed that all required licenses, consents or other legislative or administrative authority from any government or private entity organization either have been or can be obtained or renewed for any use which the report covers.

In order to obtain the specified values, the equipments should not be dismantled or sold without its accessories described in the inventory section of this report. The potential buyers need to see and to be able to run the appropriate tests on the machinery in order to buy the equipment.

Our report is to be used only for the purposes stated herein, any use or reliance for any other purpose by the client or third parties is invalid.

It is not permitted to reproduce in parts or in its totality this report without our written agreement.

CERTIFICATE OF APPRAISER

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

The statements of fact contained in this report are true and correct.

The reported analysis, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are the, impartial and unbiased professional analyses, opinions, and conclusions of "GENEST ÉVALUATION INDUSTRIELLE INC."

"GENEST ÉVALUATION INDUSTRIELLE INC." or its appraisal staff have no present or prospective interest in the property that is the subject of this report, and have no personal interest or bias with respect to the parties involved.

"GENEST ÉVALUATION INDUSTRIELLE INC." or its appraisal staff have not performed any services as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding the acceptance of this assignment.

"GENEST ÉVALUATION INDUSTRIELLE INC." or its appraisal staff have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.

The engagement of "GENEST ÉVALUATION INDUSTRIELLE INC." in this assignment was not contingent upon developing or reporting predetermined results.

Compensation for "GENEST ÉVALUATION INDUSTRIELLE INC." is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.

The analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Uniform Standards of Professional Appraisal Practice and the *American Society of Appraisers*.

No one provided significant personal property appraisal assistance to the person signing this certification

I have not personally visually inspected, on February 15 2017, the Refurbished Wi-Fi Thermostat Ecobee3, belonging to ECOBEE INC and located at 250 University Ave, 4th Floor Toronto, ON M5H 3E5 Canada and that are the subject of this report.



Michel Genest, P. Eng.

CATEGORIES	DETAILED UNIT COST CAD\$	FAIR MARKET VALUE CAD\$ REFURBISHED
SUBJECT EQUIPMENT	299	215
TOTAL	299	215

NO	QTY	DESCRIPTION	DETAILED UNIT COST CAD\$	FAIR MARKET VALUE CAD\$ REFURBISHED
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SUBJECT EQUIPMENT

- 1 1 **WIFI THERMOSTAT ECOBEE3**
Manufacturer: ECOBEE INC
Model: EB-STATE3C-02
SKU no: EB-STATE3R-02
2016 / 2017
Type: HOME KIT COMPATIBLE
 With:
 1 Remote Sensor with detachable stand
 1 Power Extender kit
 2 Trim plates (small and large)
 1 Quick start guide
 1 Installation Guide and wire labels
 1 Mounting screws and drywall plugs kit
 1 Double sided adhesives kit
 1 Year warranty



299

215

